SECTION 1 (120 marks)
Answer **Question 1** OR any **TWO** other questions

1. Sole Trader Final Accounts

The following Trial Balance was extracted from the books of Philip Gavin on 31/12/2012:

	€	€
Buildings (cost €875,000)	833,000	
Delivery Vans (cost €110,000)	78,500	
6% Investments 01/08/2012	240,000	
5% Fixed Mortgage (including increase of €60,000 received on 01/05/2012)		300,000
Patents	40,500	
Debtors and Creditors	68,800	38,200
Purchases and Sales	595,000	945,000
Stock 01/01/2012	75,000	
Commission	11,000	
Salaries and General Expenses	227,000	
Bad Debts Provision		3,400
Discount (Net)	3,500	
Rent	10,000	
Mortgage interest paid for the first four months	4,200	
Insurance (incorporating Suspense)	10,300	
VAT		4,900
Bank		45,100
PRSI		1,800
Drawings	21,600	
Capital		880,000
	2,218,400	2,218,400

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

(i) Stock at 31/12/2012 at cost was €78,300. No record had been made in the books for goods in transit on 31/12/2012. The invoice for these goods had been received showing the recommended retail selling price of €4,800 which is cost plus 20%.

(ii) Provide for depreciation on vans at the annual rate of 20% of cost from the date of purchase to date of sale. NOTE: On 30/4/2012 a delivery van which cost €30,000 on 30/11/2008 was traded in against a new van which cost €42,000. An allowance of €11,000 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 incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and discount received €500 entered only in the creditors account.

(iv) Goods with a retail selling price of €7,500 were returned to a supplier. The selling price was cost plus 25%. The supplier issued a credit note showing a restocking charge of 15% of the cost price. No entry had been made in respect of this restocking charge.

(v) Provision to be made for mortgage interest due. 30% 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 5 year period commencing in 2012.

(vii) Provide for depreciation on buildings at the rate of 2% of cost. It was decided to revalue the buildings at €950,000 on 31/12/2012.

(viii) Goods withdrawn by the owner for private use during the year with a retail value of €2,800 which is cost plus 40% were omitted from the books.

(ix) A cheque for €300 had been received on 31/12/2012 in respect of a debt of €700 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 31/12/2012. (80)

(b) Balance Sheet as at 31/12/2012. (40)

(120 marks)