

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

(i)	Stocks on hand at 31/12/2017:	Finished Goods	€65,000
		Raw Materials	€25,100
		Work in Progress	€15,400

The figure for finished goods includes stock which cost €5,400 but now has a realisable value of €3,600.

- (ii) Included in the figure for sale of scrap materials is €2,500 received from the sale of an old machine on 31/03/2017. This machine had cost €16,000 on 01/07/2012.
- (iii) Provide for depreciation on Plant and Machinery at the annual rate of 10% of cost from the date of purchase to the date of sale.
- (iv) The Suspense figure arises as a result of Discount Allowed €1,150 entered only in the debtors account and €3,000 paid towards PAYE, PRSI and USC entered only in the bank account.
- (v) It was discovered that finished goods had been sent to a customer on 31/12/2017 on a 'sale or return' basis. These goods had been entered in the books as a credit sale of €12,000, which is a mark-up on cost of 20%.
- (vi) The figure for Bank in the Trial Balance has been taken from the firm's records. However, a bank statement dated 31/12/2017 has arrived showing an overdraft of €55,100. A comparison of the bank account and the bank statement has revealed the following discrepancies:
 - 1. A cheque for €600 received from a debtor has been dishonoured. This had not been entered in the books.
 - 2. Investment income of €1,000 has been paid directly into the firm's bank account.
 - 3. A cheque of €4,000 issued to a director has not yet been presented for payment.
- (vii) The figure for Advertising is for an 18-month campaign which began on 01/09/2017.
- (viii) During 2017 Gill Ltd built an extension to its factory. The work was carried out by the company's own employees. The cost of their labour €15,000 is included in factory wages. The materials, costing €65,000, were taken from stocks. No entry had been made in the books in respect of this extension.
- (ix) Provision should be made for the following:
 - 1. Investment income due and Debenture interest due.
 - 2. The creation of a provision for bad debts equal to 4% of debtors.

You are required to:

- (a) Prepare a Manufacturing, Trading and Profit and Loss Account for the year ended 31/12/2017. (75)
- (b) Prepare a Balance Sheet as at 31/12/2017. (45)

(120 marks)