

## 1. Company Final Accounts including a Manufacturing Account

(120)

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

<b>Manufacturing Account (of Gill Ltd)</b> for the year ended 31/12/2017 (1) (35)			<b>Balance Sheet (of Gill Ltd)</b> as at 31/12/2017 (45)		
	€	€	€	€	€
Stock of Raw Materials 01/01/2017		36,200 (1)	<u>Cost</u>	<u>Dep.</u>	<u>NBV</u>
Purchases of Raw Materials <b>W1</b>	397,400 (3)		<u>Intangible Fixed Assets</u>		
Carriage on Raw Materials	3,600 (2)	401,000	Patents		24,000 (2)
		437,200	<u>Tangible Fixed Assets</u>		
Less Stock of Raw Materials 31/12/2017		(25,100) (1)	Fact. Buildings <b>W19</b>	1,430,000 (3)	40,000 (1)
Cost of Raw Materials Consumed		412,100	Plant & Mach. <b>W6, 7</b>	224,000 (2)	70,200 (3)
<u>Direct Costs</u>				1,154,000	1,153,800
Factory Wages <b>W2</b>	150,600 (3)		<u>Financial Fixed Assets</u>		
Hire of Special Equipment	22,300 (2)		3% Investments		200,000 (2)
Royalty Payments	11,200 (2)	184,100			1,767,800
<b>Prime Cost</b>		596,200	<u>Current Assets</u>		
<u>Factory Overheads</u>			Stocks 31/12/2017		
General Factory Overheads <b>W3</b>	70,950 (5)		Raw Materials	25,100 (1)	
Deprec: Plant & Machinery <b>W4</b>	22,800 (4)		Work in Progress	15,400 (1)	
Loss on Sale of Machinery <b>W5</b>	5,900 (4)	99,650	Fin. Goods <b>W10</b>	73,200 (2)	113,700
<b>Factory Cost</b>		695,850	Advertising prepaid <b>W12</b>	2,800 (1)	
Add Work in Progress 01/01/2017		23,100 (2)	Debtors <b>W13</b>	34,800 (5)	
Less Work in Progress 31/12/2017		(15,400) (2)	Less Provision for		
		703,550	Bad Debts <b>W14</b>	(1,392) (1)	33,408
Less Sale of Scrap Materials <b>W8</b>		(3,100) (3)	Investment Income due <b>W17</b>	1,000 (4)	
<b>Cost of Manufacture</b>		700,450			150,908
			<u>Less Creditors: amounts falling due within 1 year</u>		
<b>Trading, Profit and Loss Account (of Gill Ltd)</b> for the year ended 31/12/2017 (40)	€	€	Creditors	39,800 (2)	
Sales <b>W9</b>		1,443,000 (3)	Debtors Interest due <b>W18</b>	19,500 (2)	
<u>Less Cost of Sales</u>			Bank (Overdraft) <b>W20</b>	59,100 (3)	
Stock of Fin. Goods 01/01/2017	37,500 (2)		PAYE, PRSI and USC <b>W21</b>	77,000 (3)	
Cost of Manufacture	700,450 (2)			(195,400)	
Cost of Goods Available for Sale	737,950		Net Current Assets		(44,492)
Less Stock of Fin. Gds. 31/12/2017 <b>W10</b>	(73,200) (5)		<b>Total Net Assets</b>		1,723,308
Cost of Goods Sold		(664,750)	<u>Financed by:</u>		
<b>Gross Profit</b>		778,250	<u>Creditors: amounts falling due after more than 1 year</u>		
<u>Less Expenses</u>			9% Debentures <b>W11</b>		250,000 (2)
Administration Expenses <b>W11</b>	38,200 (2)		<u>Capital and Reserves</u>	<u>Auth'd.</u>	<u>Issued</u>
Selling & Distribution Expenses <b>W11</b>			Ord. Shares @ €1	700,000 (1)	650,000 (1)
Selling Expenses <b>W11</b>	27,900 (3)		5% Pref. Shares @ €1	250,000 (1)	150,000 (1)
Advertising <b>W12</b>	800 (3)			950,000	800,000
Provision for Bad Debts <b>W14</b>	1,392 (3)	(68,292)	Profit & Loss Balance	673,308 (1)	1,473,308
		709,958	<b>Capital Employed</b>		1,723,308
<u>Operating Income</u>					
Discount (Net) <b>W15</b>	7,250 (3)				
Rent	16,700 (2)	23,950			
Operating Profit		733,908			
Investment Income <b>W16</b>		3,500 (2)			
Debtors Interest <b>W18</b>		(19,500) (2)			
<b>Net Profit</b>		717,908			
Less Dividends paid		(22,600) (2)			
Retained Profit		695,308			
Profit and Loss balance 01/01/2017		(22,000) (2)			
Profit and Loss balance 31/12/2017		673,308 (4)			

•• 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 for the omission of total cost figure for 'Fixed Assets' in the Balance Sheet.

■ Deduct 1 mark if '9% 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	462,400 (1)	<b>W11</b> Selling Expenses	26,400 (1)
– Materials used in factory extension	<u>(65,000)(2)</u>	+ Investment Income incorporated	
Figure transferred to Manufacturing a/c	397,400	[3% of €200,000 × 3/12]	<u>1,500 (2)</u>
		Figure transferred to Profit & Loss a/c	27,900
<b>W2</b> Factory Wages	165,600 (1)	<b>W12</b> Advertising	3,600 (1)
– Wages used in factory extension	<u>(15,000)(2)</u>	– Advertising prepaid 31/12/2017	
Figure transferred to Manufacturing a/c	150,600	[€3,600 × 14/18]	<u>(2,800)(2)</u>
		Figure transferred to Profit & Loss a/c	800
<b>W3</b> General Factory Overheads	75,100 (1)	Figure transferred to Balance Sheet	••2,800 (1)
– Discount Allowed error	<u>(1,150)(2)</u>		
– PAYE, PRSI and USC	<u>(3,000)(2)</u>	<b>W13</b> Debtors	46,200 (1)
Figure transferred to Manufacturing a/c	70,950	– Goods on 'Sale or Return' basis	<u>(12,000)(2)</u>
		+ Dishonoured cheque	<u>600 (2)</u>
<b>W4</b> Depreciation: Plant and Machinery		Figure transferred to Balance Sheet	34,800
Depreciation charge for year		<b>W14</b> Provision for Bad Debts	
[10% of (€240,000 – €16,000)]	22,400 (2)	New provision [4% of €34,800]	<u>1,392</u>
[10% of €16,000 × 3/12] (3 months)	<u>400 (2)</u>	Figure transferred to Profit & Loss a/c	••1,392 (3)
Figure transferred to Manufacturing a/c	22,800	Figure transferred to Balance Sheet	••1,392 (1)
<b>W5</b> Loss on Sale of Machinery		<b>W15</b> Discount (Net)	8,400 (1)
Depreciation to date:		– Discount Allowed error	<u>(1,150)(2)</u>
[10% of €16,000 × 6/12] (6 months)	800	Figure transferred to Profit & Loss a/c	7,250
[10% of €16,000 × 4] (4 years)	6,400	<b>W16</b> Investment Income	
[10% of €16,000 × 3/12] (3 months)	<u>400</u>	Income receivable for 7 months	
Total depreciation to date of sale	7,600	[3% of €200,000 × 7/12]	<u>3,500 (2)</u>
Book value on date of sale		Figure transferred to Profit & Loss a/c	3,500
Cost of Old Machinery	16,000 (1)	<b>W17</b> Investment Income due	
– Depreciation to date	<u>(7,600)(2)</u>	Investment Income receivable	••3,500 (1)
Payment received	<u>(2,500)(1)</u>	– Investment Income incorporated	
Figure transferred to Manufacturing a/c	5,900	in Selling Expenses	
		[3% of €200,000 × 3/12]	<u>(1,500)(2)</u>
<b>W6</b> Plant and Machinery		– Investment Income received in bank	<u>(1,000)(1)</u>
Cost of Plant & Machinery (01/01/2017)	240,000 (1)	Figure transferred to Balance Sheet	1,000
– Disposal of Machinery (cost 01/07/2012)	<u>(16,000)(1)</u>		
Figure transferred to Balance Sheet	224,000	<b>W18</b> Debenture Interest	
		Debenture Interest charge for the year	
<b>W7</b> Depreciation: Plant and Machinery		[9% of €200,000] (full year)	18,000 (1)
Accumulated Depreciation at 01/01/2017	55,000 (1)	[9% of €50,000 × 4/12] (4 months)	<u>1,500 (1)</u>
+ Depreciation charge for year	••22,800 (1)	Figure transferred to Profit & Loss a/c	19,500
– Depreciation of mach. to date of sale	••(7,600)(1)	Figure transferred to Balance Sheet	••19,500 (2)
Figure transferred to Balance Sheet	70,200	<b>W19</b> Factory Buildings	
<b>W8</b> Sale of Scrap Materials	5,600 (1)	Cost of Factory Buildings (01/01/2017)	1,350,000 (1)
– Payment for old machinery	<u>(2,500)(2)</u>	+ Materials used in extension	65,000 (1)
Figure transferred to Manufacturing a/c	3,100	+ Direct Wages used in extension	<u>15,000 (1)</u>
<b>W9</b> Sales	1,455,000 (1)	Figure transferred to Balance Sheet	1,430,000
– Goods on 'Sale or Return' basis	<u>(12,000)(2)</u>	<b>W20</b> Bank (Overdraft)	59,500 (1)
Figure transferred to Trading a/c	1,443,000	+ Dishonoured cheque	600 (1)
<b>W10</b> Stock of Finished Goods 31/12/2017	65,000 (1)	– Investment Income received in bank	<u>(1,000)(1)</u>
– Finished Goods written down		Figure transferred to Balance Sheet	59,100
Value w/o [€5,400 – €3,600]	<u>(1,800)(2)</u>	<b>W21</b> PAYE, PRSI and USC	80,000 (1)
+ Goods on 'Sale or Return' basis		– Payment omitted in error	<u>(3,000)(2)</u>
[€12,000 ÷ 120 × 100]	<u>10,000 (2)</u>	Figure transferred to Balance Sheet	77,000
Figure transferred to Trading a/c	73,200		
Figure transferred to Balance Sheet	••73,200 (2)		

• Allow 1 mark for student's own figure.

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