

Question 1: Final Accounts including a Manufacturing Account.

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Manufacturing Account of Young Ltd. for the year ended 31/12/1996

			£
Opening stock of raw materials			44,000 ①
Purchases of raw materials	W 1		<u>361,900</u> ⑥
			405,900
Closing stock of raw materials			<u>47,000</u> ①
Cost of raw materials consumed			358,900
Manufacturing wages	W 2		<u>119,200</u> ⑥
Prime cost ①			478,100
Factory Overheads			
General factory expenses	W 3	38,900 ⑥	
Depreciation-plant & machinery		32,000 ⑤	
Depreciation-buildings		<u>8,000</u> ⑤	<u>78,900</u>
Factory cost			557,000
Work in progress 1/1/1996			<u>21,000</u> ②
			578,000
Less Work in progress 31/12/1996			<u>24,000</u> ②
			554,000
Less Sale of scrap materials	W 4	6,000 ③	
Profit on sale of machinery	W 5	<u>400</u> ⑤	<u>6,400</u>
Cost of manufacture			<u>547,600</u>

Trading, Profit and Loss Account of Young Ltd for the year ended 31/12/1996.

			£
Sales	W 6		695,500 ⑤
Stock of finished goods 1/1/1996		77,000 ①	
Cost of goods produced		<u>547,600 ①</u>	
<i>Total available for sale</i>		624,600	
Less Stock of finished goods 31/12/1996	W 7	<u>84,000 ③</u>	
<i>Cost of goods sold</i>			<u>540,600</u>
Gross profit			154,900
 <i>Less Expenses</i>			
<i>Administration expenses</i>			
Administration expenses		50,000 ③	
<i>Selling and Distribution expenses</i>			
Selling expenses		<u>11,400 ③</u>	<u>61,400</u>
Operating profit			93,500
Debenture interest			<u>6,300 ⑤</u>
Net profit before taxation			87,200
Taxation on profit			<u>10,000 ②</u>
Profit after taxation			77,200
Interim Dividends			
- preference		4,000 ②	
- ordinary		22,000 ③	
Dividends proposed			
- preference		4,000 ②	
- ordinary		<u>8,000 ③</u>	<u>38,000</u>
Retained profit			39,200
Profit and loss balance at 1/1/1996			<u>55,500 ②</u>
Profit and loss balance at 31/12/96			<u>94,700 ②</u>

Question 1: (continued)

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Balance Sheet of Young Ltd as at 31/12/96

Fixed Assets

<i>Tangible assets</i>		Cost	Agg Dep	NBV	
Land and Buildings	W 8	550,000		550,000	③
Plant and machinery	W 9,10	<u>158,000</u>	<u>78,100</u>	<u>79,900</u>	
		<u>708,000</u>	<u>78,100</u>	<u>629,900</u>	629,900

Current Assets

Stock: Raw materials			47,000	①	
Work in progress			24,000	①	
Finished goods			<u>84,000</u>	①	155,000
Debtors	W 11				<u>86,100</u>
					241,100

Creditors: amounts falling due within 1 year

Trade Creditors		①	64,200		
VAT		②	18,400		
Debenture interest due		②	6,300		
Taxation		②	10,000		
Bank		②	9,400		
Dividends		③	<u>12,000</u>		<u>120,300</u>

Net current assets

120,800
750,700

Financed by

Creditors: amounts falling due after more than 1 year

8% Debentures					80,000	①
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Capital and Reserves

Issued ordinary shares of £1 each					300,000	①
8% Preference shares of £1 each					100,000	①
Revaluation reserve	W 12				176,000	⑤
Profit and loss account					<u>94,700</u>	
					<u>750,700</u>	

Workings

1	Purchases of raw materials	$(385,900 - 24,000)$	361,900
6		$(\textcircled{2}) \quad \textcircled{4}^{\text{ext}}$	
2	Manufacturing wages	$(135,200 - 16,000)$	119,200
6		$(\textcircled{2}) \quad \textcircled{4}^{\text{ext}}$	
3	Factory Overheads (sus)	$(38,500 + 400)$	38,900
6		$(\textcircled{2}) \quad \textcircled{4}^{\text{sus}}$	
4	Scrap Materials	$(6,500 - 500)$	6,000
3		$(\textcircled{1}) \quad \textcircled{2}^{\text{mach}}$	
5	Profit on sale of machinery	$1,900 + 500 - 2,000$	400
		$\text{sur} \quad \text{mach} \quad \text{cost}$	
6	Sales	$(701,500 - 6,000)$	695,500
5		$(\textcircled{2}) \quad \textcircled{3}^{\text{Sales}}$	
7	Closing stock Finished Goods	$(79,000 + 5,000)$	84,000
3		$(\textcircled{1}) \quad \textcircled{2}^{\text{Sales}}$	
8	Land & Buildings	$[420,000 + 40,000] + 90,000$	550,000
3	Depreciation Land & Buildings	$[78,000 + 8,000] - 86,000$	
		$\text{cost} \quad \text{ext} \quad \text{To R}$ $\text{acc dep} \quad \text{exp} \quad \text{T. R}$	
9	Machinery	$160,000 - 2,000$	158,000
3		$(\textcircled{1}) \quad \textcircled{2}^{\text{cost sold}}$	
10	Provision for Depreciation - Machinery	$(48,000 + 32,000 - 1,900)$	78,100
2		$\text{acc dep} \quad \text{deprec}$ $(\textcircled{5})$	
11	Debtors	$(92,500 - 6,000 - 400)$	86,100
9		$(\textcircled{1}) \quad \textcircled{1} \quad \textcircled{3} \quad \textcircled{1} \quad \textcircled{3}^{\text{Sales sus}}$	
12	Revaluation Reserve	$(78,000 + 8,000 + 90,000)$	176,000
5		$\text{acc dep} \quad \text{exp} \quad \text{cost ext}$	