

Question 1

Manufacturing Account of Marjam Ltd for the year ended 31/12/2012 [1]

		€		€
Opening stock of raw materials				34,400 [1]
Purchases of raw materials	W 1			991,600 [4]
Carriage on raw materials				4,600 [2]
				<u>1,030,600</u>
Less Closing stock of raw materials				<u>(35,700) [1]</u>
Cost of raw materials consumed				994,900
Direct Costs:				
Factory wages	W 2	178,800	[2]	
Hire of special equipment		<u>6,100</u>	[2]	<u>184,900</u>
Prime Costs				1,179,800
Factory Overheads:				
General factory overheads		31,400	[2]	
Depreciation - Plant and machinery	W 3	29,325	[3]	
Repairs to plant and machinery	W 4	2,000	[2]	
Loss on sale of machine	W 5	<u>500</u>	[4]	<u>63,225</u>
Factory cost				1,243,025
Add Work in progress 1/1/2012				23,700 [2]
Less Work in progress 31/12/2012				<u>(27,400) [2]</u>
				<u>1,239,325</u>
Less Sale of scrap materials				<u>(3,000) [2]</u>
Cost of manufacture				<u><u>1,236,325</u></u>

Trading and Profit and Loss Account for the year ending 31/12/2012

		€		€		€
Sales	W6					1,533,000 [6]
Less Cost of Sales						
Opening stock of finished goods			69,500	[2]		
Cost of manufacture			<u>1,236,325</u>	[2]		
			1,305,825			
Less Closing stock finished goods	W7		<u>(82,500)</u>	[6]		<u>(1,223,325)</u>
Gross Profit						309,675
Less Expenses						
Administration						
Administration expenses	W8		26,900	[6]		
Selling and Distribution						
Provision for bad debts	W9	3,704	[3]			
Bad debts written off	W10	3,200	[2]			
Selling expenses	W11	<u>36,300</u>	[4]	<u>43,204</u>		<u>(70,104)</u>
						239,571
Add Operating Income						
Discount						<u>8,400</u> [2]
Operating profit						247,971
Investment Income	W12					<u>13,600</u> [2]
						261,571
Less Debenture interest	W13					<u>(18,000)</u> [2]
Net Profit						243,571
Less Dividends paid						<u>(59,000)</u> [1]
Retained Profit						184,571
Less Profit and Loss balance 1/1/2012						<u>(18,100)</u> [2]
Profit and Loss balance 31/12/2012						<u><u>166,471</u></u> [5]

Question 1

45

Balance Sheet as at 31/12/2012

	Cost €	Acc.Dep €	Net €	Total €
Intangible Fixed Assets				
Patents				22,600 [2]
Tangible Fixed Assets				
Buildings	880,000 [2]	60,000 [1]	820,000	
Plant & machinery W14 & 15	<u>301,000 [2]</u>	<u>107,825 [3]</u>	<u>193,175</u>	
	<u>1,181,000</u>	<u>167,825</u>	<u>1,013,175</u>	1,013,175
Financial Assets				
4% Investments				<u>340,000 [2]</u>
				1,375,775
Current Assets				
Stock Raw materials	35,700 [2]			
Work in progress	27,400 [2]			
Finished goods	<u>82,500 [2]</u>	145,600		
Debtors W16	92,600 [6]			
Less provision	<u>(3,704) [1]</u>	88,896		
Investment income due		<u>10,200 [2]</u>	244,696	
Less Creditors: amounts falling due within one year				
Creditors W17		98,380 [4]		
Bank W18		40,020 [4]		
Universal social charge		2,100 [2]		
Debenture interest due		<u>13,500 [2]</u>	(154,000)	<u>90,696</u>
				<u>1,466,471</u>
Financed by				
Creditors: amounts falling due after more than one year				
9% Debentures				200,000 [2]
Capital and Reserves		Authorised	Issued	
Ordinary shares @ €1 each		1,000,000 [1]	600,000 [1]	
10% Preference shares @ €1 each		<u>800,000 [1]</u>	<u>500,000 [1]</u>	
		<u>1,800,000</u>	1,100,000	
Profit and Loss balance			<u>166,471</u>	<u>1,266,471</u>
Capital Employed				<u>1,466,471</u>

Question 1 - Workings

1.	Purchases Raw Materials	$1,035,000 - 400 - 43,000$	991,600
2.	Wages	$180,400 - 1,600$	178,800
3.	Depreciation plant and machinery	$25,000 + 500 + 3,825$ $27,000 + 2,325$ $6,750 + 22,575$	29,325
4.	Repairs plant and machinery	$1,600 + 400$	2,000
5.	Loss on sale of machinery	$[20,000 - 11,500] - 8,000$	500
6.	Sales	$1,540,000 - 6,000 - 1,000$	1,533,000
7.	Closing stock - Finished goods	$79,400 - 1,900 + 5,000$	82,500
8.	Administration		$27,600 + 300 - 1,000$ 26,900
9.	Provision for bad debts	$4\% \times 92,600$	3,704
10.	Bad debts	$4,000 - 800$	3,200
11.	Selling expenses	$32,900 + 3,400$	36,300
12.	Investment Income	$4\% \times 340,000$	13,600
	3,400 + 10,200		
13.	Debenture Interest	$9\% \times 200,000$	18,000
	Debenture Interest due		13,500
14.	Plant & machinery at cost	$270,000 + [51,000 - 20,000]$	301,000
15.	Provision for Dep – Plant & machinery	$90,000 + 29,325 - 11,500$	107,825
16.	Debtors	$102,600 - 4,000 - 6,000$	92,600
17.	Creditors	$98,200 + 180$	98,380
18.	Bank account [o/d]	$41,000 - 180 - 800$	40,020
		$39,720 + 300$	40,020

Penalties: 1 mark for the omission of expense heading 'Selling and Distribution'
1 mark for the omission of 'Total Cost' figure for fixed assets