Accounting Leaving Certificate Higher Level

Past Exam Questions on:

Published Accounts

Q6 2013

6. Published Accounts

Moorfields plc has an Authorised Capital of €850,000 divided into 550,000 Ordinary shares at €1 each and 300,000 6% Preference shares at €1 each. The following Trial Balance was extracted from its books at 31/12/2012.

	€	€
Vehicles at cost	260,000	
Vehicles – Accumulated Dep. on 1/1/2012		105,000
Investment income		4,200
Buildings at cost	880,000	
Buildings – Accumulated Dep. on 1/1/2012		50,500
Debtors and Creditors	240,000	184,000
4% Investments	300,000	
Stock at 1/1/2012	72,000	
Patents at 1/1/2012	36,000	
Administrative expenses	206,000	
Distribution costs	194,000	
Purchases and Sales	1,260,000	2,040,600
Rental income		64,000
5% Debentures 2017/2018		200,000
Profit on sale of land		80,000
Bank	57,800	
VAT		74,000
Dividends paid	50,000	
Profit and Loss at 1/1/2012		85,000
Issued Capital		
Ordinary Shares		500,000
Preference Shares		150,000
Provision for bad debts		12,500
Debenture interest paid	8,000	
Patent Royalties		14,000
	3,563,800	3,563,800

The following information is relevant:

(i) Stock 31/12/2012 is €85,000

(ii) The Patent was acquired on 1/1/2008 for €60,000. It is being amortised over 10 years in equal instalments. The amortisation is to be included in cost of sales.

(iii) Provide for debenture interest due, investment interest due, auditors fees €6,500, directors fees €35,000 and corporation tax €60,000.

(iv) Depreciation is to be provided for on buildings, at a rate of 2% straight line and is to be allocated 40% distribution costs and 60% administrative expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at the rate of 15% of cost.

(v) During the year land adjacent to the company's premises, which had cost €70,000 was sold for €150,000. At the end of the year the company re-valued its buildings to €970,000. The company wishes to incorporate this value in this year's accounts.

(vi) Included in administrative expenses is the receipt of €18,500 for discount.

You are required:

(a) To prepare the published profit and loss account for the year 31/12/2012 and a balance sheet as at that date in accordance with the Companies Acts and appropriate accounting standards showing the following notes:

1. Accounting policy note for tangible fixed assets and stock
2. Operating profit
3. Interest payable
4. Tangible fixed assets (85)

(b) (i) Name the bodies/institutions that regulate the production, content and presentation of company financial statements.

(ii) What is an Audit? Explain a qualified auditor's report. (15)

(100 marks)

Q9 2011

3. Published Accounts

Marx plc has an authorised share capital of €800,000 divided into 600,000 ordinary shares at €1 each and 200,000 5% preference shares at €1 each. The following trial balance was extracted from its books at 31/12/2010:

	€	€
Buildings at cost	700,000	
Buildings – Accumulated Depreciation on 1/1/2010		91,000
Vehicles at cost	220,000	
Vehicles – Accumulated Depreciation on 1/1/2010		8,000
Quoted Investments at cost (market value €160,000)	300,000	
Unquoted Investments at cost (director's value €50,000)	80,000	
Debtors and Creditors	295,000	199,000
Stock 1/1/2010	72,000	
Patent 1/1/2010	70,000	
Administrative expenses	240,000	
Distribution costs	250,000	
Purchases and Sales	1,150,000	1,880,000
Rental Income		60,000
Profit on sale of land		55,000
Dividends paid	23,000	
Bank	78,000	
VAT		60,000
6% Debentures 2015/2016		400,000
Profit &Loss Account at 1/1/2010		40,000
Investment income received – quoted		5,000
unquoted		1,000
Issued Capital		
Ordinary Shares		450,000
5% Preference Shares		200,000
Provision for Bad Debts		25,000
Debenture Interest paid	6,000	
Discount		10,000
	3,484,000	3,484,000

The following information is relevant:

(i) Stock on 31/12/2010 is €80,000.
(ii) During the year, land adjacent to the company's premises, which had cost €120,000, was sold for €175,000. At the end of the year the company revalued its buildings at €850,000. The company wishes to incorporate this value in this years accounts.
(iii) Provide for debenture interest due, auditors' fees €10,000, directors' fees €60,000 and corporation tax €80,000.
(iv) Included in administrative expenses is the receipt of €10,000 for patent royalties.
(v) Depreciation is to be provided for on buildings at a rate of 2% straight line and is to be allocated 30% to distribution costs and 70% to administrative expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at a rate of 20% of cost.
(vi) The patent was acquired on 1/1/2007 for €100,000. It is being amortised over 10 years in equal instalments. The amortisation is to be included in cost of sales.

You are required to:

(a) Prepare the Published Profit and Loss account for the year 31/12/2010, in accordance with the Companies Acts and appropriate accounting standards, showing the following notes:

1. Accounting policy note for tangible fixed assets and stock
2. Operating Profit
3. Financial fixed assets
4. Dividends
5. Tangible fixed assets. (48)

(b) (i) State how a company should deal with a Contingent Liability which is probable.
(ii) Explain the difference between an auditor's qualified and unqualified report. (12)

(60 marks)

Q6 2009

Q4 Published Accounts

Lemont PLC has an Authorised share capital of €700,000 divided into 500,000 ordinary shares at €1 each and 200,000 8% preference shares at €1 each. The following trial balance was extracted from its books at 31/12/2007.

	€	€
Buildings at cost	650,000	
Buildings – Accumulated Depreciation on 1/1/2007		41,000
Vehicles at cost	200,000	
Vehicles – Accumulated Depreciation on 1/1/2007		38,000
Quoted Investments at Cost (market value €220,000)	200,000	
Unquoted Investments at cost (directors' valuation €70,500)	60,000	
Debtors and Creditors	277,000	197,000
Stock 1/1/2007	65,000	
Patent 1/1/2007	50,000	
Distribution costs	260,000	
Administrative expenses	160,000	
Purchases and Sales	1,250,000	1,990,000
Rental Income		50,000
Profit on sale of land		70,000
Dividends paid	43,000	
Bank	77,000	
VAT		70,000
8% Debentures 2012/2013		300,000
Profit &Loss Account at 1/1/2007		50,000
Investment income received – Quoted		10,000
Unquoted		3,000
Issued Capital		
Ordinary Shares		350,000
8% Preference Shares		100,000
Provision for Bad Debts		20,000
Debenture Interest paid	10,000	
Discount		13,000
	3,302,000	3,302,000

The following information is relevant:

(i) Stock on 31/12/2007 is €222,000

(ii) During the year, Land adjacent to the company's premises, which had cost €90,000 was sold for €160,000. At the end of the year the company re-valued its Buildings at €800,000. The Company wishes to incorporate this value in this years accounts.

(iii) Provide for debenture interest due, auditors fees €8,000, directors fees €50,000 and corporation tax €85,000.

(iv) Included in administrative expenses is the receipt of €8,000 for patent royalties.

(v) Depreciation is to be provided for on Buildings at a rate of 2% straight line and is to be allocated 20% on distribution costs and 80% on administrative expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at a rate of 20% of cost.

(vi) The patent was acquired on 1/1/2003 for €90,000. It is being amortised over 9 years in equal instalments. The amortisation to be included in Cost of Sales.

You are required to:

(a) Prepare the published Profit & Loss account for the year 31/12/2007, in accordance with the Companies Acts and appropriate accounting standards, showing the following notes:

1. Accounting policy note for Tangible fixed assets and stock.
2. Operating Profit
3. Financial fixed assets
4. Dividends
5. Tangible fixed assets. (50)

(b) (i) State how a company would deal with a Contingent Liability which is possible but unlikely.
(ii) What regulations must accountants observe when preparing financial statements for publication? (10)

(60 marks)

Q4 2008

Q4 Published Accounts

Lemont PLC has an Authorised share capital of €700,000 divided into 500,000 ordinary shares at €1 each and 200,000 8% preference shares at €1 each. The following trial balance was extracted from its books at 31/12/2007.

	€	€
Buildings at cost	650,000	
Buildings – Accumulated Depreciation on 1/1/2007		41,000
Vehicles at cost	200,000	
Vehicles – Accumulated Depreciation on 1/1/2007		38,000
Quoted Investments at Cost (market value €220,000)	200,000	
Unquoted Investments at cost (directors' valuation €70,500)	60,000	
Debtors and Creditors	277,000	197,000
Stock 1/1/2007	65,000	
Patent 1/1/2007	50,000	
Distribution costs	260,000	
Administrative expenses	160,000	
Purchases and Sales	1,250,000	1,990,000
Rental Income		50,000
Profit on sale of land		70,000
Dividends paid	43,000	
Bank	77,000	
VAT		70,000
8% Debentures 2012/2013		300,000
Profit &Loss Account at 1/1/2007		50,000
Investment income received – Quoted		10,000
Unquoted		3,000
Issued Capital		
Ordinary Shares		350,000
8% Preference Shares		100,000
Provision for Bad Debts		20,000
Debenture Interest paid	10,000	
Discount		13,000
	3,302,000	3,302,000

The following information is relevant:

(vii) Stock on 31/12/2007 is €222,000

(viii) During the year, Land adjacent to the company's premises, which had cost €90,000 was sold for €160,000. At the end of the year the company re-valued its Buildings at €800,000. The Company wishes to incorporate this value in this years accounts.

(ix) Provide for debenture interest due, auditors fees €8,000, directors fees €50,000 and corporation tax €85,000.

(x) Included in administrative expenses is the receipt of €8,000 for patent royalties.

(xi) Depreciation is to be provided for on Buildings at a rate of 2% straight line and is to be allocated 20% on distribution costs and 80% on administrative expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at a rate of 20% of cost.

(xii) The patent was acquired on 1/1/2003 for €90,000. It is being amortised over 9 years in equal instalments. The amortisation to be included in Cost of Sales.

You are required to:

(a) Prepare the published Profit & Loss account for the year 31/12/2007, in accordance with the Companies Acts and appropriate accounting standards, showing the following notes:

6. Accounting policy note for Tangible fixed assets and stock.
7. Operating Profit
8. Financial fixed assets
9. Dividends
10. Tangible fixed assets. (50)

(b) (i) State how a company would deal with a Contingent Liability which is possible but unlikely.
(ii) What regulations must accountants observe when preparing financial statements for publication? (10)

(60 marks)

Q2 2003

Oatfield Plc. has an Authorised Capital of €900,000 divided into 700,000 Ordinary Shares at €1 each and 200,000 8% Preference Shares at €1 each. The following Trial Balance was extracted from its books on 31/12/2002.

	€	€
Patent	56,000	
9% Investments 1/1/2002	120,000	
Land and buildings (re-valued on 1/7/2002)	880,000	
Revaluation reserve		260,000
Delivery vans at cost	145,000	
Delivery vans - accumulated depreciation on 1/1/2002		68,000
Debtors and Creditors	187,000	98,000
Purchases and Sales	696,000	1,105,000
Stocks 1/1/2002	75,000	
Directors' Fees	84,000	
Salaries and General Expenses	177,000	
Discount		6,160
Advertising	21,000	
Investment Income		8,100
Profit on sale of Land		85,000
Rent	32,000	
Interim dividends for first 6 months	27,000	
Profit and Loss Balance 1/1/2002		73,700
8 % Debentures (2008/2009) including €120,000 8% Debentures issued on 1/8/2002		270,000
Bank		17,740
VAT		8,300
Issued Capital		
350,000 Ordinary Shares at €1 each		350,000
150,000 8% Preference Shares		1 50,000
	2,500,000	2,500,000

The following information is also relevant:

(i) Stock on 31/12/2002 was valued on a first in first out basis at €77,000.

(ii) The patent was acquired on 1/1/1 999 for €80,000. It is being amortised over 10 years in equal instalments. The amortisation should be included in cost of sales.

(iii) On 1/7/2002 the ordinary shareholders received an interim dividend of €21,000 and the preference shareholders received €6,000. The directors propose the payment of the preference dividend due and a final dividend on ordinary shares bringing the total ordinary dividend up to 1 6c per share for the year.

(iv) On 1/7/2002 land, which had cost €90,000, was sold for €175,000. On this date the remaining land and buildings were re-valued at €880,000. Included in this revaluation is land now valued at €180,000 but which originally cost €70,000. The re-valued buildings had cost €550,000.

(v) Depreciation is to be provided as follows: Delivery vans at the rate of 20% of cost
Buildings at the rate of 2% of cost per annum until date of revaluation and thereafter at 2% per annum
of re-valued figure.

(vi) Provide for debenture interest due, investment income due, auditors fees €7,700 and taxation

€33,000. **You are required to:**

(a) Prepare the published profit and loss account for the year ended 31/12/2002 in accordance with the Companies Acts and financial reporting standards showing the following notes:

1. Accounting policy note for stock and depreciation
2. Dividends
3. Interest payable
4. Operating profit
5. Profit on sale of property (50)

(b) Name the agencies that regulate the production, content and presentation of company financial statements. (10)

(60 marks)

Q4 2006

4. <u>Published Accounts</u>

Ross Plc has an Authorised Capital of €800,000 divided into 600,000 Ordinary Shares at €1 each and 200,000 10% Preference Shares at €1 each. The following Trial Balance was extracted from its books on 3 1/12/2005.

	€	**€**
9% Investments 1/1/2005	200,000	
Patent	64,000	
Land and buildings (re-valued on 1/7/2005)	860,000	
Delivery vans at cost	140,000	
Delivery vans – accumulated depreciation on 1/1/2005		64,000
Revaluation Reserve		265,000
Debtors and Creditors	200,000	95,000
Purchases and Sales	700,000	1,221,000
Stock 1/1/2005	70,000	
Directors' Fees	89,000	
Salaries and General Expenses	175,000	
Discount		6,260
Advertising	23,000	
Investment Income		9,000
Profit on sale of Land		80,000
Rent	30,000	
Interim dividends	29,000	
Profit and Loss Balance 1/1/2005		78,000
6% Debentures including €100,000 issued on 1/8/2005		280,000
Bank		18,440
VAT		3,300
Issued Capital		
300,000 Ordinary Shares at €1 each		300,000
160,000 10% Preference Shares		1 60,000
	2,580,000	2,580,000

The following information is also relevant:

(i) Stock on 31/12/2005 was valued on a first in first out basis at €72,000

(ii) The patent was acquired on 1/1/2003 for €80,000. It is being amortised over 10 years in equal instalments. The amortisation is to be included in cost of sales.

(iii) On 1/7/2005 the Ordinary shareholders received an interim dividend of €21,000 and the Preference shareholders received €8,000. The directors propose the payment of the Preference dividend due and a final dividend on Ordinary shares to bring the total Ordinary dividend to 1 5c per share.

(iv) On 1/7/2005 land, which cost €100,000 was sold for €180,000. On this date the remaining land and buildings were re-valued at €860,000. Included in this revaluation is land now valued at €160,000 but which originally cost €50,000. The re-valued buildings had cost €530,000.

(v) Depreciation is to be provided as follows:
Delivery vans at the rate of 20% of cost.
Buildings at the rate of 2% of cost per annum until date of revaluation and thereafter at 2% per annum of re-valued figure.

(vi) Provide for debenture interest due, investment income due, auditors fees of €8,400 and taxation €40,000.

You are required to:

(a) Prepare the published **profit and loss account** for the year ended 31/12/2005, in accordance with the Companies Acts and appropriate reporting standards, showing the following notes:

1. Tangible fixed assets.
2. Stock.
3. Dividends.
4. Operating profit
5. Profit on sale of property. (48)

(b) What is an audit? Describe an auditor's report that is 'qualified'. (12)

(60 marks)

Q4 2006

Published Accounts

Gayle Ltd. has an Authorised Capital of €800,000 divided into 600,000 Ordinary Shares at €1 each and 200,000 9% Preference Shares at €1 each. The following Trial Balance was extracted from its books at 31/12/2004.

	€	€
Vehicles at cost	220,000	
Vehicles – Accumulated Dep on 1/1/2004		33,000
Investment Income		10,000
Buildings at cost	700,000	
Buildings – Accumulated Dep on 1/1/2004		42,000
Debtors and Creditors	289,000	163,000
9% Investments	240,000	
Stock at 1/1/2004	73,000	
Patent at 1/1/2004	40,000	
Administration expenses	172,000	
Purchases and Sales	1,150,000	1,880,000
Rental Income		60,000
8% Debentures 2008/2009		200,000
Distribution Costs	248,000	
Profit on Sale of Land		65,000
Bank	48,000	
VAT		71,000
Interim Dividends	24,000	
Profit and Loss at 1/1/2004		52,000
Issued Capital		
Ordinary Shares		400,000
Preference Shares		200,000
Provision for Bad Debts		27,000
Debenture Interest Paid	12,000	
Discount		13,000
	3,216,000	3,216,000

The following information is relevant:

(i) Stock on 3 1/12/2004 is €96,000.

(ii) The Patent was acquired on 1/1/2000 for €80,000. It is being amortised over 8 years in equal instalments. The amortisation is to be included in cost of sales.

(iii) On 1/7/2004, the Ordinary shareholders received an interim dividend of €1 5,000 and the Preference shareholders received €9,000. The directors propose the payment of the Preference dividend due and a final dividend on Ordinary shares to bring that total dividend up to 7c per share.

(iv) Provide for Debenture Interest due, Investment Interest due, Auditors fees €9,500, Directors fees €50,000 and Corporation tax €87,000.

(v) Depreciation is to be provided for on Buildings at a rate of 2% straight line and is to be allocated 20% on Distribution costs and 80% on Administration expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at the rate of 20% of cost.

(vi) During the year land adjacent to the company's premises, which had cost €80,000 was sold for €145,000. At the end of the year the company re-valued its Buildings at €900,000. The company wishes to incorporate this value in this year's accounts.

(vii) Included in Administration expenses is the receipt of €12,000 for Patent royalties.

You are required to:

(a) Prepare the published Profit and Loss account for the year 31/12/2004 and a Balance Sheet as at that date, in accordance with the Companies Acts and appropriate accounting standards, showing the following notes:

1. Accounting policy note for tangible fixed assets and stock.
2. Operating profit.
3. Interest payable.
4. Dividends.
5. Tangible fixed assets. (84)

(b) State three items of information that must be included in a Directors' Report. (9)

(c) Explain the term "exceptional item" and give an example. (7)

(100 marks)