

6. Published Accounts

Zodiac plc has an Authorised Capital of €950,000 divided into 650,000 Ordinary Shares at €1 each and 300,000 8% Preference shares at €1 each. The following Trial Balance was extracted from its books at 31/12/2008.

	€	€
Vehicles at cost	280,000	
Vehicles – Accumulated Dep. on 1/1/2008		112,000
Investment income		5,600
Buildings at cost	860,000	
Buildings – Accumulated Dep. on 1/1/2008		52,800
Debtors and Creditors	243,000	191,000
7% Investments	320,000	
Stock at 1/1/2008	81,000	
Patents at 1/1/2008	28,000	
Administrative expenses	212,000	
Distribution costs	198,000	
Purchases and Sales	1,340,000	2,005,000
Rental income		48,000
6% Debentures 2013/2014		300,000
Profit on sale of land		72,000
Bank	62,900	
VAT		66,000
Dividends paid	72,000	
Profit and Loss at 1/1/2008		84,000
Issued Capital		
Ordinary Shares		600,000
Preference Shares		150,000
Provision for bad debts		14,500
Debenture interest paid	15,000	
Patent Royalties		<u>11,000</u>
	<u>3,711,900</u>	<u>3,711,900</u>

The following information is relevant:

- (i) Stock 31/12/2008 is €89,000
- (ii) The Patent was acquired on 1/1/2004 for €84,000. It is being amortised over 6 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 €7,400, directors fees €40,000 and corporation tax €62,000.
- (iv) Depreciation is to be provided for on buildings, at a rate of 2% straight line and is to be allocated 40% distribution costs and 60% administrative 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 €60,000 was sold for €132,000. At the end of the year the company re-valued its buildings to €950,000. The company wishes to incorporate this value in this year's accounts.
- (vi) Included in administrative expenses is the receipt of €17,000 for discount.

You are required:

- (a) To prepare the published profit and loss account for the year 31/12/2008 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 payable
4. Tangible fixed assets

(85)

- (b) (i) State three items of information that must be included in a Director's Report.
- (ii) Explain the term "exceptional item" and give an example.

(15)

(100 marks)