


Adjustment (i)

| | |
|--|--|
| Closing Stock ⑦ | |
| 8000 @ 40% = 3200 | |
| 85000 - 3200 = 81800 = T, c/d A | |

Adjustment (ii), (& vi.3)

| | | | |
|--|-------|---------|-------|
| Patents ⑨ | | | |
| b/d | 58200 | ↻ P & L | 60000 |
| Inv Income | 1800 | P & L | 12000 |
| | | c/d L | 48000 |
|  | | | |
| Investment Income ⑦ | | | |
| P & L | 7200 | Patent | 1800 |
| | | v Bank | 2700 |
| | | ↻ c/d A | 2700 |
| <ul style="list-style-type: none"> • P & L = 180000 @ 6% @ 8/12 = 7200 • Error = 180000 @ 6% @ 2/12 = 1800 | | | |

Adjustment (v)

| | | | |
|-----------------------|-------|------------|-------|
| Bank ⑤ | | | |
| 1 Inv Income | 2700 | b/d | 5500 |
| 2 Creditors | 90 | | |
| 3 Debtors | 750 | | |
| ↻ c/d L | 1960 | | |
| Creditors ③ | | | |
| ↻ c/d L | 81090 | b/d | 81000 |
| | | 2 Bank | 90 |
| Debtors ③ | | | |
| b/d | 73900 | 3 Bank | 750 |
| | | 3 Bad Debt | 1750 |
| | | ↻ c/d A | 71400 |
| 750 = 30% Paid | | | |
| ↻ 1750 = 70% not paid | | | |
| Bad Debts ④ | | | |
| 3 Debtor | 1750 | ↻ P & L | 1750 |


Adjustment (iii)

| | | | |
|---|--------|------------|--------|
| Van ② | | | |
| b/d | 172000 | Disposal | 60000 |
| Allowance 84- | 22000 | ↻ c/d A | 196000 |
| Purchases | 62000 | | |
| Accumulated Depreciation - Van ③ | | | |
| Disposal | 28000 | b/d | 78000 |
| ↻ c/d L | 85600 | Expense | 35600 |
| Disposal ⑤ | | | |
| Van | 60000 | Acc Dep | 28000 |
| | | Allow- new | 22000 |
| | | ↻ P & L | 10000 |
| 1/06/01 to 31/09/03 = 28 months | | | |
| ↻ 60000 @ 20% @ 28/12 = 28000 | | | |
| Depreciation Expense - Van ⑥ | | | |
| ↻ To Acc Dep | b/d | P & L | 35600 |
| 172000 @ 20% @ 9/12 = 25800 | | | |
| +196000 @ 20% @ 3/12 = 9800 = 35600 | | | |
| Purchases ⑤ | | | |
| b/d | 620000 | Van | 62000 |
| | | ↻ P & L | 558000 |

Adjustment (iv)

| | | | |
|--|--------------------|--------------|---------------|
| Depreciation Expense - Building ④ | | | |
| Land & Building | 780000 | | |
| - Land | 130000 | | |
| = Building | 650000 | @ 2% @ 1yr = | 13000 = P & L |
| Revaluation ③ | | | |
| Cost increase | 780000 to 880000 = | 100000 | |
| Acc Dep gone | | 39000 | |
| Dep Expense gone | | 13000 | |
| To Reserve | | 152000 | |

Adjustment (vi)

| | | | |
|---|-------|-------|-------|
| Interim Dividend 1 st 6 months = 40000 (15) | | | |
| Preference 200000 @ 7% @ 12/12 = | 14000 | | |
| ↻ 1 st 6 months Interim Preference = | 7000 | | |
| ↻ 2nd 6 months Final Preference = | 7000 | | |
| Interim Ordinary Div | | | |
| = 40000 - 7000 | 33000 | | |
| Total Ordinary Dividend | | | |
| = 550000 @ 9% @ 12/12 = | 49500 | | |
| Final Ordinary dividend | | | |
| ↻ 49500 - 33000 = | 16500 | | |
|  | | | |
| Bad Debt Provision ⑥ | | | |
| ↻ c/d L | 2856 | b/d | 3600 |
| ↻ P & L | 744 | | |
| Debtors of 71400 @ 4% = 2856 = c/d L | | | |
| Debenture Interest ⑧ | | | |
| Bank | 4500 | P & L | 18900 |
| ↻ c/d L | 14400 | | |
| 150000 @ 9% @ 3/12 = 3375 + | | | |
| 230000 @ 9% @ 9/12 = 15525 | | | |
| = 18900 = P & L | | | |

Final Accounts of Carey Ltd for y/e 31/12/2003

| | | | | |
|--------------------------------|--------|---|---------------|---|
| Sales | | | 990000 | ② |
| Stock 1/1 | 76600 | ② | | |
| Purchases | 558000 | ⑤ | | |
| Closing Stock | -81800 | ⑤ | - 552800 | |
| Gross Profit | | | 437200 | |
| Less Expenses | | | | |
| Administration | | | | |
| Directors Fees | 80000 | ② | | |
| Salaries & Gen Exp | 176000 | ② | | |
| Dep: - Building | 13000 | ④ | | |
| Bad Debts w/o | 1750 | ④ | | |
| Reduction in BDP | - 744 | ⑤ | 270006 | |
| Selling | | | | |
| Dep: - Van | 35600 | ⑥ | | |
| Loss on Van | 10000 | ⑤ | 45600 | |
| Operating Profit | | | - 315606 | |
| | | | 121594 | |
| + Investment Income | | | + 7200 | ④ |
| - Debenture Interest | | | - 18900 | ⑤ |
| - Patents s/o | | | - 12000 | ⑥ |
| Appropriation | | | | |
| Interim | | | | |
| Preference div paid | 7000 | ② | | |
| Ordinary div paid | 33000 | ③ | 40000 | |
| Final | | | | |
| Preference div due | 7000 | ② | | |
| Ordinary div due | 16500 | ③ | 23500 | |
| Retained Profit | | | - 63500 | |
| | | | 34394 | |
| P & L Balance 1/1 | | | + 67600 | ② |
| P & L Balance 31/12 | | | <u>101994</u> | ⑥ |

Balance Sheet of Carey Ltd as @ 31/12/2003

| | | | | |
|--------------------------------|----------------|---|----------------|---------------|
| Fixed Assets | | | | |
| Land & Building | 880000 | ① | | 880000 |
| Vans | 196000 | ② | 85600 | ③ |
| | <u>1076000</u> | | <u>85000</u> | <u>990400</u> |
| Intangible Assets | | | | |
| Patents | | | | 48000 ③ |
| Financial Assets | | | | |
| Investments | | | | 180000 ② |
| Current Assets | | | | |
| Stock | | | 81800 | ② |
| Inv Income due | | | 2700 | ③ |
| Debtors | 71400 | ③ | | |
| - BDP | - 2856 | ① | 68544 | |
| | | | <u>153044</u> | |
| Creditors; etc <1 yr | | | | |
| Creditors | 81090 | ③ | | |
| Bank | 1960 | ⑤ | | |
| VAT | 16500 | ② | | |
| Ord dividend due | 16500 | ③ | | |
| Pref dividend due | 7000 | ② | | |
| Deb Interest due | 14400 | ③ | - 137450 | |
| | | | <u>15594</u> | |
| | | | <u>1233994</u> | |
| Financed By | | | | |
| Capital | | | | |
| Ordinary €1 shares | 690000 | | 550000 | ① |
| 6% Preference €1 | 300000 | | 200000 | ① |
| | <u>990000</u> | | <u>750000</u> | |
| Reserves | | | | |
| Revaluation | | | 152000 | ③ |
| P & L Balance 31/12 | | | 101994 | |
| Creditors; etc <1 Yr | | | | |
| 8 % Debentures | | | 230000 | ② |
| Capital Employed | | | <u>1233994</u> | |