



Dublin Examinining Board

Pre-Leaving Certificate Examination, 2009

Accounting

Higher Level Marking Scheme (400 marks)

1. Company Final Accounts including a Manufacturing Account (120)

(a) Manufacturing Account of Dextro Ltd. for the year ended 31/12/2008	(40)	(b) Balance Sheet of Dextro Ltd. as at 31/12/2008	(45)
	€	€	€
Stock of Raw Materials 1/1/2008	23,900 (2)	<u>Cost</u>	<u>Dep.</u>
Purchases of Raw Material (W1)	369,300 (7)	Land & Buildings	620,000 (2)
	393,200	Plant & Mach. (W13)	117,000 (2)
Less Stock of Raw Materials 31/12/2008 (W2)	(33,600)(4)	620,000 (2)	48,650 (5)
Cost of raw materials consumed	359,600	117,000 (2)	68,350
Hire of Special Equipment	7,500 (2)	<u>737,000</u>	<u>48,650</u>
Manufacturing Wages (W3)	70,000 (4)	<u>Current Assets</u>	688,350
Prime Cost	437,100	Stocks: Raw Materials	33,600 (2)
		Work in Progress	18,200 (2)
<u>Factory Overheads</u>		Finished Goods	25,000 (2)
General Factory Overheads (W4)	47,500 (4)	Debtors (W14)	76,800
Deprec: Plant & Machinery (W5)	24,150 (3)	37,020 (5)	113,820
Buildings (W6)	9,400 (3)	<u>Creditors: amounts falling</u>	
Factory Cost	518,150	<u>due within 1 year</u>	
Add Work in Progress 1/1/2008	16,400 (2)	Creditors (W15)	29,900 (3)
	534,550	VAT	3,000 (2)
Less Work in Progress 31/12/2008	(18,200)(2)	Debenture Int. due (W10)	11,700 (3)
	516,350	Taxation	12,000 (2)
Less Sale of Scrap Materials	(6,500)(2)	Bank	16,500 (2)
Add Loss on Sale of Machinery (W7)	2,500 (4)	Dividends due (W12)	24,600 (5)
Cost of Manufacture	*512,350 (1)	(97,700)	
		Net Current Assets	16,120
Trading, Profit & Loss Accounts of Dextro Ltd.		Total Assets less Current Liabilities	<u>704,470</u>
for the year ended 31/12/2008	(35)	Financed by:	
€	€	<u>Creditors: amounts falling</u>	
Sales (W8)	677,420 (7)	<u>due after 1 year</u>	
		9% Debentures	150,000 (1)
<u>Less Cost of Sales</u>		<u>Capital and Reserves</u>	<u>Auth'd.**</u>
Stock of Finished Goods 1/1/2008	19,200 (2)	Ordinary Shares @ €1	450,000
Cost of goods produced	512,350 (1)	9% Pref. Shares @ €1	300,000
Total available for sale	531,550	750,000	180,000 (1)
Less Stock of Fin. Goods 31/12/2008 (W9)	(25,000)(4)	Reval. Reserve a/c (W16)	125,400 (5)
Cost of Goods Sold	(506,550)	Profit & Loss Balance 31/12/2008	59,070
Gross Profit	170,870	Capital Employed	<u>704,470</u>
		* Accept correct figure only.	
<u>Less Expenses</u>		** Penalise 1 mark for omission of each of these headings.	
<u>Administration Expenses**</u>			
Administration Expenses	29,600 (2)		
<u>Selling & Distribution Expenses**</u>			
Selling & Distribution Expenses	48,300 (2)		
	(77,900)		
	92,970		
Discount (net)	6,200 (3)		
Operating Profit	99,170		
Debenture Interest due (W10)	(11,700)(4)		
Net Profit before Taxation	87,470		
Taxation on profit	(12,000)(2)		
Profit after Taxation	75,470		
Interim dividends (4,050 + 8,450) (W11)	12,500 (2)		
Proposed dividends (12,150 + 12,450) (W12)	24,600 (2)		
Retained Profit	38,370		
Profit and Loss Balance 1/1/08	20,700 (2)		
Profit and Loss Balance 31/12/08	*59,070 (2)		



Workings	€	€	
W1 Purchases of Raw Materials	378,800 (1)	W9 Stock of Finished Goods 31/12/2008	16,600 (1)
+ Raw materials in transit 31/12/2008	8,500 (3)	+ Goods on "sale or return basis"	<u>8,400 (3)</u>
– Materials used in building	<u>(18,000)(3)</u>	Figure transferred to Trading a/c	25,000
Figure transferred to Manufacturing a/c	369,300		
W2 Stock of Raw Materials 31/12/2008	25,100 (1)	W10 Debenture Interest due	
+ Raw materials in transit 31/12/2008	<u>8,500 (3)</u>	9% of €90,000	8,100 (2)
Figure transferred to Manufacturing a/c	33,600	9% of €60,000 × 8/12 (8 months)	<u>3,600 (2)</u>
		Figure transferred to Profit & Loss a/c	11,700
W3 Manufacturing Wages	102,000 (1)	W11 Interim Dividend	
– Building wages	<u>(32,000)(3)</u>	Dividends paid to date	12,500 (2)
Figure transferred to Manufacturing a/c	70,000	Preference: 9% of €180,000 × 3/12	<u>4,050</u>
		Ordinary: dividend paid	8,450
W4 General Factory Overheads	46,300 (1)	W12 Proposed Dividends	
+ Suspense (discount omitted)	<u>1,200 (3)</u>	Preference:	
Figure transferred to Manufacturing a/c	47,500	Total for year: 9% of €180,000	16,200
		– Dividends paid to date	<u>4,050</u>
W5 Depreciation: Plant and Machinery		Proposed dividend to be paid	12,150
Plant and Machinery (cost)	132,000 (1)	Ordinary:	
– Disposal of machinery (cost at 1/10/2004)	<u>15,000 (1)</u>	Total for year: €190,000 × 0.11	20,900
	117,000	– Dividends paid to date	<u>8,450</u>
Depreciation charge for year:		Proposed dividend to be paid	<u>12,450</u>
20% of €117,000	23,400 (2)	Proposed dividends due	24,600 (2)
20% of €15,000 × 3/12	<u>750 (2)</u>		
Figure transferred to Manufacturing a/c	24,150	W13 Accumulated Depreciation 31/12/2008	
		Acc. Depreciation 1/1/2008 (132,000 – 97,000)	35,000 (1)
W6 Depreciation: Buildings		+ Depreciation charge for year	24,150 (2)
Factory Land and Buildings (cost)	480,000	+ Depreciation on disposed machine	<u>(10,500)(2)</u>
+ Building wages	32,000	Figure transferred to Balance Sheet	48,650
+ Materials used in building	<u>18,000</u>		
	530,000	W14 Debtors 31/12/2008	48,300 (1)
Land at cost 1/1/2008	<u>(60,000)</u>	– Discount allowed omitted	(1,200)(2)
	470,000	– Goods on "sale or return basis"	<u>(10,080)(2)</u>
Depreciation:		Figure transferred to Balance Sheet	37,020
2% of €470,000	<u>9,400 (3)</u>	W15 Creditors 31/12/2008	21,400 (1)
Figure transferred to Manufacturing a/c	9,400	Add Raw materials in transit	<u>8,500 (2)</u>
		Figure transferred to Balance Sheet	29,900
W7 Loss on Sale of Old Machinery		W16 Revaluation Reserve 31/12/2008	
Depreciation to date:		Increase in buildings	90,000 (1)
20% of €15,000 × 3/12 (3 months)	750	Add Depreciation at 1/1/2008	9,400 (2)
20% of €15,000 × 3 years	9,000	Add Depreciation charge for 2008	<u>26,000 (2)</u>
20% of €15,000 × 3/12 (3 months)	<u>750</u>	Figure transferred to Balance Sheet	125,400
	10,500		
Book value (€15,000 – €10,500)	4,500		
– Sale of machine	<u>2,000</u>		
Loss on Sale of Old Machinery	2,500 (4)		
W8 Sales	689,500 (1)		
– Goods on "sale or return basis"	(10,080)(3)		
– Sale of Old Machinery	<u>(2,000)(3)</u>		
Figure transferred to Trading a/c	677,420		