

7. Incomplete Records

On 1/1/2012, E. Kelly purchased a business for €205,000 consisting of the following tangible assets and liabilities: Premises €174,000; Stock €14,300; Debtors €14,000; 3 months premises Insurance prepaid €430; Trade Creditors €17,200 and Wages due €1,200.

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

Cash Payments: Lodgements €94,000, General Expenses €22,500, Purchases €51,000.

Bank Payments: Equipment €30,000, Creditors €34,200, Light and Heat €4,600, Interest €2,400, annual Premises Insurance Premium €3,000, Standing Order for Charitable Organisation €2,500, Vehicle €32,000, Rent for one year €22,800.

Bank Lodgements: Debtors €32,000, Cash €94,000, Dividends €3,600.

Kelly took goods from stock to the value of €80 per week and cash €60 per week for household expenses during the year.

Kelly borrowed €72,000 on 1/7/2012, part of which was used to purchase an adjoining warehouse costing €60,000. It was agreed that the sum borrowed would be repaid in 12 equal instalments over a six year period commencing on the 1 January 2013. Interest was to be charged at the rate of 10% per annum and paid monthly.

The figure for Rent was in respect of an adjoining building rented by Kelly on 1/8/2012. It was payable in advance and Kelly estimated that half 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 building.

Included in the assets and liabilities of the firm on 31/12/2012 were: Stock €15,500 (including stock of heating oil €500), Debtors €16,600, Trade Creditors €14,300, Cash €550, Electricity due €640.

You are required to show, with workings, the:

- (a) Trading and Profit and Loss Accounts for the year ended 31/12/2012. (52)
- (b) Balance Sheet as at 31/12/2012. (40)
- (c) What additional information would be available to Kelly if he used the 'double entry' system to record financial transactions? (8)

(100 marks)