

Question 4 - solution

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(a)

Income and Expenditure Account of M. Casey for year ended 31/12/2004

	€	€
Income;		
Private patients W 1		95,300 ③
Investment Income W 2		4,000 ③
Medical Insurance Scheme W 3		<u>22,640 ③</u>
		121,940
Less Expenditure		
Loss on sale of equipment W 4	1,800 ③	
Cost of materials W 5	14,800 ⑤	
Telephone and postage	2,170 ②	
Wages of receptionist	15,000 ②	
Technicians fees	13,000 ②	
Interest on loan W 6	400 ②	
Light and heat	2,800 ②	
Insurance	2,360 ②	
Depreciation; Surgery	2,400 ②	
Equipment	12,800 ②	
Motor car	<u>4,800 ②</u>	(72,330)
Net profit		<u>49,610</u>

(b)

Balance Sheet of M. Casey as at 31/12/2004

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Fixed Assets	Cost	Aggregate Depreciation	Net
Surgery	120,000 ①	7,200 ②	112,800
Equipment W 7	64,000 ②	29,600 ②	34,400
Motor car	<u>24,000 ①</u>	<u>14,400 ②</u>	<u>9,600</u>
	208,000	51,200	156,800
Investments			<u>80,000 ①</u>
			236,800
Current Assets:			
Bank		3,340 ①	
Investment income		400 ②	
Stock		4,900 ①	
Medical Ins. Scheme		4,800 ②	
Private patients		<u>1,400 ②</u>	
		14,840	
Creditors: amounts falling due within 1 year			
Creditors for dental materials		<u>3,500 ①</u>	<u>11,340</u>
			<u>248,140</u>
Financed by:			
Capital			219,160 ①
Surplus Income			<u>49,610</u>

Less Drawings

W 8

268,770
20,630 ④
248,140

Workings - question 4

1	Private Patients	$96,000 - 2,100 + 1,400$	=	95,300
2	Investment Income	$(3,600 + 400)$	=	4,000
3	Medical Insurance Scheme	$23,540 - 5,700 + 4,800$	=	22,640
4	Loss on disposal	$18,000 - 7,200 - 9,000$	=	1,800
5	Dental material	$5,400 + (14,000 - 3,200 + 3,500) - 4,900$	=	14,800
6	Interest	$(3,600 - 3,200)$	=	400
7	Equipment	$60,000 + 22,000 - 18,000$	=	64,000
8	Drawings	$18,500 + 930 + 1,200$	=	20,630