

7. Incomplete Records

On 01/01/2012, D. Newman purchased a business for €345,000 consisting of the following tangible assets and liabilities: Premises €295,000, Stock €23,600, Debtors €16,400, three months premises Insurance prepaid €3,200, Trade Creditors €17,800, Wages due €900 and Cash €600.

During 2012 Newman did not keep a full set of accounts but was able to supply the following information on 31/12/2012.

Cash Payments: Lodgements €118,000, General Expenses €47,800, Purchases €63,500.

Bank Payments: Equipment €37,000, Creditors €43,000, Light and Heat €11,200, Interest €2,400, annual Premises Insurance Premium €14,400, Standing Order for Charitable Organisation €2,700, Delivery Van €22,800, Rent for one year €5,600.

Bank Lodgements: Debtors €36,000, Cash €118,000, Dividends €4,500.

Each week Newman took goods from stock to the value of €120 and cash €180 for household expenses.

Newman borrowed €90,000 on 01/08/2012, part of which was used to purchase an adjoining premises costing €75,000. It was agreed that the sum borrowed would be repaid in 10 equal half-yearly instalments. The first instalment becomes due on 01/04/2013. Interest was to be charged at the rate of 8% per annum to be paid monthly at the end of each month.

The figure for Rent was in respect of an adjoining building rented by Newman on 01/11/2012. It was payable in advance and Newman estimated that $\frac{1}{4}$ of the building was used as a private residence and that 25% of the light and heat used should also be attributed to the private section of the premises.

Included in the assets and liabilities of the firm on 31/12/2012 were Stock €24,900 (including stock of heating fuel €600), Debtors €23,400, Trade Creditors €18,200, Cash €850 and Electricity due €1,800.

Required:

- (a) Prepare, with workings, a Trading, Profit and Loss Account for the year ended 31/12/2012. (52)
- (b) Prepare, with workings, a Balance Sheet as at 31/12/2012. (40)
- (c) (i) Explain the term 'Accounting Concept'.
(ii) State and explain **two** fundamental accounting concepts. (8)

(100 marks)