

Q1 (a) Trading and Profit and Loss Account of A Kenny for the year ended 31/12/2020 [1]

		€	€	€
Sales	W 1			1,769,300 [3]
Less Cost of Sales				
Opening stock			68,700 [3]	
Purchases	W2		987,000 [8]	
Less closing stock	W3		(85,200) [7]	(970,500)
Gross Profit				798,800
Less Expenses				
Distribution Costs				
Depreciation Motor Vehicles	W4	79,750 [4]		
Loss on sale of vehicle	W4	1,600 [4]		
Increase in bad debt provision	W5	700 [4]		
Advertising	W6	32,600 [7]	114,650	
Administration Expenses				
Depreciation Land & Buildings	W7	10,140 [4]		
Salaries & General Expenses	W8	91,800 [4]		
Loss on fire	W9	9,000 [3]		
Rates		43,200 [2]	154,140	(268,790)
				530,010
Add Operating Income				
Bad Debt Recovered	W5		2,500 [4]	
Discount			4,700 [3]	7,200
Operating Profit				537,210
Investment Income	W10			2,625 [3]
				539,835
Less Mortgage Interest	W11			(10,700) [5]
Net profit				529,135 [6]

Balance Sheet of A. Kenny as at 31/12/2020

45

		Cost	Acc Dep	NBV
Tangible Fixed Assets				
Land & Buildings		1,100,000 [1]	-	1,100,000
Delivery Vans	W4	405,000 [2]	120,350 [3]	284,650
Equipment		178,800 [1]	-	178,800
		<u>1,683,800</u>	<u>120,350</u>	<u>1,563,450</u>
Financial Assets				
Investments 3%				210,000 [2]
				<u>1,773,450</u>
Current Assets				
Closing Stock	W3		85,200 [2]	
Debtors	W5	70,000 [4]		
Less Bad Debt Provision	W5	4,200 [1]	65,800	
Investment Income due	W10		425 [3]	
Insurance due			90,000 [1]	
			<u>241,425</u>	
Less Creditors: amounts falling due within 1 year				
Creditors	W12	69,600 [5]		
Bank	W13	46,400 [5]		
Vat		29,900 [2]		
Mortgage Interest due	W11	10,500 [3]		
PAYE PRSI USC		3,875 [2]	(160,275)	81,150
				<u>1,854,600</u>
Financed By				
Creditors: amounts falling due after 1 year				
5% Fixed Mortgage				280,000 [2]
Capital			800,000 [1]	
Revaluation Reserve	W14		308,140 [3]	
Profit & Loss 31/12/2020			<u>529,135</u>	
			1,637,275	
Less Drawings	W15		<u>(62,675) [2]</u>	<u>1,574,600</u>
Capital Employed				<u>1,854,600</u>

Workings:			
1	Sales	1,797,300 - 28,000	1,769,300
2	Purchases	1,105,000 - 56,000 - 24,000 - 38,000	987,000
3	Closing Stock	72,100 - 9,300 + 22,400	85,200
4	Acc Dep: Delivery Vans	70,000 + 79,750 - 29,400	120,350
	Dep on Vans in P&L	19,000 + 60,750	
		or 2,100 + 67,600 + 10,050	79,750
	Delivery vans cost	380,000 + 67,000 - 42,000	405,000
	Loss on Disposal of Van	42,000 - 11,000 - 29,400	1,600
5	Debtors	97,300 - 28,000 + 700	70,000
	Bad Debt Provision	70,000 X .06	4,200
	Increase in Bad Debt Provision	3,500 - 4,200	700
	Bad debt recovered		2,500
6	Advertising	36,000 - 2,900 - 500	32,600
7	Depreciation - L&B	900,000 - 75,000 + 44,000 + 38,000	907,000
		(907,000 - 400,000) X .02	10,140
8	Salaries & General Expenses	135,800 - 44,000	91,800
9	Loss on fire		9,000
10	Investment Income	210,000 x .03 X 5/12	2,625
	Investment Income due	2,625 - 2,200	425
11	Mortgage Interest	2,875 + 10,500 = 13,375 - 2,675	10,700
		or 11,500 + 1,875 = 13,375 - 2,675	10,700
	Mortgage Interest due	13,375 - 2,875	10,500
12	Creditors	68,600 - 2,900 - 900 + 4,800	69,600
13	Bank	52,100 + 900 - 1,800 - 4,800	46,400
		or 29,200 + 17,200	46,400
14	Revaluation Reserve	193,000 + 105,000 + 10,140	308,140
15	Drawings	60,000 + 2,675	62,675