



Accounting Leaving Certificate Higher Level

Past Exam Questions on:

Sole Trader

Q1 2010

1. Sole Trader – Final Accounts

The following Trial Balance was extracted from the books of Nora O'Connell on 31/12/2009:

	€	€
Buildings (Cost €620,000)	515,000	
Delivery Vans (Cost €90,000)	80,000	
4% Investments (01/07/2009)	120,000	
Patents	60,400	
6% Fixed Mortgage (including increase of €80,000 received on 01/04/2009)		180,000
Debtors and Creditors	50,000	120,000
Purchases and Sales	465,200	659,650
Stock 01/01/2009	63,200	
Commission	5,550	
Salaries and General Expenses (incorporating Suspense)	75,000	
Provision for Bad Debts		1,800
Discount (Net)	1,600	
Rent	8,000	
Mortgage Interest paid for the first three months	1,400	
Advertising	2,400	
VAT		4,600
Bank		13,300
PAYE and PRSI		5,400
Drawings	32,000	
Capital		495,000
	<u>1,479,750</u>	<u>1,479,750</u>

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

- (i) Stock at 31/12/2009 at cost was €75,400. This figure includes damaged stock which cost €8,200 but which now has a net realisable value of €3,400.
- (ii) Patents, which incorporate three months investment income received, are to be written off over a five year period commencing in 2009.
- (iii) Provide for depreciation on vans at the annual rate of 12½% of cost from the date of purchase to the date of sale. NOTE: On 31/03/2009 a van, which cost €24,000 on 30/09/2006, was traded in against a new van which cost €48,000. An allowance of €12,000 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 arises as a result of the incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and from €1,000 paid towards PAYE and PRSI entered only in the bank account.
- (v) Goods with a retail selling price of €8,400 were returned to a supplier. The selling price was cost plus 20%. The supplier issued a credit note showing a restocking charge of 10% of the cost price. No entry has been made in respect of this restocking charge.
- (vi) Provision to be made for mortgage interest due. 10% of the mortgage interest for the year refers to the private section of the building.
- (vii) Provide for depreciation on buildings at a rate of 3% of cost per annum. It was decided to revalue the buildings at €850,000 on 31/12/2009.
- (viii) The advertising payment is towards a 24 month campaign which began on 01/10/2009.
- (ix) A cheque for €400 had been received on 31/12/2009 in respect of a debt of €900 previously written off as bad. The debtor has agreed to pay the remainder within one month. No entry was made in the books to record this transaction.

You are required to prepare a:

- (a) Trading and Profit and Loss Account for the year ended 31/12/2009. (75)
- (b) Balance Sheet as at 31/12/2009. (45)

(120 marks)

Q 1 - 2008

1. Sole Trader – Final Accounts

The following Trial Balance was extracted from the Books of Orla Dolan on 31/12/2007:

	€	€
Buildings (Cost €580,000)	485,000	
Delivery Vans (Cost €85,000)	73,000	
8% Investments (1/4/2007)	130,000	
6% Fixed Mortgage (including increase of €50,000 received on 1/4/2007)		150,000
Patents	52,400	
Debtors and Creditors	40,000	113,000
Purchases and Sales	512,400	729,000
Stock 1/1/2007	65,600	
Commission	4,200	
Salaries and General Expenses	85,000	
Provision for Bad Debts		1,200
Discount (net)	1,900	
Rent	9,000	
Mortgage interest paid for the first three months	1,250	
Insurance (incorporating Suspense)	6,150	
VAT		4,100
Bank		15,900
PRSI		3,900
Drawings	36,200	
Capital		485,000
	<u>1,502,100</u>	<u>1,502,100</u>

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

- (i) Stock at 31/12/2007 at cost was €75,000. No record has been made **in the books** for goods in transit on 31/12/2007. The invoice for these goods had been received showing the recommended retail selling price of €6,000 which is cost plus 25%.
- (ii) Provide for depreciation on vans at the annual rate of 15% of cost from date of purchase to date of sale. NOTE: On 31/3/2007 a delivery van which cost €30,000 on 3 0/9/2004 was traded against a new van which cost €36,000. An allowance of €10,000 was made on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iii) The suspense figure arises as a result of the posting of an incorrect figure for Mortgage Interest in the mortgage interest account and discount received €200 entered only in the creditors account. The correct interest was entered in the bank account.
- (iv) Goods with a retail selling price of €10,000 were returned to a supplier. The selling price was cost plus 25%. The supplier issued a credit note showing a restocking charge of 10% of cost price. No entry has been made in respect of the restocking charge.
- (v) Provision to be made for mortgage interest due. 20% of the mortgage interest for the year refers to the private section of the building.
- (vi) Patents, which incorporate 3 months investment income received, are to be written off over a five year period, commencing in 2007.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the Buildings at €800,000 on 31/12/2007.
- (viii) Goods withdrawn by the owner for private use during the year with a retail value of €2,000 which is cost plus 25% were omitted from the books.
- (ix) A cheque for €600 had been received on 31/12/2007 in respect of a debt of €1,000 previously written off as bad. The debtor has agreed to pay the remainder within 1 month. No entry was made in the books to record this transaction.

You are required to prepare a:

- (a) Trading and Profit and Loss Account for the year ended 31/12/2007. (80)

Balance Sheet as at 31/12/2007.

Q 1 - 2006

1. Sole Trader – Final Accounts

The following trial balance was extracted from the books of K. Kelly on 31/12/2005.

	€	€
Buildings (cost €900,000)	855,000	
Delivery Vans (cost €130,000)	60,500	
6% Investments 1/6/2005	160,000	
Patents (incorporating 3 months investment income)	60,600	
5% Fixed Mortgage (including increase of €100,000 received on 1/4/2005)		300,000
Debtors and Creditors	76,500	85,500
Purchases and Sales	650,000	980,000
Stock 1/1/2005	65,700	
Commission	20,000	
Salaries and general expenses (incorporating suspense)	192,500	
Provision for Bad Debts		3,900
Discount (net)		3,600
Rent		12,000
Mortgage interest paid for the first 3 months	3,000	
Insurance	7,800	
V.A.T.		4,300
P.R.S.I.		2,500
Bank		60,800
Drawings	36,000	
Capital		735,000
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	2,187,600	2,187,600

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

- (i) Stock at 31/12/2005 at cost was €72,500. No record had been made in the books for 'goods in transit' on 31/12/2005. The invoice for these goods had been received showing the recommended retail selling price of €7,000 which is cost plus 25%.
- (ii) Provide for depreciation on vans at the annual rate of 15% of cost from the date of purchase to the date of sale. NOTE: On 30/4/2005 a delivery van which cost €35,000 on 3 1/10/2002 was traded against a new van which cost €41,000. An allowance of €15,000 was made on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iii) The suspense figure arises as a result of the posting of an incorrect figure for mortgage interest to the mortgage interest account and discount received €700 entered only in the creditors account. The correct interest was entered in the bank account.
- (iv) Patents, which incorporate 3 months investment income, are to be written off over a 5 year period, commencing in 2005.
- (v) Provision to be made for mortgage interest due.
- (vi) A new warehouse was purchased during the year for €200,000 plus VAT 12.5%. The amount paid to the vendor was entered in the buildings account. No entry was made in the VAT account.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the buildings at €1,200,000 on 31/12/2005.
- (viii) Provision for bad debts to be adjusted to 3% of debtors.

You are required to prepare a:

- (a) Trading and Profit and Loss account, for the year ended 31/12/2005. (75)
- (b) Balance sheet as at 31/12/2005. (45)

(120 marks)

Q 1 - 2003

1 Sole Trader - Final Accounts

The following trial balance was extracted from the books of M. O'Brien on 31/12/2002.

	€	€
9% Investments 1/6/2002	200,000	
Buildings (cost €980,000)	933,000	
Delivery vans (cost €150,000)	80,500	
5% Fixed Mortgage (including increase of €200,000 5% mortgage received on 1/4/2002)		500,000
Patents (incorporating 3 months investment income)	55,500	
Debtors and Creditors	77,600	86,500
Purchases and Sales	668,000	982,000
Stocks 1/1/2002	67,700	
Commission	24,000	
Provision for Bad Debts		3,800
Salaries and General Expenses	194,100	
Discount (net)		4,600
Rent		15,000
Mortgage Interest paid for first 3 months	4,000	
Insurance (incorporating suspense)	8,700	
V.A.T		5,500
PRSI		2,300
Bank		70,900
Drawings	37,500	
Capital		680,000
	<u>2,350,600</u>	<u>2,350,600</u>

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

- (i) Stock at 31/12/2002 at cost was €74,500. This figure includes damaged stock which cost €6,600 but which now has a net realisable value of €1,900.
- (ii) Provide for depreciation on vans at the annual rate of 15% of cost from the date of purchase to the date of sale.
NOTE: On 31/3/2002 a delivery van which had cost €42,000 on 31/5/1999 was traded against a new van which cost €48,000. An allowance of €20,000 was made on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iii) Patents, which incorporate 3 months investment income, are to be written off over a 5 year period commencing in 2002.
- (iv) The suspense figure arises as a result of the posting of an incorrect figure for mortgage interest to the mortgage interest account and discount received €700 entered only in the creditors account. The correct interest was entered in the bank account.
- (v) Provision to be made for mortgage interest due.
- (vi) A new warehouse was purchased during the year for €240,000 plus VAT 12.5%. The amount paid to the vendor was entered in the Buildings account. No entry was made in the VAT account.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to re-value the buildings at €1,100,000 on 31/12/2002.
- (viii) Provision for bad debts to be adjusted to 4% of debtors.

You are required to prepare a:

- (a) Trading and profit and loss account for the year ended 31/12/2002. (75)
 - (b) Balance sheet as at 31/12/2002. (45)
- (120 marks)**

