

Q1 Trading Profit and Loss Account of Heighway for the year ended 31/12/19 [1]

		€	€	€
Sales				1,867,000 [3]
Less cost of sales				
Opening stock			62,900 [3]	
Purchases	W2		1,061,600 [10]	
Less closing stock	W1		<u>(80,390)</u> [8]	<u>(1,044,110)</u>
Gross profit				822,890
Less Expenses				
Distribution Costs				
Dep. delivery vans	W3	52,400 [5]		
Advertising		<u>56,800</u> [3]	109,200	
Administration Expenses				
Dep. land and buildings	W4	5,657 [6]		
Salaries and general exp.	W5	<u>381,650</u> [8]	<u>387,307</u>	<u>496,507</u>
				326,383
Add operating Income				
Profit on sale of van	W6		1,200 [6]	
Bad debt recovered			1,500 [4]	
Discount			8,500 [2]	
Change in the BDP	W7		<u>580</u> [4]	<u>11,780</u>
Operating profit				338,163
Investment income	W8			7,500 [4]
Mortgage interest	W9			<u>(18,240)</u> [5]
Net profit				<u>327,423</u> [3]

Balance Sheet of Heighway as at 31/12/2019

		Cost	Acc. Dep	NBV
Tangible Fixed Assets				
Land and buildings	W4	900,000		900,000 [1]
Delivery vans	W10	266,000 [3]	93,200 [3]	172,800
Equipment		<u>128,800</u> [1]	<u> </u>	<u>128,800</u>
		<u>1,294,800</u>	<u>93,200</u>	1,201,600
Financial Assets				
6% Investments				250,000 [1]
Current Assets				
Closing stock	W1		80,390 [2]	
Debtors	W11	98,000 [3]		
Less BDP	W7	<u>(3,920)</u> [1]	94,080	
Investment income due	W8		5,000 [3]	
VAT	W12		<u>12,750</u> [5]	
			192,220	
Creditors: amounts falling due within 1 year				
Creditors	W13	105,500 [7]		
Bank	W14	46,200 [4]		
Mortgage interest due	W9	18,000 [2]		
PAYE, PRSI, USC		<u>3,450</u> [2]	<u>(173,150)</u>	<u>19,070</u>
				<u>1,470,670</u>
Financed by				
Creditors: amounts falling due after 1 year				
Mortgage				300,000 [1]
Capital				
Capital			750,000 [1]	
Revaluation reserve	W 15		147,807 [3]	
Net profit			327,423	
Drawings	W 16		<u>(54,560)</u> [2]	<u>1,170,670</u>
Capital employed				<u>1,470,670</u>

Workings:

1.	Closing stock	$69,800 - 9,010 + 19,600$	=	80,390
2.	Purchases	$1,080,000 + 19,600 - 38,000$	=	1,061,600
3.	Dep: delivery vans	250,000 by 20% for 3/12 months		
		266,000 by 20% for 9/12 months	=	52,400
4.	Depreciation – L & B	$795,000 - 12,150$		
		$(782,850 - 500,000[2]) \times 2\%$	=	5,657
5.	Salaries & general expenses	$381,750 + 3,600 - 3,700$	=	381,650
6.	Profit on van disposal	$48,000 - 23,200 - 26,000$	=	1,200
	Depreciation on disposal	48,000 by 20% for 29/12 months	=	23,200
7.	Change in BDP	$4,500 - 3,920$	=	580
	Bad debt provision	$98,000 \times 4\%$	=	3,920
8.	Investment income	250,000 by 6% for 6/12 months	=	7,500
	Investment income due	$7,500 - 2,500$	=	5,000
9.	Mortgage interest	$240,000 \times 8\% \times 3/12$ $300,000 \times 8\% \times 9/12$		22,800
	Mortgage interest	$4,800 + 18,000 - 4,560$	=	18,240
		$3,600 + 19,200 - 4,560$	=	18,240
	Mortgage interest due	$22,800 + 3,600 - 8,400$	=	18,000
10.	Delivery vans	$250,000 - 48,000 + 64,000$	=	266,000
	Accumulated dep. vans	$64,000 - 23,200 + 52,400$	=	93,200
11.	Debtors	$97,500 + 500$	=	98,000
12.	VAT	$3,100 - 3,700 - 12,150$	=	(12,750)
13.	Creditors	$84,300 + 19,600 - 900 + 2,500$		105,500
14.	Bank	$48,800 + 900 - 1,000 - 2,500$	=	46,200
		$32,000 + 14,200$	=	46,200
15.	Revaluation reserve	$900,000 - 782,850$	= 117,150	
		$25,000 + 5,657$	= 30,657	= 147,807
16.	Drawings	$50,000 + 4,560$	=	54,560