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 Kate Acton on 31/12/2013:

	€	€
Buildings (cost €485,000)	433,000	
Delivery Vans (cost €125,000)	88,500	
6% Investments (01/09/2013)	140,000	
Patents	44,400	
5% Fixed Mortgage (including increase of €60,000 received on 01/05/2013)		210,000
Debtors and Creditors	55,000	48,200
Purchases and Sales	475,000	775,600
Stock 01/01/2013	75,400	
Commission	7,200	
Salaries and General Expenses	81,000	
Bad Debts Provision		3,300
Discount (Net)	3,800	
Rent	9,000	
Mortgage Interest paid for the first four months	2,300	
Insurance (incorporating Suspense)	11,300	
VAT		6,900
Bank		40,100
PAYE and PRSI		5,300
Drawings	23,500	
Capital		360,000
	1,449,400	1,449,400

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

(i) Stock at 31/12/2013 at cost was €76,700. No record had been made in the books for 'goods in transit' on 31/12/2013. The invoice for these goods had been received showing the recommended retail selling price of €5,400 which is cost plus 20%.

(ii) Patents, which incorporate three months investment income received, are to be written off over a five year period, commencing in 2013.

(iii) Provide for depreciation on vans at the annual rate of 20% of cost from the date of purchase to date of sale. NOTE: On 31/01/2013 a delivery van, which cost €27,000 on 30/09/2009, was traded in against a new van which cost €36,000. An allowance of €9,500 was given 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.

(iv) 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 €300 entered only in the creditors account.

(v) Goods with a retail selling price of €4,800 were returned to a supplier. The selling price was cost plus 20%. 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.

(vi) Provision to be made for mortgage interest due. 30% of the mortgage interest for the year refers to the private section of the building.

(vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the buildings at €650,000 on 31/12/2013.

(viii) Goods withdrawn by the owner for private use during the year with a retail value of €1,800 which is cost plus 20% were omitted from the books.

(ix) A cheque for €500 had been received on 31/12/2013 in respect of a debt of €1,200 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 31/12/2013. (80)

(b) Balance Sheet as at 31/12/2013. (40)

(120 marks)