

## Question 1

**Manufacturing Account of Marjam Ltd for the year ended 31/12/2012 [1]**

|                                       |     | €            |     | €                       |
|---------------------------------------|-----|--------------|-----|-------------------------|
| Opening stock of raw materials        |     |              |     | 34,400 [1]              |
| Purchases of raw materials            | W 1 |              |     | 991,600 [4]             |
| Carriage on raw materials             |     |              |     | 4,600 [2]               |
|                                       |     |              |     | <u>1,030,600</u>        |
| Less Closing stock of raw materials   |     |              |     | <u>(35,700) [1]</u>     |
| <b>Cost of raw materials consumed</b> |     |              |     | <b>994,900</b>          |
| <b>Direct Costs:</b>                  |     |              |     |                         |
| Factory wages                         | W 2 | 178,800      | [2] |                         |
| Hire of special equipment             |     | <u>6,100</u> | [2] | <u>184,900</u>          |
| <b>Prime Costs</b>                    |     |              |     | <b>1,179,800</b>        |
| <b>Factory Overheads:</b>             |     |              |     |                         |
| General factory overheads             |     | 31,400       | [2] |                         |
| Depreciation - Plant and machinery    | W 3 | 29,325       | [3] |                         |
| Repairs to plant and machinery        | W 4 | 2,000        | [2] |                         |
| Loss on sale of machine               | W 5 | <u>500</u>   | [4] | <u>63,225</u>           |
| <b>Factory cost</b>                   |     |              |     | <b>1,243,025</b>        |
| Add Work in progress 1/1/2012         |     |              |     | 23,700 [2]              |
| Less Work in progress 31/12/2012      |     |              |     | <u>(27,400) [2]</u>     |
|                                       |     |              |     | <u>1,239,325</u>        |
| Less Sale of scrap materials          |     |              |     | <u>(3,000) [2]</u>      |
| <b>Cost of manufacture</b>            |     |              |     | <b><u>1,236,325</u></b> |

**Trading and Profit and Loss Account for the year ending 31/12/2012**

|   |     | €             |                  | €             |  | €                         |
|---|-----|---------------|------------------|---------------|--|---------------------------|
| Sales                                     | W6  |               |                  |               |  | 1,533,000 [6]             |
| Less Cost of Sales                        |     |               |                  |               |  |                           |
| Opening stock of finished goods           |     |               | 69,500           | [2]           |  |                           |
| Cost of manufacture                       |     |               | <u>1,236,325</u> | [2]           |  |                           |
|   |     |               | 1,305,825        |               |  |                           |
| Less Closing stock finished goods         | W7  |               | <u>(82,500)</u>  | [6]           |  | <u>(1,223,325)</u>        |
| <b>Gross Profit</b>                       |     |               |                  |               |  | <b>309,675</b>            |
| <b>Less Expenses</b>                      |     |               |                  |               |  |                           |
| <b>Administration</b>                     |     |               |                  |               |  |                           |
| Administration expenses                   | W8  |               | 26,900           | [6]           |  |                           |
| <b>Selling and Distribution</b>           |     |               |                  |               |  |                           |
| Provision for bad debts                   | W9  | 3,704         | [3]              |               |  |                           |
| Bad debts written off                     | W10 | 3,200         | [2]              |               |  |                           |
| Selling expenses                          | W11 | <u>36,300</u> | [4]              | <u>43,204</u> |  | <u>(70,104)</u>           |
|   |     |               |                  |               |  | 239,571                   |
| <b>Add Operating Income</b>               |     |               |                  |               |  |                           |
| Discount                                  |     |               |                  |               |  | <u>8,400</u> [2]          |
| <b>Operating profit</b>                   |     |               |                  |               |  | <b>247,971</b>            |
| Investment Income                         | W12 |               |                  |               |  | <u>13,600</u> [2]         |
|   |     |               |                  |               |  | 261,571                   |
| Less Debenture interest                   | W13 |               |                  |               |  | <u>(18,000)</u> [2]       |
| <b>Net Profit</b>                         |     |               |                  |               |  | <b>243,571</b>            |
| Less Dividends paid                       |     |               |                  |               |  | <u>(59,000)</u> [1]       |
| Retained Profit                           |     |               |                  |               |  | 184,571                   |
| Less Profit and Loss balance 1/1/2012     |     |               |                  |               |  | <u>(18,100)</u> [2]       |
| <b>Profit and Loss balance 31/12/2012</b> |     |               |                  |               |  | <b><u>166,471</u></b> [5] |

## Question 1

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### Balance Sheet as at 31/12/2012

|  | Cost<br>€          | Acc.Dep<br>€       | Net<br>€           | Total<br>€         |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Intangible Fixed Assets</b>                                 |                    |                    |                    |                    |
| Patents  |                    |                    |                    | 22,600 [2]         |
| <b>Tangible Fixed Assets</b>                                   |                    |                    |                    |                    |
| Buildings  | 880,000 [2]        | 60,000 [1]         | 820,000            |                    |
| Plant & machinery W14 & 15                                     | <u>301,000</u> [2] | <u>107,825</u> [3] | <u>193,175</u>     |                    |
|  | <u>1,181,000</u>   | <u>167,825</u>     | <u>1,013,175</u>   | 1,013,175          |
| <b>Financial Assets</b>  |                    |                    |                    |                    |
| 4% Investments   |                    |                    |                    | <u>340,000</u> [2] |
|  |                    |                    |                    | 1,375,775          |
| <b>Current Assets</b>  |                    |                    |                    |                    |
| Stock Raw materials  | 35,700 [2]         |                    |                    |                    |
| Work in progress   | 27,400 [2]         |                    |                    |                    |
| Finished goods   | <u>82,500</u> [2]  | 145,600            |                    |                    |
| Debtors W16  | 92,600 [6]         |                    |                    |                    |
| Less provision   | <u>(3,704)</u> [1] | 88,896             |                    |                    |
| Investment income due  |                    | <u>10,200</u> [2]  | 244,696            |                    |
| <b>Less Creditors: amounts falling due within one year</b>     |                    |                    |                    |                    |
| Creditors W17  |                    | 98,380 [4]         |                    |                    |
| Bank W18   |                    | 40,020 [4]         |                    |                    |
| Universal social charge  |                    | 2,100 [2]          |                    |                    |
| Debenture interest due   |                    | <u>13,500</u> [2]  | <u>(154,000)</u>   | <u>90,696</u>      |
|  |                    |                    |                    | <u>1,466,471</u>   |
| <b>Financed by</b>   |                    |                    |                    |                    |
| <b>Creditors: amounts falling due after more than one year</b> |                    |                    |                    |                    |
| 9% Debentures  |                    |                    |                    | 200,000 [2]        |
| <b>Capital and Reserves</b>                                    |                    | <b>Authorised</b>  | <b>Issued</b>      |                    |
| Ordinary shares @ €1 each                                      |                    | 1,000,000 [1]      | 600,000 [1]        |                    |
| 10% Preference shares @ €1 each                                |                    | <u>800,000</u> [1] | <u>500,000</u> [1] |                    |
|  |                    | <u>1,800,000</u>   | 1,100,000          |                    |
| Profit and Loss balance  |                    |                    | <u>166,471</u>     | <u>1,266,471</u>   |
| <b>Capital Employed</b>  |                    |                    |                    | <u>1,466,471</u>   |

### Question 1 - Workings

|     |                                       |  |                                  |
|-----|---------------------------------------|--|----------------------------------|
| 1.  | Purchases Raw Materials               | $1,035,000 - 400 - 43,000$                                     | 991,600                          |
| 2.  | Wages                                 | $180,400 - 1,600$  | 178,800                          |
| 3.  | Depreciation plant and machinery      | $25,000 + 500 + 3,825$<br>$27,000 + 2,325$<br>$6,750 + 22,575$ | 29,325                           |
| 4.  | Repairs plant and machinery           | $1,600 + 400$  | 2,000                            |
| 5.  | Loss on sale of machinery             | $[20,000 - 11,500] - 8,000$                                    | 500                              |
| 6.  | Sales                                 | $1,540,000 - 6,000 - 1,000$                                    | 1,533,000                        |
| 7.  | Closing stock - Finished goods        | $79,400 - 1,900 + 5,000$                                       | 82,500                           |
| 8.  | Administration                        |  | $27,600 + 300 - 1,000$<br>26,900 |
| 9.  | Provision for bad debts               | $4\% \times 92,600$  | 3,704                            |
| 10. | Bad debts                             | $4,000 - 800$  | 3,200                            |
| 11. | Selling expenses                      | $32,900 + 3,400$   | 36,300                           |
| 12. | Investment Income                     | $4\% \times 340,000$   | 13,600                           |
|     | $3,400 + 10,200$                      |  |                                  |
| 13. | Debenture Interest                    | $9\% \times 200,000$   | 18,000                           |
|     | Debenture Interest due                |  | 13,500                           |
| 14. | Plant & machinery at cost             | $270,000 + [51,000 - 20,000]$                                  | 301,000                          |
| 15. | Provision for Dep – Plant & machinery | $90,000 + 29,325 - 11,500$                                     | 107,825                          |
| 16. | Debtors                               | $102,600 - 4,000 - 6,000$                                      | 92,600                           |
| 17. | Creditors                             | $98,200 + 180$   | 98,380                           |
| 18. | Bank account [o/d]                    | $41,000 - 180 - 800$   | 40,020                           |
|     |                                       | $39,720 + 300$   | 40,020                           |

**Penalties:** 1 mark for the omission of expense heading 'Selling and Distribution'  
1 mark for the omission of 'Total Cost' figure for fixed assets