

Q1 (B) Manufacturing Account of Connolly Ltd for the year ended 31/12/2020

Direct Costs			
Opening stock raw materials		95,000	[1]
Purchases raw materials W1		647,000	[3]
Carriage In raw materials		13,100	[1]
Closing Stock raw material		<u>(52,400)</u>	[1]
Cost of raw materials consumed		702,700	
Factory Wages		275,000	[1]
Hire of Special Equipment		<u>45,000</u>	<u>320,000</u> [2]
Prime Cost		1,022,700	
Factory Overheads			
Patents written off W2			[4]
General Factory overhead W3		111,000	[7]
Loss on fire W4		1,200	[2]
Depreciation plant & Machinery W5		<u>79,420</u>	<u>210,620</u> [5]
		1,233,320	
Opening stock Work in Progress		26,700	[2]
Closing stock Work in Progress		<u>(24,900)</u>	[2]
		1,235,120	
Less Sale of Scrap W6		(9,000)	[3]
Profit on Disposal W7		(680)	[5]
Cost of Manufacture		1,225,440	

Trading Profit and Loss Account for Connolly Ltd for the year ended 31/12/2020

Sales	W8		1,734,000	[3]
Less Cost of Sales				
Opening stock finished goods		60,000		[2]
Cost of Manufacture		1,225,440		[2]
Closing stock finished goods	W9	<u>(76,800)</u>	<u>(1,208,640)</u>	[3]
Gross Profit			525,360	
Selling and Distribution Costs				
Change in Provision for bad debt	W10	1,328		[3]
Selling expenses	W11	<u>104,020</u>	(105,348)	[3]
Administration Expenses				
Administration Expenses		121,800	<u>(121,800)</u>	[2]
			298,212	
Add Operating Income				
Discount	W12		2,300	[3]
Operating Profit				
Investment Income	W13		2,250	[3]
Debenture Interest	W14		(11,200)	[3]
Net Profit				
Dividend Paid			(68,000)	[2]
Retained Profit			223,562	
Profit and Loss 01/01/2020			(358,000)	[2]
Profit and Loss 31/12/2020			(134,438)	[4]

Balance Sheet of Connolly Ltd as at 31/12/2020

	Cost	Acc Dep	NBV	Total
	€	€	€	€
Intangible Assets				
Patents				57,000[1]
Tangible Fixed Assets				
Factory Buildings	1,008,000	148,000 [1]	860,000	
Plant and Machinery W15/16	836,000 [2]	723,740 [3]	112,260	
	1,844,000	871,740	972,260	972,260
Financial Investments				
3% Investments				180,000[2]
				1,209,260
Current Assets				
Closing Stock: Raw Materials	52,400 [1]			
Work in Progress	24,900 [1]			
W9 Finished Goods	76,800 [1]	154,100		
Debtors W17	158,200 [9]			
Less Provision for Bad Debts W18	(6,328) [1]	151,872		
Bank W19		145,800 [5]		
Investment Income due W13		2,250 [1]		
Insurance Compensation due W4		6,800 [2]		
			460,822	
Less Creditors: amounts falling due within 1 year				
Creditors W20	89,600 [4]			
VAT	29,900 [2]			
Sales Expenses due W11	17,020 [3]			
Debenture Interest due W21	8,000 [2]		(144,520)	316,302
				1,525,562
Financed By				
Creditors: amounts falling due after 1 year				
4% Debentures			300,000[2]	
Capital and Reserves	Authorised	Issued		
Ordinary shares @ €1 each	2,500,000	1,000,000 [1]		
5% Preference shares @ €1 each	500,000	360,000 [1]		
		1,360,000		
Profit and Loss balance 31/12/2020		(134,438)	1,225,562	
				1,525,562

Question 1 (B): Workings			
1	Purchases	$655,000 - 8,000$	647,000
2	Patents written off	$76,000 \div 4$	19,000
3	General Factory Overheads	$101,400 - 1,400 + 11,000$	111,000
4	Loss on Fire	$8,000 - 6,800$	1,200
5	Depreciation Plant and Machinery	$836,000 \times 95\% \div 10$	79,420
6	Sale of Scrap	$20,000 - 11,000$	9,000
7	Profit on Disposal	$24,000 - 13,680 - 11,000$	680
8	Sales	$1,750,000 - 16,000$	1,734,000
9	Closing Stock of finished goods	$64,000 + 12,800$	76,800
10	Increase in bad debt provision	$5,000 - 6,328$	1,328
11	Selling Expenses	$87,000 + 7,020(3\% \times 234,000) + 10,000(2\% \times 500,000)$	104,020
12	Discount Net	$3,700 - 1,400$	2,300
13	Investment Income	$180,000 \times 3\% \times 5 \div 12$	2,250
14	Debenture Interest	$3,200 + 8,000$ or $9,600 + 1,600$	11,200
15	Plant & Machinery Cost	$860,000 - 24,000$	836,000
16	Plant & Machinery Acc Dep	$658,000 + 79,420 - 13,680$	723,740
17	Debtors	$174,000 - 16,000 + 2,000 - 1,800$	158,200
18	Provision for Bad Debts	$4\% \times 158,200$	6,328
19	Bank	$146,000 - 2,000 + 1,800$	145,800
		$148,300 - 2,500$	145,800
20	Creditors	$78,600 + 11,000$	89,600
21	Debenture Interest due	$11,200 - 3,200$	8,000