

Question 7 - solution

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(a)

Trading and Profit and Loss Account for year ended 31/12/2004

Sales	(W1)		212,610 ⑨
Less Cost of Sales			
Opening stock		15,200 ②	
Purchases	(W2)	<u>77,700</u> ⑦	
		92,900	
Closing stock		<u>(17,000)</u> ②	<u>75,900</u>
Gross Profit			136,710
Less Expenses:			
General expenses	(W3)	22,000 ⑤	
Donation to charity		3,200 ②	
Light and heat	(W4)	4,976 ⑦	
Interest	(W5)	4,200 ④	
Insurance	(W6)	5,360 ⑥	
Rent	(W7)	<u>400</u> ⑤	
			<u>40,136</u>
Net Profit			<u>96,574</u> ③

Workings:

1. Sales						
Credit sales		34,000	+ 18,100	- 17,000	=	35,100
Cash sales	96,000 + 23,700	+ 53,000	+ 4,160	+ 650	=	<u>177,510</u>
Total Sales						212,610
2. Purchases						
Credit purchases		33,100	+ 15,500	- 18,700	=	29,900
Cash purchases						<u>53,000</u>
Total purchases						82,900
Less drawings of stock						<u>(5,200)</u>
Total purchases						77,700
3. General expenses						
			23,700	- 1,700	=	22,000
4. Light and heat						
	5,800	+ 720	- 300	1,244	=	4,976
5. Loan Interest						
			2,325	+ 1,875	=	4,200
6. Insurance						
		6,000	+ 860	- 1,500	=	5,360
7. Rent						
		2,400	- 1,200	- 800	=	400
8. Drawings						
	5,200	+ 4,160	+ 800	+ 1,244	=	11,404

(b)

Balance sheet as at 31/12/2004

Intangible Fixed Assets	€	€
Goodwill		20,340 ③
Tangible Fixed Assets		
Buildings	232,000 ②	
Vehicles	26,000 ①	
Equipment	<u>22,000 ①</u>	<u>280,000</u>
		300,340
Current Assets		
Stock	17,300 ①	
Debtors	18,100 ①	
Bank	46,975 ⑤	
Cash	650 ①	
Insurance prepaid	1,500 ③	
Rent prepaid	<u>1,200 ③</u>	
	85,725	
Creditors falling due within 1 year:		
Creditors	15,500 ①	
Electricity due	720 ①	
Interest due	1,875 ③	
Loan repayment due	<u>7,000 ②</u>	<u>25,095</u>
		<u>60,630</u>
		<u>360,970</u>
Financed by:		
Creditors falling due after more than 1 year:		
Loan		77,000 ②
Capital	195,000 ②	
Capital introduced	3,800 ③	
Net profit	<u>96,574</u>	
	295,374	
Less drawings	<u>11,404 ⑤</u>	
		<u>283,970</u>
		<u>360,970</u>

(c)

Total sales figure
Total purchases figure
Trial balance
Bank balance
Capital
Goodwill
Bad debts