

Pre-Leaving Certificate Examination, 2014

Accounting

Higher Level
Marking Scheme (400 marks)

1. Final Accounts of a Sole Trader (120)

(a) Trading, Profit and Loss Account (of Kate Acton) for year ended 31/12/2013 (1) (80)		(b) Balance Sheet (of Kate Acton) as at 31/12/2013 (40)		
	€	€	€	€
Sales		775,600 (3)	<u>Cost</u>	<u>Dep.</u>
<u>Less Cost of Sales</u>			<u>Tangible Fixed Assets</u>	
Stock 1/1/2013	75,400 (3)		Buildings (W12)	650,000 (1)
Purchases (W1)	<u>452,100 (10)</u>		Delivery Vans (W7,13)*	<u>134,000 (2)</u>
	527,500			45,150 (3)
<u>Less Stock 31/12/2013 (W2)</u>	<u>(81,200)(5)</u>			<u>88,850</u>
Cost of Goods Sold		(446,300)		838,850
Gross Profit		329,300	<u>Intangible Fixed Assets</u>	
<u>Less Expenses</u>			Patents (W3)	37,200 (4)
<u>Administration Expenses**</u>			<u>Financial Assets</u>	
Salaries & General Expenses	81,000 (3)		6% Investments	140,000 (2)
Patents w/o (W3)	*9,300 (5)			916,050
Rent	9,000 (3)		<u>Current Assets</u>	
Insurance (W4)	11,400 (7)		Stock 31/12/2013 (W2)	**81,200 (2)
Deprec: Buildings (W5)	<u>*9,700 (3)</u>		Inv. Income due (W10)	*700 (2)
	120,400		Debtors (W14)	55,700 (2)
<u>Selling & Distribution Expenses**</u>			<u>Less Prov. Bad Debts</u>	<u>(3,300)(2)</u>
Commission	7,200 (3)			134,300
Discount (Net) (W6)	3,500 (5)		<u>Creditors: amounts falling</u>	
Deprec: Delivery Vans (W7,8)	<u>26,650 (5)</u>		<u>due within 1 year</u>	
	37,350		Creditors (W15)	*53,300 (2)
Total Expenses		(157,750)	Mortgage Interest due (W11)	*7,000 (2)
		171,550	VAT	6,900 (2)
<u>Add Operating Income</u>			PAYE and PRSI	5,300 (2)
Profit on Sale of Delivery Van (W9)	500 (7)		Bank (W16)	<u>*39,600 (2)</u>
Bad Debt Recovered	<u>1,200 (3)</u>	1,700		(112,100)
Operating Profit		173,250	Net Current Assets	
<u>Add Investment Income (W10)</u>		*2,800 (4)		22,200
		176,050	Total Assets <i>less</i> Current Liabilities	
<u>Less Mortgage Interest (W11)</u>		(6,650) (6)		<u>938,250</u>
Net Profit		<u>•169,400 (4)</u>	<u>Financed by:</u>	
			<u>Creditors: amounts falling</u>	
			<u>due after more than 1 year</u>	
			5% Fixed Mortgage	210,000 (2)
			<u>Capital and Reserves</u>	
			Capital 1/1/2013	360,000 (2)
			Add Net Profit	<u>**169,400 (1)</u>
				525,400
			<u>Less Drawings (W17)</u>	<u>(27,850)(3)</u>
				497,550
			Revaluation Reserve (W18)	<u>226,700 (2)</u>
			Capital Employed	<u>938,250</u>

- * Allow 1m for student's own figure.
- ** Allow full marks for student's own figure if consistent with previous work.
- Accept correct figure only.
- Deduct 1m for each heading omitted.

Workings:		€	€
W1	Purchases	475,000 (2)	W10 Investment Income
	+ Goods in Transit (€5,400 × 100/120)	4,500 (2)	6% of €140,000 × 4/12
	– Payment for Van (€36,000 – €9,500)	(26,500)(2)	Figure transferred to Profit & Loss a/c
	+ Restocking Charge (15% of €4,000)	600 (2)	
	– Drawings (€1,800 × 100/120)	(1,500)(2)	Investment Income due
	Figure transferred to Trading a/c	452,100	– Inv. Income Received (3 months)
			Figure transferred to Balance Sheet
W2	Closing Stock 31/12/2013	76,700 (3)	
	+ Goods in Transit (€5,400 × 100/120)	4,500 (2)	W11 Mortgage Interest
	Figure transferred to Trading a/c	81,200	Interest charge for year
			5% of €150,000
W3	Patents	44,400	5% of €60,000 × 8/12
	+ Investment Income Error	2,100	
	Value of Patents 1/1/2013	46,500	– Drawings (30%)
			Figure transferred to Profit & Loss a/c
	Patents written off this year		
	Value w/o (1/5 of *€46,500)	9,300	Mortgage Interest due
	Figure transferred to Profit & Loss a/c	9,300 (5)	Interest paid (€5% of €150,000 × 4/12)
			Figure transferred to Balance Sheet
	Patents 31/12/2013		
	Value of Patents 1/1/2013	46,500 (2)	* Accept student's own 30% figure.
	– Value w/o (1/5 of *€46,500)	9,300 (2)	** Accept student's own figure.
	Figure transferred to Balance Sheet	*37,200	W12 Building
	* Accept student's own figure.		Cost of Buildings
W4	Insurance	11,300 (3)	+ Revaluation 31/12/2013
	– Mortgage Int. (€2,500 – €2,300) (W10)	(200)(2)	Figure transferred to Balance Sheet
	+ Discount Received	300 (2)	
	Figure transferred to Profit & Loss a/c	11,400	W13 Depreciation: Delivery Vans
			Accumulated Depreciation at 1/1/2013
W5	Depreciation: Buildings		+ Depreciation charge for year
	Value w/o (2% of €485,000)	9,700	– Depreciation to date of sale on van
	Figure transferred to Profit & Loss a/c	9,700 (3)	Figure transferred to Balance Sheet
			* Accept student's own figure(s).
W6	Discount (Net)	3,800 (3)	W14 Debtors
	– Discount Received omitted	(300)(2)	+ Bad Debt Recoverable
	Figure transferred to Profit & Loss a/c	3,500	Figure transferred to Balance Sheet
W7	Delivery Vans		W15 Creditors
	Cost of Delivery Vans	125,000	+ Goods in Transit (€5,400 × 100/120)
	– Disposal of Delivery Van (31/1/2013)	(27,000)	+ Restocking Charge (15% of €4,000)
	+ Purchase of Delivery Van (31/1/2013)	36,000	Figure transferred to Balance Sheet
	Figure transferred to Balance Sheet	134,000 (2)	
W8	Depreciation: Delivery Vans		W16 Bank
	Depreciation charge for year		– Bad Debt Recovered
	20% of €98,000	19,600 (1)	Figure transferred to Balance Sheet
	20% of €27,000 × 1/12	450 (2)	
	20% of €36,000 × 11/12	6,600 (2)	W17 Drawings
	Figure transferred to Profit & Loss a/c	26,650	+ Mortgage Interest (W11)
			+ Purchases (€1,800 × 100/120)
W9	Profit on Sale of Delivery Van		Figure transferred to Balance Sheet
	Depreciation to Date:		
	20% of €27,000 × 3/12(3 months)	1,350 (1)	W18 Revaluation Reserve
	20% of €27,000 × 3 (3 years)	16,200 (1)	Increase in Buildings Valuation
	20% of €27,000 × 1/12(1 month)	450 (1)	Depreciation (€52,000 + €9,700)
	Total depreciation to date of sale	18,000	Figure transferred to Balance Sheet
	Allowance for Delivery Van	9,500 (1)	
	Cost of Delivery Van	27,000 (1)	
	– Depreciation to date	(18,000)(1)	
	Book value on date of sale	(9,000)(1)	
	Figure transferred to Profit & Loss a/c	500	