Accounting Leaving Certificate
Higher Level

Company Accounts

Q1 2013

1. Company Final Accounts including a Manufacturing Account

Marjam Ltd, has an Authorised Capital of €1,800,000 divided into 1,000,000 Ordinary Shares at €1 each and 800,000 10% Preference Shares at €1 each. The following Trial Balance was extracted from its books at 31/12/2012:

	€	€
Factory Buildings (cost €880,000)	820,000	
Plant and Machinery (cost €270,000)	180,000	
Discount (Net)		8,400
Profit and Loss Balance 1/1/2012	18,100	
Stocks on hand 1/1/2012		
Finished Goods	69,500	
Raw Materials	34,400	
Work in Progress	23,700	
Debenture interest for the first three months	4,800	
4% Investments 1/1/2012	340,000	
Patents	22,600	
Purchase of raw materials	1,035,000	
Sales		1,540,000
Dividends paid	59,000	
Debtors and Creditors	102,600	98,200
Bank		41,000
9% Debentures		200,000
Universal Social Charge		2,100
Issued Share Capital – Ordinary Shares		600,000
– 10% Preference Shares		500,000
Direct factory wages	180,400	
General factory overheads	31,400	
Hire of special equipment	6,100	
Sale of scrap materials		3,000
Carriage on raw materials	4,600	
Administration expenses (including Suspense)	27,600	
Selling expenses (incorporating 3 months investment income)	32,900	
	2,992,700	2,992,700

The following information and instructions are to be taken into account:

(i) Stocks on hand at 31/12/2012: Finished goods €79,400
Raw materials €35,700
Work in progress....................€27,400

The finished goods figure includes stock which cost €4,400 but now has a net realisable value of €2,500.

(ii) Finished goods, sent to a customer on Dec 31 on a 'Sale or Return' basis were treated incorrectly as a credit sale. The recommended retail selling price of these goods was €6,000, which is cost plus 20%.

(iii) Repairs to plant and machinery amounting to €2,000 were carried out during the year by one of the firm's employees. An amount of €400 of this expenditure consisted of parts taken from the firm's stocks while the remainder represented wages.

(iv) Provide for depreciation on plant and machinery at the annual rate of 10% of cost from the date of purchase to the date of sale.
NOTE: On 31/3/2012 machinery, which had cost €20,000 on 30/6/2006, was traded in against a new machine which cost €51,000. An allowance of €8,000 was given on the old machine. The cheque for the net amount of this transaction was incorrectly treated as a purchase of raw materials. This was the only entry made in the books in respect of this transaction.

(v) The suspense figure arises as a result of the incorrect figure for debenture interest (although the correct entry had been made in the bank account) and returns €1,000 entered only in the debtors account.

(vi) The figure for bank in the Trial Balance has been taken from the firm's bank account. However, a bank statement dated 31/12/2012 has arrived showing an overdraft of €39,720. A comparison of the bank account and the bank statement has revealed the following discrepancies:
1. A cheque for €680 issued to a supplier had been entered in the books (cash book and ledger) as €860.
2. A credit transfer of €800 had been paid direct to the firm's bank account on behalf of a debtor who has recently been declared bankrupt. This represents a first and final payment of 20c in the €1.
3. A cheque for fees €300 issued to a director had not yet been presented for payment.

(vii) The Directors recommend that:
1. Provision be made for both Investment income and Debenture Interest due.
2. A provision for bad debts to be created equal to 4% of debtors.

You are required to prepare a:

(a) Manufacturing, Trading and Profit and Loss Account for the year ended 31/12/2012. (75)
(b) Balance Sheet as at 31/12/2012. (45)

(120 marks)

Q1 2012

1. Company Final Accounts

West Ltd. has an Authorised Capital of €1,600,000 divided into 1,100,000 Ordinary Shares at €1 each and 500,000 4% Preference Shares at €1 each.

The following Trial Balance was extracted from its books at 31/12/2011:

	€	€
Buildings at cost	800,000	
Delivery Vans (cost €260,000)	180,000	
Discount (Net)		10,400
Profit and Loss Balance 01/01/2011	25,100	
Stocks on hand 01/01/2011	71,200	
Debenture interest for the first four months	5,600	
4% Investments 01/01/2011	300,000	
Patents (incorporating 3 months investment income)	20,400	
Purchases and Sales	1,140,000	1,444,700
Dividends paid	23,300	
Bad Debts Provision		3,000
Debtors and Creditors	98,400	82,200
Bank		33,000
Salaries and general expenses (including Suspense)	194,300	
9% Debentures		180,000
Issued Share Capital – Ordinary Shares		700,000
– 4% Preference Shares		400,000
Directors fees	40,200	
Advertising	4,800	
Capital Reserve		50,000
	2,903,300	2,903,300

The following information and instructions are to be taken into account:

(i) Stocks at 31/12/2011 at cost were €81,200 – this figure includes damaged stock which cost €5,400 but which now has a net realisable value of €2,300.

(ii) Patents, which incorporated 3 months investment income, are to be written off over a 4 year period commencing in 2011.

(iii) The suspense figure arises as a result of the incorrect figure for debenture interest (although the correct entry had been made in the bank account) and discount allowed €450 entered only in the discount account.

(iv) During the year, stock which had cost €5,000 was destroyed by fire. The Insurance Company agreed to pay compensation of €4,000. The loss is to be treated as a separate item in the profit and loss account.

(v) Provide for depreciation on delivery vans at the annual rate of 10% of cost from the date of purchase to the date of sale. NOTE: On 31/3/2011 a delivery van which had cost €28,000 on 30/6/2005 was traded in against a new van which cost €54,000. An allowance of €6,000 was given on the old van. The cheque for the net amount of this transaction was incorrectly treated as a purchase of trading stock. This was the only entry made in the books in respect of this transaction.

(vi) The figure for bank in the Trial Balance has been taken from the firm's bank account. However, a bank statement dated 31/12/2011 has arrived showing an overdraft of €31,280. A comparison of the bank account and the bank statement has revealed the following discrepancies:
   1. A cheque for €640 issued to a supplier had been entered in the books (cash book and ledger) as €460.
   2. A credit transfer of €900 had been paid direct to the firm's bank account on behalf of a debtor who has recently been declared bankrupt. This represents a first and final payment of 30c in the €1.
   3. A cheque for fees €1,000 issued to a director had not yet been presented for payment.

(vii) The advertising payment is for an 18 month campaign which began on 01/10/2011.

(viii) The Directors recommend that:
   1. Provision be made for both Investment Income and Debenture Interest due.
   2. Provision for bad debts to be adjusted to 4% of debtors.
   3. Buildings to be depreciated by 2% of cost.

You are required to prepare a:

(a) Trading and Profit and Loss Account for the year ended 31/12/2011. (75)

(b) Balance Sheet as at 31/12/2011. (45)

(120 marks)

Q1 2011

1. Company Final Accounts including a Manufacturing Account

Fisher Ltd, a manufacturing firm, has an Authorised Capital of €700,000 divided into 400,000 Ordinary Shares at €1 each and 300,000 4% Preference Shares at €1 each.
The following Trial Balance was extracted from its books at 31/12/2010:

	€	€
Factory Buildings (cost €550,000)	440,000	
Plant and Machinery (cost €240,000)	110,000	
Discount (Net)		2,000
Profit and Loss Balance 1/1/2010		36,400
Stocks on hand 1/1/2010		
Finished Goods	80,000	
Raw Materials	49,500	
Work in Progress	20,500	
Sales		1,100,000
Patents	100,000	
Carriage on raw materials	6,050	
Hire of special equipment	12,000	
Purchase of raw materials	440,500	
Dividends paid	30,000	
Sale of scrap material		6,000
Debtors and Creditors	54,600	45,700
Bank		8,600
Direct factory wages	201,450	
Selling expenses (including suspense)	108,000	
9% Debentures (including €30,000 issued on 1/4/2010)		80,000
Issued Share Capital – Ordinary Shares		250,000
– 4% Preference Shares		200,000
General factory overheads	50,400	
VAT	4,200	
Debenture interest paid for the first 3 months	1,000	
Administration expenses	20,500	
	1,728,700	1,728,700

The following information and instructions are to be taken into account:

(i) Stocks on hand at 31/12/2010: Finished goods €85,000; Raw materials €53,000; Work in progress €25,500
The figure for finished goods includes items which cost €6,000 to produce, but now have a sales value of €4,000.

(ii) Patents are being written off over 10 years which commenced in 2008.

(iii) Included in the figure for sales is €4,000 received for the sale of old machinery. This machinery had cost €24,000 on 1/10/2005 and was sold on 30/6/2010. The cheque had been entered in the bank account. This was the only entry made in the books.

(iv) The suspense figure arises as a result of discount received €300 entered only in the creditors account and of the posting of an incorrect figure for the debenture interest paid to the interest account. The correct interest was entered in the bank account.

(v) A bad debt of €450 should be written off and a provision for bad debts should be provided at 5% of debtors.

(vi) It was discovered that goods, which cost the firm €5,400 to produce, were sent to a customer on a sale or return basis. In error these goods were charged to the customer at cost plus 25%.

(vii) An invoice has been received for raw materials costing €15,000 which were in transit on 31/12/2010. No record has been made in the books.

(viii) Depreciation is provided on fixed assets as follows:
Factory Buildings at 2% of cost.
Plant and Machinery at 20% of cost per annum from date of purchase to date of sale.
At the end of 2010 the company revalued the buildings at €650,000.

(ix) The Directors are proposing that:
1. Provision should be made for debenture interest due.
2. Corporation tax of €24,000 be provided for.

You are required to prepare a:

(a) Manufacturing, Trading and Profit and Loss Account for the year ended 31/12/2010. (75)

(b) Balance Sheet as at 31/12/2010. (45)

(120 marks)

Q1 2009

1. Company Final Accounts including a Manufacturing Account

Blenheim Ltd, a manufacturing firm, has an Authorised Capital of €800,000 divided into 500,000 Ordinary Shares at €1 each and 300,000 6% Preference Shares at €1 each.
The following Trial Balance was extracted from its books at 31/12/2008:

	€	€
Factory Buildings (cost €525,000)	480,000	
Plant and Machinery (cost €280,000)	150,000	
Discount (Net)		3,000
Profit and Loss Balance 1/1/2008		75,400
Stocks on hand 1/1/2008		
Finished Goods	84,500	
Raw Materials	45,000	
Work in progress	21,250	
Sales		1,085,000
Patents	60,000	
Carriage on raw materials	6,300	
Hire of special equipment	10,000	
Purchase of Raw Materials	480,250	
Dividends paid	40,000	
Sale of scrap material		4,500
Debtors and Creditors	64,500	55,600
Bank		10,300
Direct Factory wages	252,460	
Selling Expenses	105,165	
9% Debentures (including €60,000 issued on 1/4/2008)		90,000
Issued Share Capital – Ordinary Shares		350,000
– 6% Preference Shares		200,000
General Factory overheads	60,200	
VAT		8,400
Debenture interest paid for the first 3 months	175	
Administration expenses (including Suspense)	22,400	
	1,882,200	1,882,200

The following information and instructions are to be taken into account:

(i) Stocks on hand at 31/12/2008: Finished goods €90,000; Raw Materials €49,000; Work in Progress €26,450
The figure for finished goods includes items which cost €5,000 to produce, but now have a sales value of €3,000.

(ii) Patents are being written off over 6 years which commenced in 2006.

(iii) Included in the figure for the sale of scrap materials is €800 received from the sale of an old machine on 1/9/2008. This machine had cost €9,000 on 1/4/2005. The cheque had been entered in the bank account. This was the only entry made in the books.

(iv) The suspense figure arises as a result of discount allowed €200 entered only in the discount account and of the posting of an incorrect figure for the debenture interest paid to the interest account. The correct interest was entered in the bank account.

(v) A bad debt of €500 should be written off and a provision for bad debts should be provided at 5% of debtors.

(vi) It was discovered that goods, which cost the firm €6,500 to produce, were sent to a customer on a sale or return basis. These goods were charged to the customer in error at cost plus 20%.

(vii) During 2008, Blenheim Ltd, built an extension to the warehouse. The work was carried out by the company's own employees. The cost of their labour €17,000 is included in factory wages. The materials, costing €33,000, were taken from stocks. No entry had been made in the books in respect of this extension.

(viii) Depreciation is provided on Fixed Assets as follows:
Factory Buildings at 2% of cost at 31/12/2008
Plant and Machinery at 20% of cost per annum from date of purchase to date of sale.
At the end of 2008 the company revalued the buildings at €600,000

(ix) The Directors are proposing that:
1. Provision should be made for Debenture Interest due.
2. Corporation tax of €8,000 be provided for.

You are required to prepare a:

(a) Manufacturing, Trading and Profit and Loss Account for the year ended 31/12/2008. (75)

(b) Balance Sheet as at 31/12/2008. (45)

(120 marks)

Question 1 - 2007

1. <u>Company Final Accounts</u>

Amber Ltd., has an Authorised Capital of €1 ,800,000 divided into 1,200,000 Ordinary Shares at €1 each and 600,000 10% Preference Shares at €1 each.
The following Trial Balance was extracted from its books at 31/12/2006:

	€	€
Buildings at cost	902,000	
Delivery Vans (cost €280,000)	190,000	
Discount (Net)		10,800
Profit and Loss Balance 1/1/2006	17,200	
Stocks on hand 1/1/2006	75,200	
Debenture interest for the first four months	5,000	
9% Investments 1/1/06	320,000	
Patents (incorporating 3 months investment income)	24,800	
Purchase and Sales	1,320,000	1,760,000
Interim dividends for the first 6 months	48,000	
Bad Debts Provision		3,200
Debtors and Creditors	100,400	86,600
Bank		44,000
Salaries and general expenses	199,600	
8% Debentures		180,000
Issued Share Capital – Ordinary Shares		800,000
– 1 0%Preference Shares		400,000
Directors fees	48,000	
Rent	19,600	
Advertising (including Suspense)	14,800	
	3,284,600	3,284,600

The following information and instructions are to be taken into account:

(i) Stocks at 31/12/2006 at cost was € 85,200 – this figure includes damaged stock which cost 6,600 but which now has a net realisable value of €2,600.

(ii) Patents, which incorporated 3 months investment income, are to be written off over a 5 year period commencing in 2006.

(iii) Provide for depreciation on delivery vans at the annual rate of 12 1/2 % of cost from the date of purchase to the date of sale.
NOTE: On 3 1/3/06 a delivery van which had cost €24,000 on 30/6/00 was traded in against a new van which cost €56,000. An allowance of €10,000 was given on the old van. The cheque for the net amount of this transaction was incorrectly treated as a purchase of trading stock. This was the only entry made in the books in respect of this transaction.

(iv) The suspense figure arises as a result of the incorrect figure for debenture interest (although the correct entry had been made in the bank account) and discount received €700 entered only in the creditors account.

(v) During 2006 a store room which cost €40,000 and stock which cost €12,000 were destroyed by fire. A new store was built by the firms own workers. The cost of their labour €19,000 had been treated as a business expense and the materials costing €51,000 were taken from the firms stocks. The insurance company has agreed to contribute €52,000 in compensation for the fire damage. No adjustment had been made in the books in respect of the old or new store.

(vi) The figure for bank in the Trial Balance has been taken from the firm's bank account. However, a bank statement dated 31/12/06 has arrived showing an overdraft of €43,560. A comparison of the bank account and the bank statement has revealed the following discrepancies:

1. A cheque for €670 issued to a supplier had been entered in the books (cash book and ledger) as €760.
2. A credit transfer of €750 had been paid direct to the firm's bank account on behalf of a debtor who has recently been declared bankrupt. This represents a first and final payment of 30c in the €1.
3. A cheque for fees €400 issued to a director had not yet been presented for payment.

(vii) The Directors recommend that:

a) The Preference dividend due be paid.
b) A final dividend on ordinary shares be provided bringing the total dividend up to 11 cent per share.
c) Provision be made for both Investment income and Debenture Interest due.
d) Provision for bad debts be adjusted to 4% of debtors.

Question 1 – 2004

1. <u>Company Final Accounts</u>

Carey Ltd. has an Authorised capital of €990,000 divided into 690,000 Ordinary shares at €1 each and 300,000 7% Preference shares at €1 each. The following Trial Balance was extracted from its books on 31/12/2003.

	€	€
Land and building at cost	780,000	
Accumulated depreciation - Land and buildings		39,000
Patents (incorporating 2 months investment income received)	58,200	
6 % Investments 1/5/2003	180,000	
Delivery vans at cost	172,000	
Accumulated depreciation - Delivery vans		78,000
Stocks 1/1/2003	76,600	
Purchases and sales	620,000	990,000
Directors' fees	80,000	
Salaries and general expenses	176,000	
Debenture interest paid	4,500	
Profit and loss balance 1/1/2003		67,600
Debtors and Creditors	73,900	81,000
Provision for bad debts		3,600
Interim dividends for first 6 months	40,000	
9% Debentures (including €80,000 9% debentures issued at par on 3 1/3/2003)		230,000
VAT		16,500
Bank		5,500
Issued capital		
550,000 Ordinary shares at €1each		550,000
200,000 7% Preference shares €1each		200,000
	2,261,200	2,261,200

The following information and instructions are to be taken into account:

(i) Stock at 31/12/2003 at cost was €85,000 - this figure includes old stock which cost €8,000 but has a net realisable value of 60% of cost.

(ii) Patents, which incorporated 2 months investment income, are to be written off over a 5 year period commencing in 2003.

(iii) Provide for depreciation on delivery vans at the annual rate of 20% of cost from the date of purchase to the date of sale.
NOTE: On 31/9/2003 a delivery van, which had cost €60,000 on 1/6/2001, was traded in against a new van which cost €84,000. An allowance of €22,000 was given on the old van. The cheque for the net amount of this transaction was incorrectly treated as a purchase of trading stock. This was the only entry made in the books in respect of this transaction.

(iv) Buildings are to be depreciated at the rate of 2% of cost per annum (land at cost was €130,000). At the end of 2003 the company re-valued the Land and buildings at €880,000.

(v) The figure for bank in the trial balance has been taken from the firm's bank account. However, a bank statement dated 31/12/2003 has arrived showing a credit balance of €4040. A comparison of the bank account and the bank statement has revealed the following discrepancies:

1. Investment income €2,700 had been paid direct to the firm's bank account.
2. A cheque for €780, issued to a supplier, had been entered in the books (cash book and ledger) as €870.
3. A credit transfer of €750 had been paid direct to the firm's bank account on behalf of a debtor who has recently been declared bankrupt. This represents a first and final payment of 30c in the €1.
4 A cheque for fees €6,000 issued to a director had not yet been presented for payment.

(vi) The directors recommend that:

1. The Preference dividend due be paid.
2. A final dividend on Ordinary shares be provided bringing the total dividend up to 9c per share.
3. Provision be made for both Investment income and Debenture interest due.
4. Provision for bad debts be adjusted to 4% of debtors.

You are required to prepare a:

(a) Trading and Profit and loss account, for the year ended 31/12/2003. (75)

(b) Balance sheet as at 3 1/12/2003. (45)

(120 marks)