Question 3

(a)

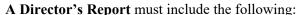
Profit and Loss Account of Danner plc for the year ended 31/12/2013

			€	
T	Turnover		1,770,000 [2]	
C	Cost of sales		<u>1,004,500</u> [4]	
C	Gross profit		765,500	
Γ	Distribution costs		(311,750) [4]	
Α	Administrative expenses		(<u>309,250)</u> [6]	
			144,500	
	Other Operating income		<u>44,000</u> [3]	
Operating profit			188,500	
	nvestment income		3,500 [2]	
P	rofit on sale of land		<u>20,000</u> [2]	
			212,000	
	nterest payable		(17,500) [2]	
	rofit on ordinary activities before taxation [1]		194,500	
1	axation		(<u>90,000</u>) [1]	
D: :1 1 :1			104,500 (<u>22,000</u>) [1]	
L	Dividends paid		82,500	
р	rofit brought forward at 1/1/2013		41,000 [2]	
Profit carried forward at 31/12/2013			123,500 [6]	
	Total carried forward at 51/12/2015		<u>123,300</u> [0]	
W	Workings			
1.	Cost of Sales (82,000+1,000,500 – 90,000 +12,000)		1,004,500	
2.	Distribution costs 260,000 + 3,750 + 48,000	=	311,750	
3.	Administrative expenses 230,000 + 50,000 + 15,000 + 3,000 + 11,250	=	309,250	
4.	Other Operating income 30,000 + 3,000 + 11,000		44,000	
5.	Investment income 2,000 + 1,500	=	3,500	
			- ,	
6.	Dep. Buildings 2% x 750,000 = 15,000. 25% = 3,750. 75% = 11,250			
7.	Dep. Vehicles 20% x 240,000	=	48,000	

(b)







- The amount to be transferred to reserves.
- A report of any changes in the nature of the company's business during the year.
- A fair review of the development of the business of the company during the year and of the position at the end of the year.
- The principal activities of the company and any changes therein.
- Details of any important events affecting the company since the end of the year.
- Any likely future developments in the business.
- An indication of activities in the field of research and development.
- Significant changes in fixed assets.
- Details of own shares purchased.
- A list of the company's subsidiaries and affiliates.
- Evaluation of company's compliance with its safety statement.
- Details of directors' share holdings and dealings during the year.

(ii) [6]

Exceptional Item: This is a material item of significant size. It is a profit **or** loss that must be shown separately in the profit and loss account because of size. Example: Profit or loss on sale of fixed asset or large bad debt.

1. Accounting policy notes. [4]

Tangible Fixed Assets

Buildings were re-valued at the end of 2013 and have been included in the accounts at their revalued amount.

Depreciation is calculated in order to write off the value or cost of tangible fixed assets over their estimated useful economic life as follows:

Buildings 2% per annum straight line

Delivery vans 20% of cost

Stocks - Stocks are valued on a first in first out basis at the lower of cost and net

realisable value.

2. Operating Profit [2]

The operating profit is arrived at after charging:

Depreciation on tangible fixed assets	63,000
Patent amortised	12,000
Directors remuneration	50,000
Auditors fees	15,000

3	Financial Fixed Assets [2]	1/1/2013	31/12/2013
	Quoted investments	250,000	250,000
	Unquoted Investments	70,000	70,000
		280,000	280,000

The market value of the quoted investments on 31/12/2013 was €110,000.

The director's valuation of the unquoted investments on 31/12/2013 was 60,000.

4 Tangible Fixed Assets [7]

Tangible Pixeu Assets [7]					
	Land & Buildings	Vehicles cost	Total		
Assets					
Value 1/1/2013	860,000	240,000	1,100,000		
Disposal	(110,000)		(110,000)		
Revaluation surplus	<u>150,000</u>		150,000		
Value at 31/12/2013	<u>900,000</u>	<u>240,000</u>	<u>1,140,000</u>		
Depreciation					
Balance 1/1/2013	81,000	25,000	106,000		
Depreciation charge for the year	<u>15,000</u>	<u>48,000</u>	63,000		
	96,000	73,000	169,000		
Transfer on revaluation	<u>(96,000)</u>		<u>(96,000)</u>		
Depreciation		<u>73,000</u>	<u>73,000</u>		
Net book value 1/1/2013	779,000	215,000	994,000		
Net book value 31/12/2013	900,000	167,000	1,067,000		