Question 7

(a)			54
		Dr.	Cr.
(i)	Debtors a/c Bank a/c Discount allowed a/c - disallowed Bank a/c Bank a/c	€ 830 [2] 83 [2]	€ 780 [2] 50 [2]
	Bad debts a/c Debtors a/c Being recording of dishonoured cheque received by Cagney and the payment 10 cent in the €1 as a first and final payment of debt [1]	747 [2]	830 [2]
(ii)	Purchases returns a/c Creditors a/c Suspense a/c Being recording of return of goods and credit note incorporating a restocking charge. [1]	3,500 [2] 11,500 [2]	15,000 [3]
(iii)	Rent a/c - (P&L) Debtors for Rent a/c (Balance Sheet) Capital a/c Being recording of private funds used to pay twelve months rent for the current year and three months rent prepaid. [1]	3,408 [2] 852 [2]	4,260 [2]
(iv)	Sales commission a/c Creditors (advertising) a/c Capital a/c Discount received a/c Being recording of capital introduced used for the purpose of clearing a debt and payment of commission [1]	3,000 [2] 3,250 [2]	6,000 [2] 250 [2]
(v)	Vehicles a/c Capital a/c Drawings a/c Loss on transaction(disposal) – P & L a/c Suspense a/c	8,800 [2] 800 [3] 500 [3] 800 [3]	8,800 [2]
	Equipment a/c Being recording of a private motor car given to the business by Cagney and freezer taken as part payment [1]	000 [9]	2,100 [3]
(b)	Suspense Account	•	6
	Original difference 14,200 [2] Creditors/ pu Equipment (v) 800 [2] 15,000	rchases returns(ii)	15,000 [2] 15,000

(c)

14

Statement of Corrected Net Profit

		€	€
Original Net Profit as per books			87,200
Add	Discount disallowed (i)	50 [1]	
	Discount received (iv)	<u>250</u> [1]	300
			87,500
Less	Bad debts (i)	747 [2]	
	Purchases Returns (ii)	3,500 [1]	
	Loss on Freezer transaction (v)	500 [2]	
	Rent a/c (iii)	3,408 [1]	
	Sales commission (iv)	3,000 [1]	(11,155)
Correct Net Profit			<u>76,345</u> [5]

(d)
Balance Sheet as at 31/12/2013

20

€

€

Fixed Assets		
Premises	650,000 [1]	
Motor vehicles $(72,000 + 8,800)$	80,800 [2]	
Equipment $(35,000 - 2,100)$	<u>32,900</u> [2]	763,700

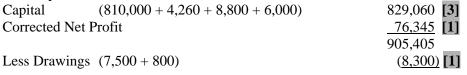
Current Assets

Stock	(185,400 - 14,200)	171,200	[1]	
Debtors	(36,300 + 830 - 830)	36,300	[1]	
Cash		1,500	[1]	
Rent prepaid		852	[1]	209,852

Less Creditors: amounts falling due within 1 year

Creditors	(58,500 - 11,500 - 3,250)	43,750 [2]	
Bank	(32,000 + 780 - 83)	<u>32,697</u> [2]	<u>(76,447)</u>

Financed by



133,405 897,105 897,105 897,105

(e)



Entors in figures and addition

Posting only one side of the double entry

Entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account.