

## Accounting – Higher Level – Marking Scheme

### Question 1

75

(a)

#### **Trading and Profit and Loss Account for the Year ended 31/12/2009 [1]**

	€	€	€	€
Sales				659,650 [3]
Less Cost of Sales				
Stock 1/1/2009			63,200 [3]	
Add Purchases	<b>W1</b>		<u>429,900</u> [6]	
			493,100	
Less Stock 31/12/2009	<b>W2</b>		<u>(70,600)</u> [5]	(422,500)
<b>Gross Profit</b>				<u>237,150</u>
<b>Less Expenses:</b>				
<b>Administration</b>				
Salaries and General expenses	<b>W3</b>	73,900	[7]	
Rent		8,000	[3]	
Patents written off	<b>W4</b>	12,320	[5]	
Depreciation – Buildings		<u>18,600</u>	[3]	112,820
<b>Selling and Distribution</b>				
Commission		5,550	[3]	
Discount		1,600	[3]	
Advertising	<b>W5</b>	300	[5]	
Loss on sale of van	<b>W6</b>	4,500	[6]	
Depreciation on vans	<b>W7</b>	<u>13,500</u>	[5]	<u>25,450</u>
				(138,270)
				98,880
<b>Add Operating Income</b>				
Bad debt recovered				<u>900</u> [2]
Operating Profit				99,780
Investment Interest	<b>W8</b>			<u>2,400</u> [4]
				102,180
Less Mortgage Interest	<b>W9</b>			<u>(8,640)</u> [5]
<b>Net Profit for the Year</b>				<u><b>93,540</b></u> [6]

**Penalties:** Deduction of 2 x 1 mark for the omission of 2 expense headings in the Profit & Loss account

(b)

## Balance Sheet as at 31/12/2009

		Cost	Accumulated Depreciation	Net	Total
		€	€	€	€
<b>Intangible Fixed Assets</b>					
Patents					49,280 [4]
<b>Tangible fixed Assets</b>					
Buildings		850,000 [1]		850,000	
Delivery Vans	W10 W11	<u>114,000</u> [2]	<u>16,000</u> [3]	<u>98,000</u>	
		<u>964,000</u>	<u>16,000</u>	<u>948,000</u>	948,000
<b>Financial Assets</b>					
4% Investments					<u>120,000</u> [2]
					1,117,280
<b>Current Assets</b>					
Stock			70,600 [2]		
Debtors	W12	50,500			
Less Provision for bad debts		<u>(1,800)</u>	48,700 [3]		
Investment Interest due			1,200 [2]		
Advertising prepaid			<u>2,100</u> [2]	122,600	
<b>Creditors: Amounts falling due within one year:</b>					
Creditors	W13		120,700 [4]		
Mortgage interest due			8,100 [2]		
PAYE & PRSI	W14		4,400 [3]		
VAT			4,600 [2]		
Bank overdraft	W15		<u>12,900</u> [3]	<u>(150,700)</u>	<u>(28,100)</u>
					<u>1,089,180</u>
<b>Financed by</b>					
<b>Creditors: Amounts falling due after more than one year: [1]</b>					
6% Fixed Mortgage					180,000 [2]
<b>Capital and Reserves</b>					
Capital				495,000 [1]	
Add Revaluation Reserve	W16			353,600 [3]	
Add Net Profit				<u>93,540</u>	
				941,940	
Less Drawings	W17			<u>(32,960)</u> [3]	<u>908,980</u>
					<u>1,089,180</u>

### Question 1. Workings

1. Purchases	465,200	–	36,000	+	700	=	429,900
2. Closing Stock	75,400	–	4,800			=	70,600
3. Salaries & general expenses	75,000	–	1,000	–	100	=	73,900
4. Patents	60,400	+	1,200	÷	5	=	12,320
5. Advertising	2,400	–	2,100			=	300
6. Loss on sale of van	24,000	–	12,000	–	7,500	=	4,500
7. Depreciation – Delivery Vans	8,250	+	750	+	4,500	=	13,500
	11,250	+	2,250				
	2,812.50	+	10,687.50				
8. Investment Interest	1,200	+	1,200			=	2,400
9. Mortgage Interest	6,000	+	3,600	–	960	=	8,640
10. Delivery Vans	90,000	–	24,000	+	48,000	=	114,000
11. Accumulated Dep. Vans	10,000	+	13,500	–	7,500	=	16,000
12. Debtors	50,000	+	500			=	50,500
13. Creditors	120,000	+	700			=	120,700
14. PAYE & PRSI	5,400	–	1,000			=	4,400
15. Bank overdraft	13,300	–	400			=	12,900
16. Revaluation reserve	230,000	+	123,600			=	353,600
Depreciation buildings	105,000	+	18,600			=	123,600
17. Drawings	32,000	+	960			=	32,960