

4. Farm Accounts

Among the assets and liabilities of David and Sarah Carty, who carry on a mixed farming business, on 01/01/2014 are: Land and Buildings at cost €425,000; Vehicles and Machinery at cost €90,000; Electricity due €450; Value of Cattle €80,000; Value of Sheep €25,000; Milk cheque due €1,800; Stock of Fuel €850.

The following is a summary taken from their cheque payments and lodgement book for the year ended 31/12/2014:

Lodgements	€	Cheque Payments	€
Balance 01/01/2014	25,200	Fertiliser	2,800
Milk	31,000	General farm expenses	14,300
Sheep	23,000	Dairy wages	3,000
Cattle	14,500	Sheep	22,000
Lambs	13,400	Cattle	18,000
Calves	6,800	Light, heat and fuel	4,200
Single Payment – Sheep	2,700	Machinery	9,000
Single Payment – Cattle	3,600	Repairs	7,400
Wool	1,900	Veterinary fees and medicines	2,740
Forestry Premium	2,600	Bank Loan and 18 months' interest	
Six months' interest from		at 3% per annum on 31/05/2014	20,900
2% Investment Bond	700	Balance 31/12/2014	21,060
	125,400		125,400

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

- | | | |
|--|---------------|--------------|
| | Cattle | Sheep |
| (i) Value of Livestock on 31/12/2014 was | €85,000 | €33,000 |
- (ii) Farm produce used by the family during the year – Milk €950; Lambs €460.
- (iii) General farm expenses, fertiliser, and veterinary fees and medicines are to be apportioned 70% to 'Cattle and Milk' and 30% to 'Sheep'.
- (iv) Other expenses and costs are to be apportioned 80% to farm and 20% to household.
- (v) Depreciation to be provided on the following:
 Vehicles and Machinery at the rate of 10% of cost per annum.
 Buildings at 2% per annum (Land at cost was €110,000).
- (vi) Veterinary fees and medicines include a cheque for family health insurance for €1,250.
- (vii) On 31/12/2014 a Milk cheque for €1,500 was due, Creditors for fertilisers amounted to €650 and Stock of Fuel was €800.

You are required to:

- (a) Prepare a Statement of Capital for the farm on 01/01/2014. (20)
- (b) Prepare an Enterprise Analysis Account for 'Cattle and Milk' and 'Sheep' for the year ended 31/12/2014. (20)
- (c) Prepare a general Profit and Loss Account for the year ended 31/12/2014. (12)
- (d) (i) Which account, other than Drawings, is affected by "farm produce used by family"? Explain your answer.
- (ii) Prepare the Cartys' Drawings Account. (8)

(60 marks)