

Accounting – Higher Level – Marking Scheme

Question 1

75

(a)

Trading and Profit and Loss Account for the Year ended 31/12/2009 [1]

	€	€	€	€	
Sales				659,650	[3]
Less Cost of Sales					
Stock 1/1/2009			63,200		[3]
Add Purchases	W1		<u>429,900</u>		[6]
			493,100		
Less Stock 31/12/2009	W2		<u>(70,600)</u>	(422,500)	[5]
Gross Profit				237,150	
Less Expenses:					
Administration					
Salaries and General expenses	W3	73,900			[7]
Rent		8,000			[3]
Patents written off	W4	12,320			[5]
Depreciation – Buildings		<u>18,600</u>	112,820		[3]
Selling and Distribution					
Commission		5,550			[3]
Discount		1,600			[3]
Advertising	W5	300			[5]
Loss on sale of van	W6	4,500			[6]
Depreciation on vans	W7	<u>13,500</u>	25,450	(138,270)	[5]
				98,880	
Add Operating Income					
Bad debt recovered				900	[2]
Operating Profit				99,780	
Investment Interest	W8			<u>2,400</u>	[4]
				102,180	
Less Mortgage Interest	W9			<u>(8,640)</u>	[5]
Net Profit for the Year				<u>93,540</u>	[6]

Penalties: Deduction of 2 x 1 mark for the omission of 2 expense headings in the Profit & Loss account

(b)

Balance Sheet as at 31/12/2009

		Cost	Accumulated Depreciation	Net	Total
		€	€	€	€
Intangible Fixed Assets					
Patents					49,280 [4]
Tangible fixed Assets					
Buildings		850,000 [1]		850,000	
Delivery Vans	W10 W11	<u>114,000</u> [2]	<u>16,000</u> [3]	<u>98,000</u>	
		<u>964,000</u>	<u>16,000</u>	<u>948,000</u>	948,000
Financial Assets					
4% Investments					<u>120,000</u> [2]
					1,117,280
Current Assets					
Stock			70,600 [2]		
Debtors	W12	50,500			
Less Provision for bad debts		<u>(1,800)</u>	48,700 [3]		
Investment Interest due			1,200 [2]		
Advertising prepaid			<u>2,100</u> [2]	122,600	
Creditors: Amounts falling due within one year:					
Creditors	W13		120,700 [4]		
Mortgage interest due			8,100 [2]		
PAYE & PRSI	W14		4,400 [3]		
VAT			4,600 [2]		
Bank overdraft	W15		<u>12,900</u> [3]	<u>(150,700)</u>	<u>(28,100)</u>
					<u>1,089,180</u>
Financed by					
Creditors: Amounts falling due after more than one year: [1]					
6% Fixed Mortgage					180,000 [2]
Capital and Reserves					
Capital				495,000 [1]	
Add Revaluation Reserve	W16			353,600 [3]	
Add Net Profit				<u>93,540</u>	
				941,940	
Less Drawings	W17			<u>(32,960)</u> [3]	<u>908,980</u>
					<u>1,089,180</u>

Question 1. Workings

1. Purchases	465,200	–	36,000	+	700	=	429,900
2. Closing Stock	75,400	–	4,800			=	70,600
3. Salaries & general expenses	75,000	–	1,000	–	100	=	73,900
4. Patents	60,400	+	1,200	÷	5	=	12,320
5. Advertising	2,400	–	2,100			=	300
6. Loss on sale of van	24,000	–	12,000	–	7,500	=	4,500
7. Depreciation – Delivery Vans	8,250	+	750	+	4,500	=	13,500
	11,250	+	2,250				
	2,812.50	+	10,687.50				
8. Investment Interest	1,200	+	1,200			=	2,400
9. Mortgage Interest	6,000	+	3,600	–	960	=	8,640
10. Delivery Vans	90,000	–	24,000	+	48,000	=	114,000
11. Accumulated Dep. Vans	10,000	+	13,500	–	7,500	=	16,000
12. Debtors	50,000	+	500			=	50,500
13. Creditors	120,000	+	700			=	120,700
14. PAYE & PRSI	5,400	–	1,000			=	4,400
15. Bank overdraft	13,300	–	400			=	12,900
16. Revaluation reserve	230,000	+	123,600			=	353,600
Depreciation buildings	105,000	+	18,600			=	123,600
17. Drawings	32,000	+	960			=	32,960