



Accounting Leaving Certificate Higher Level

Past Exam Questions on:

Incomplete Records

## Q7 2013

### 7. Incomplete Records

On 1/1/2012, E. Kelly purchased a business for €205,000 consisting of the following tangible assets and liabilities: Premises €174,000; Stock €14,300; Debtors €14,000; 3 months premises Insurance prepaid €430; Trade Creditors €17,200 and Wages due €1,200.

During 2012 Kelly did not keep a full set of accounts but was able to supply the following information on 31/12/2012.

Cash Payments: Lodgements €94,000, General Expenses €22,500, Purchases €51,000.

Bank Payments: Equipment €30,000, Creditors €34,200, Light and Heat €4,600, Interest €2,400, annual Premises Insurance Premium €3,000, Standing Order for Charitable Organisation €2,500, Vehicle €32,000, Rent for one year €22,800.

Bank Lodgements: Debtors €32,000, Cash €94,000, Dividends €3,600.

Kelly took goods from stock to the value of €80 per week and cash €60 per week for household expenses during the year.

Kelly borrowed €72,000 on 1/7/2012, part of which was used to purchase an adjoining warehouse costing €60,000. It was agreed that the sum borrowed would be repaid in 12 equal instalments over a six year period commencing on the 1 January 2013. Interest was to be charged at the rate of 10% per annum and paid monthly.

The figure for Rent was in respect of an adjoining building rented by Kelly on 1/8/2012. It was payable in advance and Kelly estimated that half of the building was used as a private residence and that 25% of the Light and Heat used should also be attributed to the private section of the building.

Included in the assets and liabilities of the firm on 31/12/2012 were: Stock €15,500 (including stock of heating oil €500), Debtors €16,600, Trade Creditors €14,300, Cash €550, Electricity due €640.

**You are required to show, with workings, the:**

- (a) Trading and Profit and Loss Accounts for the year ended 31/12/2012. (52)
- (b) Balance Sheet as at 31/12/2012. (40)
- (c) What additional information would be available to Kelly if he used the 'double entry' system to record financial transactions? (8)

**(100 marks)**

## Q4 2011

### Q 4 Incomplete Records

On 1/1/2010 R. O'Hagan lodged €480,000 to a business bank account and on the same day purchased a business for €420,000, consisting of the following tangible assets and liabilities: buildings €400,000, stock €14,200, three months rates prepaid €1,800, debtors €24,400, wages due €2,900 and trade creditors €49,000.

During 2010 O'Hagan did not keep a full set of books but was able to supply the following additional information on 31/12/2010:

- (i) Each week O'Hagan took from stock, goods to the value of €160 and a cheque for €120 to pay household expenses.
- (ii) On 1/10/2010 O'Hagan borrowed €360,000, part of which was used to purchase an adjoining premises costing €280,000. It was agreed that interest would be paid on the last day of each month at the rate of 4% per annum. The capital sum was to be repaid in one lump sum in the year 2017 and to provide for this the bank was instructed to transfer €4,800 on the last day of every month from O'Hagan's business account into an investment fund.
- (iii) During the year, O'Hagan lodged receipts from cash register €120,000 and dividends €3,800 to the business bank account.

O'Hagan also made the following payments by cheque: light and heat €8,100, interest €2,400, wages and general expenses €86,000, equipment €11,000, rates for twelve months €8,400 and son's college fees €2,000.

- (iv) O'Hagan estimated that 20% of the following: equipment, light and heat **used** and interest **payable** should be attributed to the private section of the premises.
- (v) Included in the assets and liabilities of the firm on 31/12/2010 were stock €16,700, debtors €31,200, trade creditors €27,300, electricity due €620 and €36 interest earned by the investment fund to date.

#### Required:

- (a) Prepare a Statement/Balance Sheet showing O'Hagan's profit or loss for the year ended 31/12/2010. (**Show your workings**). (52)
- (b) What advice would you give O'Hagan in relation to record keeping? (8)

**(60 marks)**

## 2009 Q 7

### 7. Incomplete Records

On 1/1/2008, E. Fuller purchased a business for €400,000 which included the following tangible assets and liabilities: Premises €292,000; Stock €36,000; Debtors €32,200; 3 months Rates Prepaid €450; Equipment €20,000, Trade Creditors €35,700; Wages Due €1,200 and 5% Investments €50,000.

During 2008 Fuller did not keep a full set of accounts but estimates that gross profit was 20% of sales and was able to supply the following information on 31/12/2008.

- (i) Each week Fuller took goods from stock to the value of €80 and cash €170 for household expenses.
- (ii) On 1/8/2008 Fuller borrowed €120,000 which, together with €30,000 of Fuller's personal funds, was used to purchase an adjoining premises. It was agreed that the sum borrowed would be repaid in 20 equal half-yearly instalments. The first instalment becomes due on 1/2/2009. Interest was to be charged at the rate of 6% per annum to be paid monthly at the end of each month.
- (iii) During the year Fuller lodged to the business bank account, EU grant €6,000 and Investment Interest €2,500.

Fuller made the following payments from the business bank account during the year: Light and Heat €7,500, Interest €2,000, Equipment (purchased on 1/7/2008) €15,000, Delivery Vans (purchased on 1/9/2008) €30,000, Wages and General Expenses €80,000, Rates for 12 months €7,000. The payment for wages and general expenses includes €3,000 petrol bill for Fuller's private use.

- (iv) Fuller estimated that 20% of rates *payable* for the year, 20% of light and heat *used* and 25% of interest *payable* should be attributed to the private use.
- (v) Fuller has decided to set up a Provision for Bad Debts amounting to 3% of debtors and to charge depreciation at 15% per annum on the delivery vans and 10% per annum on equipment held on 31/12/2008.
- (vi) Included in the assets and liabilities of the firm on 31/12/2008 were stock €20,500 (which includes a stock of heating oil €300), debtors €34,000, trade creditors €35,400, bank overdraft €5,400 and electricity due €460.

**You are required to prepare, with workings, a**

- (a) Statement/Balance Sheet showing Fuller's profit or loss for the year ended 31/12/2008. (50)
- (b) Trading, Profit and Loss Account, in as much detail as possible, for the year ended 31/12/2008. (40)
- (c) Summary of the advice you would give to Fuller in relation to the information given above. (10)

**(100 marks)**

**2007**

**7. Incomplete Records**

On 1/1/2006, P. Lynch purchased a business for €590,000 which included the following tangible assets and liabilities: Premises €560,000; Stock €19,000; Debtors €12,000; 3 months Premises Insurance prepaid €1,600; Trade Creditors €18,200; Wages due €2,600 and Cash €200.

During 2006 Lynch did not keep a full set of accounts but was able to supply the following information on 31/12/2006.

Cash Payments: Lodgements €116,000, General Expenses €73,800, Purchases €105,200.

Bank Payments: Furniture €14,000, Creditors €38,800, Light and Heat €5,400, Interest €2,250, annual Premises Insurance Premium €6,800, Delivery Van €28,400.

Bank Lodgements: Debtors €61,000, Cash €116,000, Dividends €3,000.

Each week Lynch took goods from stock to the value of €150 and cash €200 for household expenses.

Lynch borrowed €180,000 on 1/9/2006, part of which was used to purchase an adjoining premises and residence costing €155,000. It was agreed that Lynch would pay interest on the last day of each month at a rate of 5% per annum. The capital sum was to be repaid in a lump sum in the year 2015 and to provide for this the bank was to transfer €1,200 on the last day of each month from Lynch's business bank account into an investment fund commencing on 30/9/2006.

Lynch estimated that 25% of the Furniture, 20% of interest *payable* for the year and 25% of Light and heat *used* should be attributed to the private section of the premises.

Included in the assets and liabilities of the firm on 31/12/2006 were: Stock €16,400, Debtors €20,200, Trade Creditors €30,400, Cash €400, Electricity due €480 and €25 interest earned by the fund to date.

**You are required to:**

- (a) Prepare with workings the Trading and Profit and Loss Accounts for the year ended 31/12/2006. (52)
- (b) Show the Balance Sheet with workings as at 31/12/2006. (40)
- (c) (i) Explain the term Accounting Concept?  
(ii) Name TWO fundamental accounting concepts.  
(iii) Illustrate an accounting concept applying to the accounts of P. Lynch. (8)

**(100 marks)**

**2005**

**7. Incomplete Records**

On 1/1/2004, J. Connolly purchased a business for €195,000 consisting of the following tangible assets and liabilities: Premises €162,000; Stock €15,200; Debtors €17,000; 3 months premises Insurance prepaid €860; Trade Creditors €18,700 and Wages due €1,700.

During 2004 Connolly did not keep a full set of accounts but was able to supply the following information on 31/12/2004.

Cash Payments: Lodgements €96,000, General Expenses €23,700, Purchases €53,000.

Bank Payments: Equipment €22,000, Creditors €33,100, Light and Heat €5,800, Interest €2,325, annual Premises Insurance Premium €6,000, Standing Order for Charitable Organisation €3,200, Vehicle €26,000, Rent for one year €2,400.

Bank Lodgements: Debtors €34,000, Cash €96,000, Dividends €3,800.

Connolly took goods from stock to the value of €100 and cash €80 per week for household expenses during the year.

Connolly borrowed €84,000 on 1/7/2004, part of which was used to purchase an adjoining warehouse costing €70,000. It was agreed that the sum borrowed would be repaid in 12 equal instalments on the 1<sup>st</sup> June each year. Interest was to be charged at the rate of 10% per annum on the initial sum to be paid monthly at the end of each month.

The figure for Rent was in respect of an adjoining building rented by Connolly on 1/10/2004. It was payable in advance and Connolly estimated that 1/3 of the building was used as a private residence and that 20% of the Light and Heat used should also be attributed to the private section of the premises.

Included in the assets and liabilities of the firm on 31/12/2004 were: Stock €17,300 (including stock of heating fuel €300), Debtors €18,100, Trade Creditors €15,500, Cash €650, Electricity due €720.

**You are required to show, with workings, the:**

- (a) Trading and Profit and Loss Accounts for the year ended 31/12/2004. (52)
- (b) Balance Sheet as at 31/12/2004. (40)
- (c) What additional information would be available if Connolly's accounts were prepared using the "double entry" system? (8)

**(100 marks)**

**2003**

**7. Incomplete Records**

J. O'Higgins lodged €350,000 to a business bank account on 1/1/2002 and on the same day purchased a business for €320,000, including the following assets and liabilities: buildings €290,000, stock €16,700, three months rates prepaid €2,400, debtors €32,500, wages due €3,600 and trade creditors €58,000.

O'Higgins did not keep a full set of books during 2002 but estimates that the gross profit was 40% of sales and he was able to supply the following additional information on 31/12/2002:

- (i) Each week O'Higgins took from stock goods to the value of €100 and cash €150 for household expenses.
- (ii) On 1/10/2002 O'Higgins borrowed €300,000, part of which was used to purchase an adjoining premises

costing €250,000. It was agreed that O'Higgins would pay interest on the last day of the month at the rate of 6% per annum. The capital sum was to be repaid in one lump sum in the year 2010 and, to provide for this, the bank was instructed to transfer €2,500 on the last day of every month from O'Higgins's business account into an investment fund.

- (iii) During the year, O'Higgins lodged dividends €2,500 to the business bank account and made the following payments: light and heat €7,200, interest €3,000, wages and general expenses €98,000, equipment €16,000, rates for twelve months €10,800 and college fees €4,500.
- (iv) O'Higgins estimated that 25% of the following: equipment, light and heat *used* and interest *payable* should be attributed to the private section of the premises. O'Higgins further estimates that 70% of college fees should be attributed to a family member and the remainder to an employee.
- (v) Included in the assets and liabilities of the firm on 31/12/2002 were stock €17,200, debtors €34,300, trade creditors €29,900, cash at bank €68,462, electricity due €560 and €75 interest earned by the investment fund to date.

**You are required to prepare, with workings, a:**

- (a) Statement/Balance Sheet showing O'Higgins's profit or loss for the year ended 31/12/2002. (50)
- (b) Trading, Profit and Loss Account, in as much detail as possible, for the year ended 31/12/2002. (40)
- (c) Summary of the advice you would give to O'Higgins in relation to the information given above. (10)

**(100 marks)**

