

## 6. Published Accounts

Moorfields plc has an Authorised Capital of €850,000 divided into 550,000 Ordinary shares at €1 each and 300,000 6% Preference shares at €1 each. The following Trial Balance was extracted from its books at 31/12/2012.

	€	€
Vehicles at cost.....	260,000	
Vehicles – Accumulated Dep. on 1/1/2012.....		105,000
Investment income .....		4,200
Buildings at cost.....	880,000	
Buildings – Accumulated Dep. on 1/1/2012 .....		50,500
Debtors and Creditors.....	240,000	184,000
4% Investments .....	300,000	
Stock at 1/1/2012.....	72,000	
Patents at 1/1/2012 .....	36,000	
Administrative expenses .....	206,000	
Distribution costs.....	194,000	
Purchases and Sales.....	1,260,000	2,040,600
Rental income.....		64,000
5% Debentures 2017/2018 .....		200,000
Profit on sale of land .....		80,000
Bank .....	57,800	
VAT.....		74,000
Dividends paid.....	50,000	
Profit and Loss at 1/1/2012 .....		85,000
Issued Capital		
Ordinary Shares .....		500,000
Preference Shares.....		150,000
Provision for bad debts.....		12,500
Debenture interest paid.....	8,000	
Patent Royalties .....		14,000
	<u>3,563,800</u>	<u>3,563,800</u>

The following information is relevant:

- (i) Stock 31/12/2012 is €85,000
- (ii) The Patent was acquired on 1/1/2008 for €60,000. It is being amortised over 10 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 €6,500, directors fees €35,000 and corporation tax €60,000.
- (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 15% of cost.
- (v) During the year land adjacent to the company's premises, which had cost €70,000 was sold for €150,000. At the end of the year the company re-valued its buildings to €970,000. The company wishes to incorporate this value in this year's accounts.
- (vi) Included in administrative expenses is the receipt of €18,500 for discount.

**You are required:**

- (a) To prepare the published profit and loss account for the year 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 payable
  4. Tangible fixed assets (85)
- (b)
  - (i) Name the bodies/institutions that regulate the production, content and presentation of company financial statements.
  - (ii) What is an Audit? Explain a qualified auditor's report. (15)

**(100 marks)**