## SECTION 1 (120 marks)

## Answer Question 1 OR any TWO other questions

## 1. Company Final Accounts including a Manufacturing Account

Dextro Ltd., a manufacturing firm, has an Authorised Capital of €750,000, divided into 450,000 Ordinary Shares at €1 each and 300,000 9% Preference Shares €1 each.

The following Trial Balance was extracted from its books on 31/12/2008:

	€	€
Factory Land and Buildings (cost €480,000)	454,000	
Plant and Machinery (cost €132,000)	97,000	
Profit and Loss Balance 1/1/2008		20,700
Stocks on hand at 1/1/2008		
Finished Goods	19,200	
Raw Materials	23,900	
Work in Progress	16,400	
Sales		689,500
General Factory Overheads (incorporating suspense)	46,300	
Purchases of Raw Materials	378,800	
Sale of Scrap Materials		6,500
Hire of Special Equipment	7,500	
Debtors and Creditors	48,300	21,400
Interim dividends (3 months)	12,500	
Bank		16,500
Discount (net)		6,200
Direct Factory Wages	102,000	
9% Debenture (including €60,000 issued on 1/5/2008)		150,000
VAT		3,000
Issued Share Capital – Ordinary Shares		190,000
<ul><li>– 9% Preference Shares</li></ul>		180,000
Selling and Distribution Expenses	48,300	
Administration Expenses	29,600	
	1,283,800	1,283,800

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

(i) Stocks on hand at 31/12/2008: €
Finished Goods 16,600
Raw Materials 25,100
Work in Progress 18,200

- (ii) No record has been made in the books for raw materials costing €8,500 which were in transit on 31/12/2008. The invoice for these goods had been received.
- (iii) Included in the figure for sales is  $\[ \in \] 2,000$  received from the sale of an old machine on 31/3/2008. This machine had cost  $\[ \in \] 15,000$  on 1/10/2004. The cheque had been entered in the bank account. This was the only entry made in the books.
- (iv) The Suspense figure arises as a result of discount allowed €1,200 entered only in the Discount account.
- (v) It was discovered that Finished Goods, which cost €8,400 to produce, were invoiced to a customer on a "sale or return basis". These goods had been entered in the books as a credit sale at cost plus 20%.
- (vi) During 2008, Dextro Ltd. built an extension to its warehouse. The work was carried out by the company's own employees. The cost of their labour €32,000 is included in factory wages. The materials, costing €18,000, were taken from stocks. No entry was made in the books in respect of this extension.
- (vii) Depreciation is to be provided on Fixed Assets as follows:

Plant and Machinery – 20% of cost per annum, from date of purchase to date of sale.

Factory Buildings – 2% of cost per annum for a full year (land at cost on 1/1/2008 was €60,000).

At the end of 2008 the company re-valued the land and buildings at €620,000.

- (viii) The directors are proposing that:
  - a) The Preference dividend due be paid.
  - b) The total Ordinary dividend for the year should be 11c per share.
  - c) Provision should be made for Debenture Interest.
  - d) Corporation Tax of €12,000 be provided for.

## You are required to prepare a:

(a) Manufacturing, Trading and Profit and Loss accounts for the year ended 31/12/2008. (75)

**(b)** Balance Sheet as at 31/12/2008.

(120 marks)

(45)