

Pre-Leaving Certificate Examination, 2013

Accounting

Higher Level  
Marking Scheme (400 marks)

<b>1. Final Accounts of a Sole Trader</b>			<b>(120)</b>
<b>(a) Trading, Profit and Loss Account of P. Gavin for year ended 31/12/2012 (1)</b>			<b>(80)</b>
	€	€	€
Sales			945,000 (3)
Less Cost of Sales			
Stock 1/1/2012		75,000 (3)	
Purchases (W1)		<u>566,900 (10)</u>	
		641,900	
Less Stock 31/12/2012 (W2)		<u>(82,300)(6)</u>	(559,600)
Gross Profit			385,400
<u>Less Expenses</u>			
<b>Administration Exps<sup>++</sup></b>			
Salaries and Gen. Exps.	227,000 (3)		
Patents w/o (W3)	*8,820 (5)		
Rent	10,000 (3)		
Insurance (W4)	11,000 (7)		
Deprec.- Builds. (W5)	<u>17,500 (3)</u>	274,320	
<b>Distribution Costs<sup>++</sup></b>			
Commission	11,000 (3)		
Discount (W6)	3,000 (5)		
Deprec.- Del. Vans (W7)	<u>23,600 (5)</u>	37,600	
Total Expenses			<u>(311,920)</u> 73,480
<u>Add Operating Income</u>			
Profit on Sale of Del. Van (W8)	1,500 (5)		
Bad Debt Recovered	<u>700 (3)</u>	2,200	
Operating Profit			75,680
Add Invest. Income (W9)			<u>*6,000 (4)</u> 81,680
Less Mortgage Int. (W10)			<u>(9,800) (5)</u> <u>+71,880 (6)</u>
Net Profit for year			
<b>(b) Balance Sheet of P. Gavin as at 31/12/2012</b>			<b>(40)</b>
	€	€	€
	<b>Cost</b>	<b>Dep.</b>	<b>N.B.V.</b>
<u>Intangible Fixed Assets</u>			
Patents (W3)			35,280 (4)
<u>Tangible Fixed Assets</u>			
Buildings (W11)	950,000 (1)		950,000
Delivery Vans (W12)	<u>122,000 (2)</u>	<u>34,600 (3)</u>	<u>87,400</u>
	<u>1,072,000</u>	<u>34,600</u>	1,037,400
<u>Financial Assets</u>			
6% Investments			<u>240,000 (2)</u> 1,312,680
<u>Current Assets</u>			
Stock		**82,300 (2)	
Invest. Income due (W9)		*2,400 (2)	
Debtors (W13)	69,200 (2)		
Less Bad Debt Prov.	<u>(3,400) (2)</u>	<u>65,800</u>	
		150,500	
<u>Creditors: amounts falling due within 1 year</u>			
Creditors (W14)	43,100 (2)		
Mortgage Int. Due (W10)	*10,000 (2)		
VAT	4,900 (2)		
PRSI	1,800 (2)		
Bank (W15)	<u>44,800 (2)</u>	<u>(104,600)</u>	<u>45,900</u>
			<u>1,358,580</u>
<u>Financed by:</u>			
<u>Creditors: amounts falling due after more than 1 year</u>			
5% Fixed Mortgage			300,000 (2)
<u>Capital and Reserves</u>			
Capital 1/1/2012		880,000 (2)	
Add Net Profit		<u>**71,880 (1)</u>	
		951,880	
Less Drawings (W16)		<u>(27,800) (3)</u>	
		924,080	
Revaluation Reserve (W17)		<u>134,500 (2)</u>	<u>1,058,580</u>
Capital Employed			<u>1,358,580</u>

<sup>++</sup> Deduct 1 mark for each missing heading.

<sup>+</sup> Accept correct figure only..

\* Accept own figure for 1 mark.

\*\* Accept own figure for full marks.

Workings		€		
<b>W1</b>	Purchases	595,000 (2)	<b>W10</b>	Mortgage Interest
	Add Goods in Transit	4,000 (2)		Annual Charge
	Less Payments for Van	(31,000) (2)		€240,000 × 5%
	Add Restocking Charge	900 (2)		€60,000 × 5% × 8/12
	Less Goods Withdrawn (€2,800 × 100/140)	(2,000) (2)		<u>12,000 (1)</u>
	Trading Account Figure	<u>566,900</u>		<u>2,000 (1)</u>
				** (14,000) (1)
				Less Drawings (30%)
				<u>*4,200 (1)</u>
				Profit & Loss Account Figure
				<u>9,800 (1)</u>
<b>W2</b>	Closing Stock	78,300 (3)		Mortgage Interest
	Add Goods in Transit	4,000 (3)		Less Paid (€240,000 × 5% × 4/12)
	Trading Account Figure	<u>82,300</u>		<u>(4,000)</u>
				Mortgage Interest Due
				<u>10,000 (1)</u>
<b>W3</b>	Patents at 1/1/2012	40,500 (1)		** Accept own 30%.
	Add Investment Income Error	3,600 (1)		* Accept own figure.
		44,100		
	Less Patents Written Off (€44,100 / 5)	<u>*(8,820) (1)</u>		
	Patents at 31/12/2012	<u>*35,280 (1)</u>	<b>W11</b>	Building at 1/1/2012
	* Accept own figure.			875,000
				Add Revaluation
				<u>75,000</u>
				Building at 31/12/2012
				<u>950,000 (1)</u>
<b>W4</b>	Insurance	10,300 (3)		<b>W12</b> Provision for Depr. of Del. Vans
	Add Mortgage Interest (€4,200-€4,000) (W10)	200 (2)		Depreciation at 1/1/2012
	Add Discount Received	500 (2)		31,500 (1)
	Profit & Loss Account Figure	<u>11,000</u>		Add Depreciation for 2012
				<u>*23,600 (1)</u>
				Less Disposal Figure
				<u>*(20,500) (1)</u>
<b>W5</b>	Depreciation- Buildings (€875,000 × 2%)	17,500 (3)		Depreciation at 31/12/2012
				<u>34,600</u>
				* Accept own figure.
<b>W6</b>	Discount	3,500 (3)		<b>W13</b> Debtors
	Less Discount Omitted	(500) (2)		68,800 (1)
	Profit & Loss Account Figure	<u>3,000</u>		Add Bad Debt Recoverable
				<u>400 (1)</u>
				Debtors at 31/12/2012
				<u>69,200</u>
<b>W7</b>	Depreciation- Delivery Vans			<b>W14</b> Creditors
	Delivery Vans at 1/1/2012	110,000 (1)		38,200 (1)
	Less Disposal of Van (30/04/2012)	<u>(30,000)</u>		Add Goods in Transit
		80,000		4,000
	Add Purchase of Van (30/04/2012)	42,000		Add Restocking Charge
	Delivery Van at 31/12/2012	<u>122,000 (1)</u>		<u>900</u>
				Creditors at 31/12/2012
				<u>43,100 (1)</u>
	Depreciation Charge for Year			<b>W15</b> Bank
	20% of €80,000	16,000 (1)		45,100 (1)
	20% of €30,000 × 4/12	2,000 (1)		Less Bad Debt Recovered
	20% of €42,000 × 8/12	<u>5,600 (1)</u>		<u>(300)</u>
	Profit & Loss Account Figure	<u>23,600 (2)</u>		Bank at 31/12/2012
				<u>44,800 (1)</u>
<b>W8</b>	Profit on Sale of Van			<b>W16</b> Drawings
	Depreciation to Date:			21,600 (1)
	20% of €30,000 × 1/12	500 (1)		Add Mortgage Interest
	20% of €30,000 × 3 years	18,000 (1)		4,200 (1)
	20% of €30,000 × 4/12	<u>2,000 (1)</u>		Add Goods Withdrawn (€2,800 × 100/140)
		20,500		<u>2,000 (1)</u>
				<u>27,800</u>
	Allowance	11,000 (1)		<b>W17</b> Revaluation Reserve
	Less Book Value (€30,000 - €20,500)	<u>(9,500)</u>		Increase in Building
	Profit & Loss Account Figure	<u>1,500 (1)</u>		75,000 (1)
				Depreciation (€42,000 + €17,500)
				<u>59,500 (1)</u>
				Revaluations Reserve at 31/12/2012
				<u>134,500</u>
<b>W9</b>	Investment Income (€240,000 × 6% × 5/12)	6,000 (1)		
	Less Received (3 months)	<u>(3,600)</u>		
	Investment Income Due	<u>2,400 (1)</u>		