SECTION 1 (120 marks)
Answer **Question 1** OR any **TWO** other questions

1. Company Final Accounts including a Manufacturing Account

Fisher Ltd, a manufacturing firm, has an Authorised Capital of €700,000 divided into 400,000 Ordinary Shares at €1 each and 300,000 4% Preference Shares at €1 each.
The following Trial Balance was extracted from its books at 31/12/2010:

	€	€
Factory Buildings (cost €550,000)	440,000	
Plant and Machinery (cost €240,000)	110,000	
Discount (Net)		2,000
Profit and Loss Balance 1/1/2010		36,400
Stocks on hand 1/1/2010		
Finished Goods	80,000	
Raw Materials	49,500	
Work in Progress	20,500	
Sales		1,100,000
Patents	100,000	
Carriage on raw materials	6,050	
Hire of special equipment	12,000	
Purchase of raw materials	440,500	
Dividends paid	30,000	
Sale of scrap material		6,000
Debtors and Creditors	54,600	45,700
Bank		8,600
Direct factory wages	201,450	
Selling expenses (including suspense)	108,000	
9% Debentures (including €30,000 issued on 1/4/2010)		80,000
Issued Share Capital – Ordinary Shares		250,000
– 4% Preference Shares		200,000
General factory overheads	50,400	
VAT	4,200	
Debenture interest paid for the first 3 months	1,000	
Administration expenses	20,500	
	1,728,700	1,728,700

The following information and instructions are to be taken into account:

(i) Stocks on hand at 31/12/2010: Finished goods €85,000
Raw materials €53,000
Work in progress €25,500
The figure for finished goods includes items which cost €6,000 to produce, but now have a sales value of €4,000.

(ii) Patents are being written off over 10 years which commenced in 2008.

(iii) Included in the figure for sales is €4,000 received for the sale of old machinery. This machinery had cost €24,000 on 1/10/2005 and was sold on 30/6/2010. The cheque had been entered in the bank account. This was the only entry made in the books.

(iv) The suspense figure arises as a result of discount received €300 entered only in the creditors account and of the posting of an incorrect figure for the debenture interest paid to the interest account. The correct interest was entered in the bank account.

(v) A bad debt of €450 should be written off and a provision for bad debts should be provided at 5% of debtors.

(vi) It was discovered that goods, which cost the firm €5,400 to produce, were sent to a customer on a sale or return basis. In error these goods were charged to the customer at cost plus 25%.

(vii) An invoice has been received for raw materials costing €15,000 which were in transit on 31/12/2010. No record has been made in the books.

(viii) Depreciation is provided on fixed assets as follows:
Factory Buildings at 2% of cost.
Plant and Machinery at 20% of cost per annum from date of purchase to date of sale.
At the end of 2010 the company revalued the buildings at €650,000.

(ix) The Directors are proposing that:
1. Provision should be made for debenture interest due.
2. Corporation tax of €24,000 be provided for.

You are required to prepare a:

(a) Manufacturing, Trading and Profit and Loss Account for the year ended 31/12/2010. (75)

(b) Balance Sheet as at 31/12/2010. (45)

(120 marks)