

# 1. Company Final Accounts including a Manufacturing Account

(120)

- (a) Prepare a Manufacturing, Trading and Profit and Loss Account for the year ended 31/12/2015. (75)  
 (b) Prepare a Balance Sheet as at 31/12/2015. (45)

<b>Manufacturing Account</b> (of Abbot Ltd) for the year ended 31/12/2015 (1) (30)			<b>Balance Sheet</b> (of Abbot Ltd) as at 31/12/2015 (45)		
	€	€		€	€
Stock of Raw Materials 01/01/2015		50,900 (1)	<u>Cost</u>	<u>Dep.</u>	<u>NBV</u>
Purchases of Raw Materials <b>W1</b>	453,900 (4)		<u>Intangible Fixed Assets</u>		
Carriage on Raw Materials	7,300 (2)	461,200	Patents		36,000 (2)
		512,100			
Less Stock of Raw Materials 31/12/2015		(47,200) (1)	<u>Tangible Fixed Assets</u>		
Cost of Raw Materials Consumed		464,900	Factory Buildings	650,000 (2)	70,000 (1)
Hire of Special Equipment	6,800 (2)		Plant & Mach. <b>W5, 6</b>	302,000 (2)	159,550 (3)
Direct Factory Wages <b>W2</b>	221,700 (2)	228,500		<u>952,000</u>	<u>229,550</u>
<b>Prime Cost</b>		693,400	<u>Financial Fixed Assets</u>		
			3% Investments		200,000 (2)
<u>Factory Overheads</u>					958,450
General Factory Overheads	46,200 (2)		<u>Current Assets</u>		
Deprec: Plant & Machinery <b>W3</b>	43,950 (3)		Stocks 31/12/2015		
Repairs to Plant & Machinery	3,600 (2)	93,750	Raw Materials	47,200 (2)	
<b>Factory Cost</b>		787,150	Work in Progress	30,300 (2)	
Add Work in Progress 01/01/2015		24,400 (2)	Finished Goods	87,900 (2)	165,400
		811,550	Debtors <b>W12, 13</b>	38,000 (6)	
Less Work in Progress 31/12/2015		(30,300) (2)	Less Prov. Bad Debts	(1,900) (1)	36,100
		781,250	Invest. Income due <b>W16</b>		1,500 (2)
Less Sale of Scrap Materials	(4,900) (2)				203,000
Less Profit on Sale of Mach. <b>W4</b>	(400) (4)	(5,300)	<u>Less Creditors: amounts falling</u>		
<b>Cost of Manufacture</b>		<u>775,950</u>	<u>due within 1 year</u>		
			Creditors <b>W19</b>	24,510 (4)	
			Bank <b>W20</b>	20,690 (4)	
			USC	3,500 (2)	
			Deb. Int. due <b>W18</b>	6,400 (2)	(55,100)
			Net Current Assets		147,900
			Total Net Assets		<u>1,106,350</u>

<b>Trading, Profit and Loss Account</b> (of Abbot Ltd) for the year ended 31/12/2015 (45)			<b>Capital and Reserves</b>		
	€	€		Auth'd.	Issued
Sales <b>W7</b>		901,500 (4)	Ord. Shares @ €1	600,000 (1)	520,000 (1)
<u>Less Cost of Sales</u>			6% Pref. Shares @ €1	350,000 (1)	300,000 (1)
Stock of Finished Goods 01/01/2015	77,200 (2)			<u>950,000</u>	<u>820,000</u>
Cost of Manufacture	775,950 (2)		Profit & Loss Balance	166,350 (1)	986,350
Cost of Goods Available for Sale	853,150		Capital Employed		<u>1,106,350</u>
Less Stock of Fin. Gds. 31/12/2015 <b>W8</b>	(87,900) (6)				
Cost of Goods Sold		(765,250)			
<b>Gross Profit</b>		<u>136,250</u>			
<u>Less Expenses</u>					
Administration Expenses <b>W9</b>	32,300 (6)				
<u>Selling &amp; Distribution Expenses <b>W10</b></u>					
Selling Expenses	66,800 (4)				
Bad Debt written off <b>W11</b>	1,400 (3)				
Provision for Bad Debts <b>W13</b>	1,900 (2)	(102,400)			
		33,850			
<u>Operating Income</u>					
Discount (Net) <b>W14</b>		6,600 (4)			
Operating Profit		40,450			
Investment Income <b>W15</b>		3,500 (2)			
Debenture Interest <b>W17</b>		(9,600) (2)			
<b>Net Profit</b>		34,350			
Less Dividends paid		(4,700) (2)			
Retained Profit		29,650			
Profit & Loss Balance 01/01/2015		136,700 (2)			
Profit & Loss Balance 31/12/2015		<u>166,350 (4)</u>			

- Allow full marks for student's own figure if consistent with previous work.
- Accept correct figure only.
- Allow 1 mark for correct word(s) if figure is incorrect or omitted.
- Deduct 1 mark for each missing heading in the Profit and Loss Account.
- Deduct 1 mark if '8% Debentures' is shown within 'Capital and Reserves' section.

# 1. Company Final Accounts including a Manufacturing Account (cont'd.)

<b>Workings:</b>	€	€
<b>W1</b> Purchases of Raw Materials – Materials used in repairs – Net amount of new machine Figure transferred to Manufacturing a/c	480,600 (2) (700)(1) <u>(26,000)(1)</u> 453,900	<b>W10</b> Selling Expenses + Investment Income incorporated [3% of €200,000 × 4/12] Figure transferred to Profit & Loss a/c
		64,800 (2) <u>2,000 (2)</u> 66,800
<b>W2</b> Direct Factory Wages – Repairs wages Figure transferred to Manufacturing a/c	224,600 (1) <u>(2,900)(1)</u> 221,700	<b>W11</b> Bad Debt written off Value of Debtor [€600 ÷ 30 × 100] – Payment received [30c in the €1] Figure transferred to Profit & Loss a/c
		•2,000 (2) <u>600 (1)</u> 1,400
<b>W3</b> Depreciation: Plant and Machinery Depreciation charge for year [15% of (€290,000 – €18,000)] [15% of €18,000 × 9/12] [15% of €30,000 × 3/12] Figure transferred to Manufacturing a/c	40,800 (1) 2,025 (1) <u>1,125 (1)</u> 43,950	<b>W12</b> Debtors – Goods on ‘Sale or Return’ basis – Bad Debt Figure transferred to Balance Sheet
		48,500 (2) (8,500)(2) <u>(2,000)(2)</u> 38,000
<b>W4</b> Profit on Sale of Machinery Depreciation to date: [15% of €18,000 × 7/12] (7 months) 1,575 [15% of €18,000 × 4] (4 years) 10,800 [15% of €18,000 × 9/12] (9 months) 2,025 Total depreciation to date of sale  Allowance for New Machinery Cost of Old Machinery 18,000 (1) – Depreciation to date (14,400)(1) Book value on date of sale Figure transferred to Manufacturing a/c	14,400  4,000 (1) 18,000 (1) <u>(14,400)(1)</u> (3,600)(1) 400	<b>W13</b> Provision for Bad Debts New provision [5% of €38,000] Figure transferred to Profit & Loss a/c Figure transferred to Balance Sheet
		1,900 <u>•1,900 (2)</u> <u>••1,900 (1)</u>
<b>W5</b> Plant and Machinery Cost of Plant and Machinery – Disposal of Machinery (cost 31/05/2010) + Purchase of Machinery (cost 30/09/2015) Figure transferred to Balance Sheet	290,000 (1) (18,000) 30,000 <u>302,000 (1)</u>	<b>W14</b> Discount (Net) – Discount Allowed omitted Figure transferred to Profit & Loss a/c
		7,000 (2) <u>(400)(2)</u> 6,600
<b>W6</b> Depreciation: Plant and Machinery Accumulated Depreciation at 01/01/2015 + Depreciation charge for year – Depreciation of mach. to date of sale Figure transferred to Balance Sheet	130,000 (1) <u>••43,950 (1)</u> <u>••(14,400)(1)</u> 159,550	<b>W15</b> Investment Income Income receivable for 7 months [3% of €200,000 × 7/12] Figure transferred to Profit & Loss a/c
		3,500 (2) <u>•3,500 (2)</u> 3,500
<b>W7</b> Sales – Goods on ‘Sale or Return’ basis Figure transferred to Trading a/c	910,000 (2) <u>(8,500)(2)</u> 901,500	<b>W16</b> Investment Income due Investment Income receivable – Investment Income received Figure transferred to Balance Sheet
		••3,500 (1) <u>(2,000)(1)</u> 1,500
<b>W8</b> Stock of Finished Goods 31/12/2015 + Goods on ‘Sale or Return’ basis [€8,500 ÷ 125 × 100] – Finished Goods written down Value w/o [€3,900 – €2,600] Figure transferred to Trading a/c	82,400 (2) 6,800 (2) <u>(1,300)(2)</u> 87,900	<b>W17</b> Debenture Interest Debenture Interest charge for the year [8% of €120,000] (full year) Figure transferred to Profit & Loss a/c
		••9,600 (2) <u>•9,600 (2)</u> 9,600
<b>W9</b> Administration Expenses + Deb. Interest error [€3,500 – €3,200] – Discount Allowed error Figure transferred to Profit & Loss a/c	32,400 (2) 300 (2) <u>(400)(2)</u> 32,300	<b>W18</b> Debenture Interest due Debenture Interest payable – Debenture Interest paid [€3,500 – €300] Figure transferred to Balance Sheet
		••9,600 (1) <u>(3,200)(1)</u> 6,400
		<b>W19</b> Creditors – Payment understated [€870 – €780] Figure transferred to Balance Sheet
		24,600 (2) <u>(90)(2)</u> 24,510
		<b>W20</b> Bank + Payment understated [€870 – €780] – Credit Transfer (bankrupt debtor) Figure transferred to Balance Sheet
		21,200 (2) 90 (1) <u>(600)(1)</u> 20,690

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- Accept correct figure only.