3. Published Accounts

Dexter plc has an authorised share capital of €850,000 divided into 700,000 ordinary shares at €1 each and 150,000 6% preference shares at €1 each. The following Trial Balance was extracted from its books on 31/12/2016.

	€	€
Buildings at cost	800,000	
Buildings – Accumulated Depreciation on 01/01/2016		92,000
Vehicles at cost	230,000	
Vehicles – Accumulated Depreciation on 01/01/2016		22,000
Quoted Investments at cost (market value €180,000)	260,000	
Unquoted Investments at cost (directors' value €70,000)	100,000	
Debtors and Creditors	280,000	210,000
Stock 01/01/2016	83,000	
Patent 01/01/2016	100,000	
Administration expenses	270,000	
Distribution costs	220,000	
Purchases and Sales	1,065,000	1,830,000
Rental income		60,000
Profit on sale of land		40,000
Dividends paid	21,000	
Bank	75,000	
VAT		60,000
8% Debentures 2021/2022		450,000
Profit and Loss balance at 01/01/2016		40,000
Investment income received – quoted		5,000
– unquoted		3,000
Issued Capital		
Ordinary Shares		520,000
6% Preference Shares		150,000
Provision for bad debts		15,000
Debenture interest paid	12,000	
Commission		19,000
	3,516,000	3,516,000

The following information is relevant:

(i) Stock on 31/12/2016 is €75,000.
(ii) During the year, land adjacent to the company's premises, which had cost €140,000, was sold for €180,000. At the end of the year the company re-valued its buildings at €980,000. The company wishes to incorporate this value in this year's accounts.
(iii) Provide for debenture interest due, auditors' fees €18,000, directors' fees €80,000 and corporation tax €60,000.
(iv) Included in administration expenses is the receipt of €15,000 for patent royalties.
(v) Depreciation is to be provided for on buildings at a rate of 2% straight line and is to be allocated 20% to distribution costs and 80% to administration expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at the rate of 20% of cost.
(vi) The patent was acquired on 01/01/2013 for €160,000. It is being amortised over 8 years in equal instalments. The amortisation is to be included in cost of sales.

You are required to:

(a) Prepare the Published Profit and Loss account for the year ended 31/12/2016, 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. (50)

(b) (i) State how a company would deal with a Contingent Liability which is possible but unlikely.
(ii) What regulations must accountants comply with when preparing financial statements for publication? (10)

(60 marks)