

## 1. Sole Trader – Final Accounts

(120)

- (a) Trading and Profit and Loss Account for the year ended 31/12/2016. (75)  
 (b) Balance Sheet as at 31/12/2016. (45)

<b>Trading, Profit and Loss Account (of Alan Ahern)</b> for the year ending 31/12/2016 (1)		<b>Balance Sheet (of Alan Ahern)</b> as at 31/12/2016		
	€	€	€	€
Sales		778,600 (2)	<u>Cost</u>	<u>Dep.</u>
<u>Less Cost of Sales</u>				<u>NBV</u>
Stock 01/01/2016	73,400 (2)		Buildings <b>W13</b>	650,000 (1)
Add Purchases <b>W1</b>	425,220 (10)		Delivery Vans <b>W9,10</b>	114,000 (3)
	498,620			33,500 (3)
<u>Less Stock 31/12/2016 <b>W2</b></u>	(82,100) (4)			730,500
Cost of Goods Sold		(416,520)	<u>Intangible Fixed Assets</u>	
<b>Gross Profit</b>		362,080	Patents <b>W3</b>	41,600 (3)
<u>Less Expenses</u>			<u>Financial Assets</u>	
<u>Administration</u> <b>W1</b>			4% Investments	150,000 (2)
Salaries and General Expenses	84,000 (2)			922,100
Patents written off <b>W3</b>	10,400 (5)		<u>Current Assets</u>	
Rent	12,000 (2)		Stock 31/12/2016 <b>W2</b>	82,100 (2)
Insurance <b>W4</b>	10,600 (8)		Investment Income due <b>W11</b>	500 (2)
Depreciation: Buildings <b>W5</b>	10,300 (3)		Debtors <b>W14</b>	53,800 (3)
	127,300		<u>Less Prov. Bad Debts</u>	(3,200) (2)
<u>Selling &amp; Distribution</u> <b>W6</b>			Bank <b>W15</b>	12,600 (3)
Commission	9,100 (2)			145,800
Discount (Net) <b>W6</b>	3,300 (4)		<u>Less Creditors: amounts falling</u>	
Depreciation: Delivery Vans <b>W7</b>	21,750 (6)		due within 1 year	
	34,150		Creditors <b>W16</b>	53,520 (5)
Total Expenses		(161,450)	Mortgage Interest due <b>W12</b>	10,400 (2)
		200,630	VAT	5,100 (2)
<u>Add Operating Income</u>			PAYE, PRSI and USC	4,300 (2)
Profit on Sale of Delivery Van <b>W8</b>	1,250 (8)			(73,320)
Bad Debt Recovered	1,500 (2)		Net Current Assets	72,480
<b>Operating Profit</b>		203,380	Total Net Assets	994,580
<u>Add Investment Income <b>W11</b></u>			<u>Financed by:</u>	
	2,000 (4)		<u>Creditors: amounts falling</u>	
<u>Less Mortgage Interest <b>W12</b></u>			due after more than 1 year	
<b>Net Profit</b>		194,180 (4)	6% Fixed Mortgage <b>W12</b>	260,000 (2)
			<u>Capital and Reserves</u>	
			Capital 01/01/2016	370,000 (1)
			Add Revaluation Reserve <b>W17</b>	197,300 (3)
			Add Net Profit	194,180 (1)
				761,480
			<u>Less Drawings <b>W18</b></u>	(26,900) (3)
			Capital Employed	994,580

- Allow 1 mark for student's own figure.
- Allow full marks for student's own figure if consistent with previous work.
- Accept correct figure only.
- Allow 1 mark for correct word(s) if figure is incorrect or omitted.
- Deduct 1 mark for each missing heading in the Profit and Loss Account.
- Deduct 1 mark if '6% Fixed Mortgage' is shown within 'Capital and Reserves' section.

## 1. Sole Trader – Final Accounts (cont'd.)

<b>Workings:</b>	€	€
<b>W1</b> Purchases	455,000 (2)	
+ Goods in Transit [€4,500 × 100/125]	•3,600 (2)	
– Payment for Van [€42,000 – €9,500]	(32,500)(2)	
+ Restocking Charge [15% of €4,800]	720 (2)	
– Drawings [€2,000 × 100/125]	•(1,600)(2)	
Figure transferred to Trading a/c	425,220	
<b>W2</b> Closing Stock 31/12/2016	78,500 (2)	
+ Goods in Transit [€4,500 × 100/125]	••3,600 (2)	
Figure transferred to Trading a/c	82,100	
<b>W3</b> Patents	50,500 (1)	
+ Investment Income Error		
[4% of €150,000 × 3/12]	•1,500 (2)	
Value of Patents 01/01/2016	52,000	
Patents written off this year		
Value written off [1/5 of €52,000]	••10,400 (2)	
Figure transferred to Profit & Loss a/c	10,400	
Value of Patents 31/12/2016		
Value of Patents 01/01/2016	••52,000 (1)	
– Value written off this year	••10,400 (2)	
Figure transferred to Balance Sheet	41,600	
<b>W4</b> Insurance	10,500 (2)	
– Error in Mortgage Interest paid		
[(6% of €180,000 × 4/12) – €3,300]	•(300)(4)	
+ Discount Received	400 (2)	
Figure transferred to Profit & Loss a/c	10,600	
<b>W5</b> Depreciation: Buildings		
Depreciation charge for the year		
[2% of €515,000]	•10,300	
Figure transferred to Profit & Loss a/c	10,300 (3)	
<b>W6</b> Discount (Net)	3,700 (2)	
– Discount Received omitted	(400)(2)	
Figure transferred to Profit & Loss a/c	3,300	
<b>W7</b> Depreciation: Delivery Vans		
Depreciation charge for the year		
[20% of (€105,000 – €33,000)]	•14,400 (2)	
[20% of €33,000 × 7/12]	•3,850 (2)	
[20% of €42,000 × 5/12]	•3,500 (2)	
Figure transferred to Profit & Loss a/c	21,750	
<b>W8</b> Profit on Sale of Delivery Van		
Depreciation to Date:		
[20% of €33,000 × 2/12] (2 months)	1,100 (1)	
[20% of €33,000 × 3] (3 years)	19,800 (1)	
[20% of €33,000 × 7/12] (7 months)	3,850 (1)	
Total depreciation to date of sale	24,750	
Allowance for Delivery Van	9,500 (2)	
Cost of Delivery Van	33,000 (2)	
– Depreciation to date	••(24,750)(1)	
Book value on date of sale	(8,250)	
Figure transferred to Profit & Loss a/c	1,250	
<b>W9</b> Delivery Vans		
Cost of Delivery Vans	105,000 (1)	
– Cost of Del. Van traded-in 31/07/2016	(33,000)(1)	
+ Cost of new Delivery Van 31/07/2016	42,000 (1)	
Figure transferred to Balance Sheet	•114,000	
<b>W10</b> Depreciation: Delivery Vans		
Accumulated Depreciation at 01/01/2016	36,500 (1)	
+ Depreciation charge for the year	••21,750 (1)	
– Depreciation to date of sale on van	••(24,750)(1)	
Figure transferred to Balance Sheet	33,500	
<b>W11</b> Investment Income		
[4% of €150,000 × 4/12]	•2,000 (4)	
Figure transferred to Profit & Loss a/c	2,000	
Investment Income due	2,000	
– Investment Income Received		
[4% of €150,000 × 3/12] (3 months)	(1,500)	
Figure transferred to Balance Sheet	500 (2)	
<b>W12</b> Mortgage Interest		
Interest charge for the year		
[6% of (€260,000 – €80,000)]	•10,800 (2)	
[6% of €80,000 × 8/12]	3,200 (2)	
	14,000	
– Drawings [20% of €14,000]	••2,800 (2)	
Figure transferred to Profit & Loss a/c	11,200	
Mortgage Interest due		
Interest payable for the year	14,000	
– Interest paid [6% of €180,000 × 4/12]	•(3,600)	
Figure transferred to Balance Sheet	10,400 (2)	
<b>W13</b> Buildings		
Cost of Buildings	515,000	
+ Revaluation 31/12/2016	135,000	
Figure transferred to Balance Sheet	650,000 (1)	
<b>W14</b> Debtors	53,000 (1)	
+ Bad Debt Recoverable [€1,500 – €700]	800 (2)	
Figure transferred to Balance Sheet	53,800	
<b>W15</b> Bank	11,900 (1)	
+ Bad Debt Recovered	700 (2)	
Figure transferred to Balance Sheet	12,600	
<b>W16</b> Creditors	49,200 (1)	
+ Goods in Transit [€4,500 × 100/125]	••3,600 (2)	
+ Restocking Charge [15% of €4,800]	•720 (2)	
Figure transferred to Balance Sheet	53,520	
<b>W17</b> Revaluation Reserve		
Increase in Buildings Valuation <b>W13</b>	135,000 (1)	
Depreciation [€52,000 + €10,300] <b>W5</b>	••62,300 (2)	
Figure transferred to Balance Sheet	197,300	
<b>W18</b> Drawings	22,500 (1)	
+ Mortgage Interest <b>W12</b>	••2,800 (1)	
+ Purchases [€2,000 × 100/125]	••1,600 (1)	
Figure transferred to Balance Sheet	26,900	

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