3. Published Accounts

Danner plc has an authorised share capital of €900,000 divided into 700,000 ordinary shares at €1 each and 200,000 4% preference shares at €1 each. The following trial balance was extracted from its books at 31/12/2013:

	€	€
Buildings at cost	750,000	
Buildings – Accumulated Depreciation on 01/01/2013		81,000
Vehicles at cost	240,000	
Vehicles – Accumulated Depreciation on 01/01/2013		25,000
Quoted Investments at cost (market value €110,000)	250,000	
Unquoted Investments at cost (directors' value €60,000)	70,000	
Debtors and Creditors	290,000	198,000
Stock 01/01/2013	82,000	
Patent 01/01/2013	84,000	
Administrative expenses	230,000	
Distribution costs	260,000	
Purchases and Sales	1,000,500	1,770,000
Rental income		30,000
Profit on sale of land		20,000
Dividends paid	22,000	
Bank	81,000	
VAT		65,000
5% Debentures 2018/2019		350,000
Profit & Loss account at 01/01/2013		41,000
Investment income received – quoted		2,000
unquoted		1,500
Issued Capital		
Ordinary Shares		550,000
4% Preference Shares		200,000
Provision for bad debts		20,000
Debenture interest paid	5,000	
Discount		11,000
	3,364,500	3,364,500

The following information is relevant:

(i) Stock on 31/12/2013 is €90,000.

(ii) During the year, land adjacent to the company's premises, which had cost €110,000 was sold for €130,000. At the end of the year the company revalued its buildings at €900,000. The company wishes to incorporate this value in this year's accounts.

(iii) Provide for debenture interest due, auditors' fees €15,000, directors' fees €50,000 and corporation tax €90,000.

(iv) Included in administrative expenses is the receipt of €3,000 for patent royalties.

(v) Depreciation is to be provided for on buildings at a rate of 2% straight line and is to be allocated 25% to distribution costs and 75% to administrative expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at a rate of 20% of cost.

(vi) The patent was acquired on 01/01/2010 for €120,000. It is being amortised over 10 years in equal instalments. The amortisation is to be included in cost of sales.

Required:

(a) Prepare the Published Profit & Loss account for the year 31/12/2013, in accordance with the Companies Acts and appropriate accounting standards, showing the following notes:

1. Accounting policy note for tangible fixed assets and stock
2. Operating Profit
3. Financial fixed assets
4. Tangible fixed assets. (51)

(b) (i) State **three** items of information that must be included in a Directors' Report.

(ii) Explain the term 'Exceptional Item' and use an example to support your answer. (9)

(60 marks)