

## Accounting – Higher Level 2014

### Question 1

(a)

75

<b>Trading and Profit and Loss Account for the year ending 31/12/2013</b>			<b>[1]</b>
	€	€	€
Sales			695,000 [2]
Less Cost of Sales			
Stock 1/1/2013		64,200 [2]	
Add Purchases	<b>W1</b>	<u>503,250</u> [12]	
		567,450	
Less Stock 31/12/2013	<b>W2</b>	<u>(84,000)</u> [5]	(483,450)
<b>Gross Profit</b>			<u>211,550</u>
<b>Less Expenses</b>			
<b>Administration</b>			
Patent written off	<b>W3</b>	8,230 [5]	
Salaries and General expenses	<b>W4</b>	87,400 [9]	
Rent		10,000 [2]	
Insurance		5,750 [2]	
Depreciation – Buildings	<b>W5</b>	<u>12,800</u> [3]	124,180
<b>Selling and Distribution</b>			
Advertising		2,500 [2]	
Loss on sale of van	<b>W6</b>	14,000 [6]	
Depreciation –Delivery van	<b>W7</b>	9,450 [5]	
Discount		<u>1,800</u> [2]	<u>27,750</u>
			(151,930)
			59,620
<b>Add Operating Income</b>			
Bad debt recovered			<u>800</u> [2]
			60,420
Add Investment Income			<u>2,250</u> [4]
			62,670
Less Mortgage Interest	<b>W8</b>		<u>(8,325)</u> [5]
<b>Net Profit</b>			<u>54,345</u> [6]

(b)

45

## Balance Sheet as at 31/12/2013

		Cost €	Acc. Dep. €	Net €	Total €
<b>Intangible Fixed Assets</b>					
Patents					32,920 [4]
<b>Tangible Fixed Assets</b>					
Buildings	W9	720,000 [1]		720,000	
Delivery Vans	W10 & 11	<u>96,000</u> [2]	<u>11,450</u> [3]	<u>84,550</u>	
		<u>816,000</u>	<u>11,450</u>	<u>804,550</u>	804,550
<b>Financial Assets</b>					
8% Investments					<u>100,000</u> [2]
					937,470
<b>Current Assets</b>					
Stock			84,000 [2]		
Debtors	W12		48,600 [2]		
Investment income due	W13		<u>1,500</u> [3]	134,100	
<b>Creditors: amounts falling due within one year</b>					
Creditors	W14		115,250 [6]		
Bank	W15		15,600 [3]		
VAT			4,200 [2]		
PRSI/USC	W16		1,800 [2]		
Mortgage interest due			<u>9,000</u> [2]	(145,850)	<u>(11,750)</u>
					<u>925,720</u>
<b>Financed by</b>					
<b>Creditors: amounts falling due after more than one year</b>					
Mortgage					200,000 [2]
<b>Capital and Reserves</b>					
Capital				530,000 [1]	
Revaluation Reserve	W18			187,800 [3]	
Net Profit				<u>54,345</u>	
				772,145	
Drawings	W17			<u>(46,425)</u> [4]	<u>725,720</u>
<b>Capital Employed</b>					<u>925,720</u>

### Question 1 - workings

1.	Purchases	$530,400 + 4,000 - 30,000 + 1,250 - 2,400$	503,250
2.	Closing stock	$80,000 + 4,000$	84,000
3.	Patent (Profit + Loss a/c)	$(40,400 + 750) * 5$	8,230
	Patents (Balance Sheet)	$(40,400 + 750) - 8,230$	32,920
4.	Salaries and general expenses	$90,000 - [2,000 + 600]$	87,400
5.	Depreciation on Buildings	$2\% \times \text{€}640,000$	12,800
6.	Loss on sale of van	$40,000 - 16,000 - 10,000$	14,000
7.	Depreciation Delivery vans	$5,000 + 1,000 + 3,450$ $9,000 + 450$ $2,250 + 7,200$ $5,000 + 1,000 + 3,450$	9,450
8.	Mortgage Interest	$8,400 + 2,700 - 2,775$	
	$1,500 + 600 + 9,000 - 2,775$	8,325	
9.	Buildings	$640,000 + 80,000$	720,000
10.	Delivery vans at cost	$90,000 + 46,000 - 40,000$	96,000
11.	Provision for Dep. – vans	$12,000 + 9,450 - 10,000$	11,450
12.	Debtors	$50,000 - 1,400$	48,600
13.	Investment Income due	$2,250 - 750$	1,500
14.	Creditors	$110,000 + 4,000 + 1,250$	115,250
15.	Bank	$16,400 - 800$	15,600
16.	PAYE/PRSI	$3,800 - 2,000$	1,800
17.	Drawings	$41,250 + 2,775 + 2,400$	46,425
18.	Revaluation Reserve	$80,000 + 95,000 + 12,800$	187,800

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