6. Published Accounts

Singh plc has an authorised capital of €850,000 divided into 600,000 ordinary shares at €1 each and 250,000 9% preference shares at €1 each. The following Trial Balance was extracted from its books on 31/12/2012:

	€	€
Vehicles at cost	310,000	
Vehicles – Accumulated Dep. on 01/01/2012		74,000
Investment Income		4,600
Buildings at cost	750,000	
Buildings – Accumulated Dep. on 01/01/2012		71,300
Debtors and Creditors	134,000	99,000
8% Investments	230,000	
Stock at 01/01/2012	82,000	
Patents at 01/01/2012	24,000	
Administrative expenses	194,000	
Distribution costs	112,000	
Purchases and Sales	1,050,000	1,680,000
Rental Income		41,000
7% Debentures 2017/2018		240,000
Profit on Sale of Land		60,000
Bank	39,500	
VAT		32,300
Dividends paid	55,000	
Profit and Loss at 01/01/2012		61,000
Issued Capital		
Ordinary Shares		450,000
Preference Shares		150,000
Provision for Bad Debts		12,500
Debenture Interest Paid	11,200	
Commission		16,000
	2,991,700	2,991,700

The following information is relevant:

(i) Stock on 31/12/2012 is €94,000.

(ii) The patent was acquired on 01/01/2008 for €56,000. It is being amortised over 7 years in equal instalments. The amortisation is to be included in cost of sales.

(iii) Provide for debenture interest due, investment interest due, auditors' fees €7,500, directors' fees €15,900 and corporation tax €48,000.

(iv) Depreciation is to be provided on buildings at a rate of 2% straight line and is to be allocated 30% to distribution costs and 70% to administration expenses. There was no purchase or sale of buildings during the year. Vehicles are to be depreciated at the rate of 20% of cost.

(v) During the year land adjacent to the company's premises, which had cost €75,000 was sold for €135,000. At the end of the year the company revalued its buildings at €875,000. The company wishes to incorporate this value in this year's accounts.

(vi) Included in administrative expenses is the receipt of €15,000 for patent royalties.

Required:

(a) Prepare the Published Profit and Loss account for the year ended 31/12/2012 and a Balance Sheet as at that date, in accordance with the Companies Acts and appropriate accounting standards, showing the following notes:

1. Accounting policy note for tangible fixed assets and stock.
2. Operating profit.
3. Interest.
4. Tangible fixed assets. (85)

(b) (i) State how a company should deal with a Contingent Liability which is probable.

(ii) Describe an auditor's report that is 'qualified'. (15)

(100 marks)