

4. Farm Accounts (60)

- (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)

Statement of Capital
(of D. and S. Carty) on 01/01/2014

	€	€
<u>Assets</u>		
Land and Buildings	425,000 (1)	
Machinery	90,000 (1)	
Investments [700 ÷ 6 × 12 ÷ 2/100]	70,000 (3)	
Cattle	80,000 (1)	
Sheep	25,000 (1)	
Milk cheque due	1,800 (1)	
Stock of fuel	850 (1)	
Bank	25,200 (2)	
	717,850	
<u>Less Liabilities</u>		
Electricity due	450 (1)	
Bank Loan	20,000 (3)	
Loan Interest due W1	650 (3)	
	21,100	
Capital at 01/01/2014	696,750 (2)	

General Profit and Loss Account
(of D. and S. Carty) for the year ended 31/12/2014

	€	€
<u>Income</u>		
Gross Profit - Cattle and Milk		27,082 (1)
- Sheep		21,688 (1)
Investment Interest W5		1,400 (1)
Forestry premium		2,600 (1)
		52,770
<u>Expenditure</u>		
Light, heat and fuel W6, A4	3,040 (2)	
Repairs A5	5,920 (1)	
Depreciation: Machinery W7, A6	7,920 (1)	
Depreciation: Buildings W8, A7	5,040 (1)	
Loan Interest W1, A8	200 (1)	
	(22,120)	
Net Profit		30,650 (2)

- Allow 1m for student's own figure.
- Accept correct figure only.

- Allow marks for student's own figure if consistent with previous work.
- Accept correct figure only.

Enterprise Analysis Account for 'Cattle and Milk'
for the year ended 31/12/2014

	€	€
<u>Income</u>		
Sales - Milk W2	30,700 (2)	
- Cattle and Calves [€14,500 + €6,800]	21,300 (1)	
Single Payment - Cattle	3,600 (1)	
Increase in stock	5,000 (1)	
Drawings by family	950 (1)	
	61,550	
<u>Expenditure</u>		
Purchases - Cattle	18,000 (1)	
Fertiliser W3, A1	2,415 (1)	
General farm expenses A2	10,010 (1)	
Dairy wages	3,000 (1)	
Veterinary fees W4, A3	1,043 (1)	
	(34,468)	
Gross Profit	27,082	

Workings:

W1	Loan Interest	
	18 months interest	= 3% × 1.5 years
		= 4.5%
	⇒ 20,900	= 104.5% of loan
	⇒ loan	= $\frac{20,900}{104.5} \times 100$
		= €20,000
	Interest due	= $(20,900 - 20,000) \times \frac{13}{18}$
		= €650

- May be included as: (Allow 1 mark for both)
Closing Stock - Cattle €85,000 (under Income)
Opening Stock - Cattle €80,000 (under Expenditure)

W2 Sales - Milk (lodgements)

- Cheque due 01/01/2014	31,000
+ Cheque due 31/12/2014	(1,800)
	1,500
	30,700

W3 Fertiliser

+ Payment due 31/12/2014	2,800
	650
	3,450

Enterprise Analysis Account for 'Sheep'
for the year ended 31/12/2014

	€	€
<u>Income</u>		
Sales - Sheep and Lambs [€23,000 + €13,400]	36,400 (1)	
Single Payment - Sheep	2,700 (1)	
Wool	1,900 (1)	
Increase in Stock	8,000 (1)	
Drawings by family	460 (1)	
	49,460	
<u>Expenditure</u>		
Purchases - Sheep	22,000 (1)	
Fertiliser W3, A1	1,035 (1)	
General farm expenses A2	4,290 (1)	
Veterinary fees W4, A3	447 (1)	
	(27,772)	
Gross Profit	21,688	

W4 Veterinary fees and medicine

- Family Health Insurance	2,740
	(1,250)
	1,490

W5 Investment Interest

+ Payment due 31/12/2014	700
	700
	1,400

W6 Light, heat and fuel

+ Stock of fuel 01/01/2014	4,200
- Electricity due 01/01/2014	850
- Stock of fuel 31/12/2014	(450)
	(800)
	3,800

W7 Depreciation: Machinery

[10% of (€90,000 + €9,000)]	9,900
-----------------------------	-------

- May be included as: (Allow 1m for both)
Closing Stock - Sheep €33,000 (under Income)
Opening Stock - Sheep €25,000 (under Expenditure)

W8 Depreciation: Buildings

[2% of (€425,000 - €110,000)]	6,300
-------------------------------	-------

4. Farm Accounts (cont'd.)

Apportionment of Expenses		€		€
A1	Fertiliser W3		A5	Repairs
	Cattle and Milk [70% of €3,450]	2,415 (1)		Profit and Loss a/c [80% of €7,400]
	Sheep [30% of €3,450]	1,035 (1)		Drawings [20% of €7,400]
				5,920 (1)
				1,480
A2	General farm expenses		A6	Depreciation on Machinery W7
	Cattle and Milk [70% of €14,300]	10,010 (1)		Profit and Loss a/c [80% of €9,900]
	Sheep [30% of €14,300]	4,290 (1)		Drawings [20% of €9,900]
				7,920 (1)
				1,980
A3	Veterinary fees and medicine W4		A7	Depreciation on Building W8
	Cattle and Milk [70% of €1,490]	1,043 (1)		Profit and Loss a/c [80% of €6,300]
	Sheep [30% of €1,490]	447 (1)		Drawings [20% of €6,300]
				5,040 (1)
				1,260
A4	Light, heat and fuel W6		A8	Loan Interest W1
	Profit and Loss a/c [80% of €3,800]	3,040 (2)		Profit and Loss a/c [80% of €250]
	Drawings [20% of €3,800]	•760		Drawings [20% of €250]
				200 (1)
				50

- Accept student's own 20% figure.

(d) (i) Which account, other than Drawings, is affected by "farm produce used by family"? Explain your answer. (3)

Named (1)
Explained (2)

- Sales Account - sales are credited instead of purchases because farm produce is produced rather than purchased

(ii) Prepare the Cartys' Drawings Account. (5)

Drawings Account			
Details	€		Details
Milk	950 (1/2)		Capital a/c
Lamb	460 (1/2)		••8,190 (1)
Light, heat and fuel A4	•760 (1/2)		
Family Health Insurance	1,250 (1/2)		
Repairs A5	•1,480 (1/2)		
Dep. on Machinery A6	•1,980 (1/2)		
Dep. on Buildings A7	•1,260 (1/2)		
Loan Interest A8	•50 (1/2)		
	8,190		8,190

- Allow marks for student's own figures if consistent with previous work.
- Accept student's own figure to balance account but must include the word 'Capital'.