
QUESTION 1

120 Marks

Sole-trader

**Past Exam Questions & Dublin
Examination Board**

Past Exam Papers

2021	A. Kenny	Page 3 - 14
2020	S. Heighway	Page 15 - 25
2017	M. Mullen	Page 26 - 37
2014	M. McMahon	Page 38 - 46
2010	Nora O'Connell	Page 47 - 56
2008	Orla Doran	Page 57 - 67
2006	K. Kelly	Page 68 - 76

Dublin Examination Board

2020	Bob Dalton	Page 77 - 84
2017	Alan Ahern	Page 85 - 97
2014	Kate Acton	Page 98 - 107
2013	Philp Gavin	

2021

Past Paper

Question 1
Sole Trader

[A Kenny](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2021 - A. Kenny - Question

The following trial balance was extracted from the books of A. Kenny on 31/12/2020:

	€	€
Land and buildings (cost €900,000)	795,000	
Delivery vans (cost €380,000)	310,000	
Equipment at cost	178,800	
Discount (net)		4,700
5% Fixed Mortgage (including €50,000 issued on 31/03/2020)		280,000
3% Investments acquired on 01/08/2020	210,000	
Stock 01/01/2020	68,700	
Sales		1,797,300
Purchases	1,105,000	
Salaries and general expenses	135,800	
Advertising (incorporating suspense)	36,000	
Investment interest received		2,200
Drawings	60,000	
Rates	43,200	
PAYE, PRSI, USC		3,875
VAT		29,900
Bank		52,100
Mortgage interest paid for the first three months	2,375	

Debtors and creditors	97,300	68,600
Bad debts provision		3,500
Capital	<u> </u>	<u>800,000</u>
	<u>3,042,175</u>	<u>3,042,175</u>

The following information and instructions are to be taken into account:

- (i) Stock at cost on 31/12/2020 was €72,100. This figure includes damaged stock which cost €12,400 but which now has a net realisable value of 25% of cost.
- (ii) Goods were sent to a customer on a 'Sale or Return' basis on 31/12/2020. These goods were recorded in the books as a credit sale of €28,000 which is a mark-up on cost of 25%.
- (iii) Provide for depreciation on delivery vans at the annual rate of 20% of cost from the date of purchase to the date of sale.

Note: On 31/03/2020 a delivery van which had cost €42,000 on 30/09/2016 was traded in against a new van which cost €67,000. An allowance of €11,000 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.

- (iv) During 2020 a storeroom which cost €75,000 and stock which cost €24,000 were destroyed by fire. The insurance company has agreed to contribute €90,000 in compensation for the fire damage. No entry had been made in the books in respect of the fire.

A new storeroom was built by the business's own employees. The cost of their labour

€44,000 had been treated as a business expense and the materials costing €38,000 were taken from existing stock. No entry had been made in the books in respect of the new storeroom.

- (v) Buildings are to be depreciated at the rate of 2% of cost per annum (land at cost was €400,000). It was decided to revalue the land and buildings at €1,100,000 on 31/12/2020.
- (vi) The suspense figure arises as a result of the incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and a payment of €2,900 to creditors entered only in the bank account.
- (vii) The figure for bank in the trial balance has been taken from the business bank account. However, a bank statement dated 31/12/2020 has arrived showing an overdraft of €29,200. A comparison of the bank account and the bank statement revealed the following discrepancies:
 - 1. A credit transfer for €1,800 had been received on 31/12/2020 in respect of a debt of €2,500 previously written off as bad. The debtor has agreed to pay the remainder within two months. No entry was made in the books to record this transaction.
 - 2. A cheque for €18,700 issued to a supplier had been entered in the books (cash book and ledger) as €17,800.
 - 3. A cheque for €4,800 issued to a supplier had been returned. This had not been entered in the books.
 - 4. A cheque for advertising €17,200 has not been presented for payment.
- (viii) Provision should be made for the following:
 - 1. Investment income due and mortgage interest due.

(Note: 20% of mortgage interest for the year refers to the private section of the building.)

2. Provision for bad debts is to be adjusted to 6% of debtors.

Required:

- (a) Prepare a trading and profit and loss account for the year ended 31/12/2020. (75)
- (b) Prepare a balance sheet as at 31/12/2020. (45)
- (120)

2021 - A. Kenny - Marking Scheme

75

Trading and Profit and Loss Account of A Kenny for the year ended 31/12/2020 [1]

		€	€	€
Sales	W 1			1,769,300 [3]
Less Cost of Sales				
Opening stock			68,700 [3]	
Purchases	W2		987,000 [8]	
Less closing stock	W3		(85,200) [7]	(970,500)
Gross Profit				798,800
Less Expenses				
Distribution Costs				
Depreciation Motor Vehicles	W4	79,750 [4]		
Loss on sale of vehicle	W4	1,600 [4]		
Increase in bad debt provision	W5	700 [4]		
Advertising	W6	32,600 [7]	114,650	
Administration Expenses				
Depreciation Land & Buildings	W7	10,140 [4]		
Salaries & General Expenses	W8	91,800 [4]		

Loss on fire	W9	9,000	[3]		
Rates		43,200	[2]	154,140	<u>(268,790)</u>
					530,010
Add Operating Income					
Bad Debt Recovered	W5			2,500	[4]
Discount				4,700	[3]
Operating Profit					537,210
Investment Income	W10				2,625 [3]
					539,835
Less Mortgage Interest	W11				(10,700) [5]
Net profit					529,135 [6]

Balance Sheet of A. Kenny as at 31/12/2020

		Cost	Acc Dep	NBV
Tangible Fixed Assets				
Land & Buildings		1,100,000 [1]	-	1,100,000
Delivery Vans	W4	405,000 [2]	120,350 [3]	284,650
Equipment		178,800 [1]	-	178,800
		1,683,800	120,350	1,563,450
Financial Assets				
Investments 3%				210,000 [2]
				1,773,450
Current Assets				
Closing Stock	W3		85,200 [2]	
Debtors	W5	70,000 [4]		
Less Bad Debt Provision	W5	4,200 [1]	65,800	
Investment Income due	W10		425 [3]	
Insurance due			90,000 [1]	
			241,425	
Less Creditors: amounts falling due within 1 year				
Creditors	W12	69,600 [5]		
Bank	W13	46,400 [5]		
Vat		29,900 [2]		
Mortgage Interest due	W11	10,500 [3]		
PAYE PRSI USC		3,875 [2]	(160,275)	81,150
				1,854,600
Financed By				
Creditors: amounts falling due after 1 year				
5% Fixed Mortgage				280,000 [2]

Capital		800,000	[1]		
Revaluation Reserve	W14	308,140	[3]		
Profit & Loss 31/12/2020		<u>529,135</u>			
		1,637,275			
Less Drawings	W15	<u>(62,675)</u>	[2]	<u>1,574,600</u>	
Capital Employed				1,854,600	

Workings:			
1	Sales	1,797,300 - 28,000	1,769,300
2	Purchases	1,105,000 - 56,000 - 24,000 - 38,000	987,000
3	Closing Stock	72,100 - 9,300 + 22,400	85,200
4	Acc Dep: Delivery Vans	70,000 + 79,750 - 29,400	120,350
	Dep on Vans in P&L	19,000 + 60,750	
		or 2,100 + 67,600 + 10,050	79,750
	Delivery vans cost	380,000 + 67,000 - 42,000	405,000
	Loss on Disposal of Van	42,000 - 11,000 - 29,400	1,600
5	Debtors	97,300 - 28,000 + 700	70,000
	Bad Debt Provision	70,000 X .06	4,200
	Increase in Bad Debt Provision	3,500 - 4,200	700
	Bad debt recovered		2,500
6	Advertising	36,000 - 2,900 - 500	32,600
7	Depreciation - L&B	900,000 - 75,000 + 44,000 + 38,000	907,000
		(907,000 - 400,000) X .02	10,140
8	Salaries & General Expenses	135,800 - 44,000	91,800
9	Loss on fire		9,000
10	Investment Income	210,000 x .03 X 5/12	2,625
	Investment Income due	2,625 - 2,200	425
11	Mortgage Interest	2,875 + 10,500 = 13,375 - 2,675	10,700
		or 11,500 + 1,875 = 13,375 - 2,675	10,700
	Mortgage Interest due	13,375 - 2875	10,500
12	Creditors	68,600 - 2,900 - 900 + 4,800	69,600
13	Bank	52,100 + 900 - 1,800 - 4,800	46,400
		or 29,200 + 17,200	46,400
14	Revaluation Reserve	193,000 + 105,000 + 10,140	308,140
15	Drawings	60,000 + 2,675	62,675

2021 - A. Kenny - Adjustments

Working 1 - Closing stock

Cost	72100	Value	62800	
NRV	<u>12400</u>	So R	22400	
	59700		85200	T/ BS
	<u>3100</u>			CA
	<u><u>62800</u></u>			

Working 2 - Sale or Return

Sales	28000	125% =	28000
Debtors	28000	1% =	28000/125
Closing stock	22400		224
		100% =	224*100
			22400

Sales	1797300	
SoR	28000	
	1769300	T

Working 3 -

Debtors

Debtors	97300	Debtor	69300	
SoR	<u>28000</u>	Bad debt	700	
	<u>69300</u>		70000	BS CA

Working 4 - Dep on Vehicles

Vehicles			
Bal	380000	Disposal	42000
Bank	67000	Bal	405000
	447000		447000
Bal	405000		
	BS FA		

Acc Dep			
Disposal	29400	Bla	70000
Bal	120350	P & L	79750
	149750		149750
		Bal	120350
			BS FA

Disposal			
Vehicle	42000	Acc Dep	29400
		Allow	11000
		Loss	1600
	42000		42000

42000	* 20% * 3/12 =	2100
67000	* 20% * 9/12 =	10050
338000	* 20% =	67600
		<u>79750</u>

31.09.16 - 31.12.16	3
01.01.17 - 31.12.17	12
01.01.18 - 31.12.18	12
01.01.19 - 31.12.19	12
01.01.20 - 31.03.20	3
	<u>42</u>

42000 * 42/12 * 20%
29400

Working 5 - Purchases

Purchases	1105000	Purchases	1049000
Cheque	56000	Damage	-24000
	<u>1049000</u>	New	-38000
			<u>987000</u>

T

Working 6 - Damage Store Room

Buildings	-75000	Buildings	82000
Purchases	-24000	Wages	-44000

Insurance 90000

Purchases -38000

Buildings 900000

Damages -75000

825000

New Building 82000

907000

Working 7 - Insurance

90000 BS CA

Working 8 - P & L on damage

Insurance 90000

Buildings -75000

Purchases -24000

-9000 Exp (A)

Working 9 - Wages

Wages 135800

New -44000

91800 Exp (A)

Working 10 - Building Dep

Building 907000

Land 400000

507000

507000 * 2%

10140 Exp (A)

Working 11 - Revaluation

New value	1100000	BSFA
Value	<u>907000</u>	
	<u>193000</u>	

Revalue	193000	
dep 1.1	105000	
Dep 31.12	10140	
	308140	BS FB

Working 12 - Mortgage

50000 * 5% * 9/12	1875
230000 * 5%	<u>11500</u>
	<u>13375</u>

Paid	2375
Should	<u>2875</u>
	<u>500</u>

Interest	13375
Drawings	<u>2675</u>
	10700 Less OI

Working 13 - Mortgage Intertest Due

13375	
2875	
10500	BS CL

Working 14 - Creditors

Creditors	68600
Suspense	<u>2900</u>
	<u>65700</u>

Creditor	65700
Cheque	<u>900</u>
	<u>64800</u>

Creditor	64800
Cheque	<u>4800</u>
	69600 BS CL

Working 15 - Suspense

Advertising	36000
Creditors	-2900
Mortgage	-500
	32600 Exp (S & D)

Working 16 - Bank Account

1. Bad Debt Recovered

Bad Debt Recovered	2500	Increase (Create)
Bank	1800	Decrease OD
Debtor	700	Increase

Bad Debt **2500** Add OI

Working 17 - Bank Over-draft

Bank	52100	Bank	50300	Bank	51200
Bad Debt	1800	Cheque	900	Cheque	4800
	<u>50300</u>		<u>51200</u>	46400	BS CL

Working 18 - Incorrect

Cheque

Bank	900	Increase OD
Creditor	900	Decrease

Working 19 - Returned Cheque

Bank	4800	Decrease OD
Creditor	4800	Increase

Working 20 - Investment Income

210000 * 3% * 5/12

2625 Add OI

Working 21 - Investment income due

Income	2625
Paid	2200

425 BS CA

Working 22 - Drawings

60000

2675

62675 BS FB

Working 23 - Provision for Bad Debts

70000 * 6%

Old 3500

4200 BS FA

New 4200

Increase **700** Exp (S & D)

2020

Past Paper

Question 1
Sole Trader

[S. Heighway](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2020 - S. Heighway - Question

The following trial balance was extracted from the books of S. Heighway on 31/12/2019:

	€	€
Land and buildings (cost €795,000)	770,000	
Delivery vans (cost €250,000)	186,000	
Equipment at cost	128,800	
Purchases and sales	1,080,000	1,867,000
VAT		3,100
PAYE, PRSI, USC		3,450
Bank		48,800
Debtors and creditors	97,500	84,300
Salaries and general expenses, (incorporating suspense)	381,750	
Stock 01/01/2019	62,900	
Provision for bad debts		4,500
Mortgage interest paid for first three months	8,400	
Advertising	56,800	
Discount (net)		8,500
Drawings	50,000	
Investment interest received		2,500
Capital		750,000
6% Investments (01/07/2019)	250,000	
8% Fixed mortgage (including €60,000 issued on 01/04/2019)	<u> </u>	<u>300,000</u>
	<u>3,072,150</u>	<u>3,072,150</u>

The following information and instructions are to be taken into account:

- (i) Stock at cost on 31/12/2019 was €69,800. This figure includes water damaged stock which cost €10,600 but which now has a net realisable value of 15% of cost.
- (ii) No record has been made in the books for 'goods in transit' on 31/12/2019. The invoice for these goods was received showing the recommended retail selling price of €24,500, which is cost plus 25%.
- (iii) Provide for depreciation on delivery vans at the annual rate of 20% per annum on cost from the date of purchase to the date of sale.

NOTE: on 31/03/2019 a delivery van which had cost €48,000 on 31/10/2016 was traded in against a new van which cost €64,000. An allowance of €26,000 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.

- (iv) A new warehouse was purchased during the year for €90,000 plus VAT @ 13.5%. The amount paid to the vendor was entered in the land and buildings account. No entry was made in the VAT account.
- (v) Buildings are to be depreciated at the rate of 2% per annum on cost (land at cost was €500,000). It was decided to revalue the land and buildings at €900,000 on 31/12/2019.
- (vi) The suspense figure arises as a result of the incorrect figure for mortgage interest (although the correct entry had been entered in the bank account) and a VAT payment of €3,700 entered only in the bank account.
- (vii) The figure for bank in the trial balance has been taken from the business bank account. However, a bank statement dated 31/12/2019 has arrived showing an overdraft of €32,000. A comparison of the bank account and the bank statement has revealed the following discrepancies:
 - 1. A credit transfer for €1,000 had been received on 31/12/2019 in respect of a debt of €1,500 previously written off as bad. The debtor has agreed to pay the remainder within two months. No entry was made in the books to record this transaction.
 - 2. A cheque for €16,500 issued to a supplier had been entered in the books (cash book and ledger) as €15,600.
 - 3. A cheque for €2,500 issued to a supplier had been returned. This had not been entered in the books.
 - 4. A cheque for advertising €14,200 has not been presented for payment.
- (viii) Provide for both investment income due and mortgage interest due.

(Note: 20% of mortgage interest for the year is to be attributed to the private section of the building.)

- (ix) Provision for bad debts is to be adjusted to 4% of debtors.

Required:

- (a) Prepare the trading and profit and loss account of S. Heighway for the year ended

31/12/2019

(75)

(b) Prepare the balance sheet of S. Heighway as at 31/12/2019.

(45)

2021 - S. Heighway - Marking Scheme

75

Trading Profit and Loss Account of Heighway for the year ended 31/12/19 [1]

		€	€	€
Sales				1,867,000 [3]
Less cost of sales				
Opening stock			62,900 [3]	
Purchases	W2		1,061,600 [10]	
Less closing stock	W1		(80,390) [8]	(1,044,110)
Gross profit				822,890
Less Expenses				
Distribution Costs				
Dep. delivery vans	W3	52,400 [5]		
Advertising		56,800 [3]	109,200	
Administration Expenses				
Dep. land and buildings	W4	5,657 [6]		
Salaries and general exp.	W5	381,650 [8]	387,307	496,507
				326,383
Add operating Income				
Profit on sale of van	W6		1,200 [6]	
Bad debt recovered			1,500 [4]	

Discount		8,500	[2]	
Change in the BDP	W7	<u>580</u>	[4]	<u>11,780</u>
Operating profit				338,163
Investment income	W8			7,500 [4]
Mortgage interest	W9			<u>(18,240)</u> [5]
Net profit				<u>327,423</u> [3]

Balance Sheet of Heighway as at 31/12/2019

		Cost		Acc. Dep		NBV
Tangible Fixed Assets						
Land and buildings	W4	900,000				900,000 [1]
Delivery vans	W10	266,000	[3]	93,200	[3]	172,800
Equipment		<u>128,800</u>	[1]			<u>128,800</u>
		<u>1,294,800</u>		<u>93,200</u>		1,201,600
Financial Assets						
6% Investments						250,000 [1]
Current Assets						
Closing stock	W1			80,390	[2]	
Debtors	W11	98,000	[3]			
Less BDP	W7	<u>(3,920)</u>	[1]	94,080		
Investment income due	W8			5,000	[3]	
VAT	W12			<u>12,750</u>	[5]	
				192,220		
Creditors: amounts falling due within 1 year						
Creditors	W13	105,500	[7]			
Bank	W14	46,200	[4]			
Mortgage interest due	W9	18,000	[2]			
PAYE, PRSI, USC		<u>3,450</u>	[2]	<u>(173,150)</u>		<u>19,070</u>
						<u>1,470,670</u>
Financed by						
Creditors: amounts falling due after 1 year						
Mortgage						300,000 [1]
Capital						
Revaluation reserve	W 15			147,807	[3]	
Net profit				327,423		
Drawings	W 16			<u>(54,560)</u>	[2]	<u>1,170,670</u>
Capital employed						<u>1,470,670</u>

Workings:

1.	Closing stock	$69,800 - 9,010 + 19,600$	=	80,390
2.	Purchases	$1,080,000 + 19,600 - 38,000$	=	1,061,600
3.	Dep: delivery vans	250,000 by 20% for 3/12 months		
		266,000 by 20% for 9/12 months	=	52,400
4.	Depreciation – L & B	$795,000 - 12,150$		
		$(782,850 - 500,000[2]) \times 2\%$	=	5,657
5.	Salaries & general expenses	$381,750 + 3,600 - 3,700$	=	381,650
6.	Profit on van disposal	$48,000 - 23,200 - 26,000$	=	1,200
	Depreciation on disposal	48,000 by 20% for 29/12 months	=	23,200
7.	Change in BDP	$4,500 - 3,920$	=	580
	Bad debt provision	$98,000 \times 4\%$	=	3,920
8.	Investment income	250,000 by 6% for 6/12 months	=	7,500
	Investment income due	$7,500 - 2,500$	=	5,000
9.	Mortgage interest	$240,000 \times 8\% \times 3/12$ $300,000 \times 8\% \times 9/12$		22,800
	Mortgage interest	$4,800 + 18,000 - 4,560$	=	18,240
		$3,600 + 19,200 - 4,560$	=	18,240
	Mortgage interest due	$22,800 + 3,600 - 8,400$	=	18,000
10.	Delivery vans	$250,000 - 48,000 + 64,000$	=	266,000
	Accumulated dep. vans	$64,000 - 23,200 + 52,400$	=	93,200
11.	Debtors	$97,500 + 500$	=	98,000
12.	VAT	$3,100 - 3,700 - 12,150$	=	(12,750)
13.	Creditors	$84,300 + 19,600 - 900 + 2,500$		105,500
14.	Bank	$48,800 + 900 - 1,000 - 2,500$	=	46,200
		$32,000 + 14,200$	=	46,200
15.	Revaluation reserve	$900,000 - 782,850$	= 117,150	
		$25,000 + 5,657$	= 30,657	= 147,807

16.	Drawings	$50,000 + 4,560$	=	54,560
-----	----------	------------------	---	--------

2020 - S. Highway - Adjustments

Working 1 - Closing stock

Cost	69800	Value	60790	
NRV	<u>10600</u>	GIT	19600	
	59200		<u>80390</u>	T/ BS
	<u>1590</u>			CA
	<u><u>60790</u></u>			

Working 2 - Goods In transit

Purchases	19600	125% =	24500
Creditors	19600	1% =	24500/125
Closing stock	19600		196
			196*10
		100% =	0
			19600

Purchases	1080000	Purchases	1099600
G I T	<u>19600</u>	Cheque	38000
	<u>109960</u>		<u>106160</u>
	<u>0</u>		<u>0</u> T

Working 3 - Creditors

Creditors	84300	Creditors	103900	Creditors	103000
GIT	19600	Bad debt	900	Cheque	2500

<u>103900</u>	<u>103000</u>	<u>10550</u> <u>0</u> BS CL
---------------	---------------	--------------------------------

Working 4 - Dep on Vehicles

Vehicles				Acc Dep				Disposal			
Bal	250000	Dispos	48000	Dispos	23200	Bla	64000	Vehicle	48000	Acc	23200
Bank	64000	Bal	266000	Bal	93200	P & L	52400	P & L	1200	Dep	26000
	<u>314000</u>		<u>314000</u>		<u>116400</u>		116400		<u>49200</u>	Allow	<u>26000</u>
Bal	<u>266000</u>					Bal	<u>93200</u>				<u>49200</u>
	BS FA						BS FA				

48000 * 20% * 3/12 =	2400	31.10.16 - 31.12.16	2		48000 * 29/12 * 20%
64000 * 20% * 9/12 =	9600	01.01.17 - 31.12.17	12		23200
202000 * 20% =	<u>40400</u>	01.01.18 - 31.12.18	12		
	<u>52400</u>	01.01.19 - 31.03.19	<u>3</u>		
			<u>29</u>		

Working 6 - VAT

90000 * 13.5%	VAT	3100	VAT	-9050	
12150	Building	<u>12150</u>	Suspens	-3700	
		<u>-9050</u>		<u>-</u>	
				<u>12750</u>	BS CA We are owed this

Working 7 - Building Dep

Buildings	795000
VAT	<u>12150</u>
	<u>782850</u>

Buildings	782850
Land	<u>500000</u>
	<u>282850</u>

282850
 0 * 2%
5657 Exp Admin

Working 8 - Revulation

New value	900000	BSFA
Value	<u>782850</u>	
	<u>117150</u>	

Revalue	117150
dep 1.1	25000
Dep 31.12	<u>5657</u>
	<u>147807</u>
	BS FB

Working 9 - Moartage

60000 * 8% * 9/12	3600
240000 * 8%	<u>19200</u>
	<u>22800</u>

Paid	8400
Should	<u>4800</u>
	<u>3600</u>

22800 * 20%
 Drawing
 4560 s
18240 Less OI

19200 * 3/12
 4800

Working 10 - Mortgage Intertest Due

22800
4800
18000
BS CL

Working 11 - Suspense

Salaries	381750	
Mortgage	3600	
VAT	-3700	
	381650	Exp (A)

Working 12 - Bad Debt Recovered

1. Bad Debt Recovered

Bad Debt Recovered	1500	Increase (Create)
Bank	1000	Decrease OD
		Increase
Debtor	500	e

Bad Debt **1500** Add OI

Working 13 - Bank Over draft

Bank	48800	Bank	47800	Bank	48700	
Bad Debt	<u>1000</u>	Cheque	<u>900</u>	Cheque	2500	
	<u>47800</u>		<u>48700</u>		46200	BS CL

Working 14 - Debtors

Debtors	97500	
Debt	500	
	98000	BS CA

Working 15 - Drawings

Drawings	50000
Interest	4560

54560 BS FB

Working 16 - Investment income

250000 * 5% * 6/12

7500 Add OI

Working 17 - Investment Income Due

Investment Income 7500

Received 2500

5000 BS CA

Workion 18 - Provsion fro Bad Debts

98000 * 4% Old 4500

3920 BS FA New 3920

Increase **580** Add OI

2017

Past Paper

Question 1
Sole Trader

[M. Mullen](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

The following trial balance was extracted from the books of M. Mullen on 31/12/2016:

	€	€
Delivery vans (cost €150,000)	85,000	
Buildings (cost €680,000)	595,000	
Office equipment (cost €25,000)	15,000	
Patent (incorporating four months investment income)	68,000	
3% Investments (01/05/2016)	200,000	
6% Fixed mortgage		180,000
Debtors and creditors	70,500	78,000
Stock 01/01/2016	66,000	
Purchases and sales	536,500	792,000
Commission	16,500	
Provision for bad debts		3,500
Discount (net)		3,200
Bank		70,300
Salaries and general expenses	145,500	
Rent	10,400	
Mortgage interest paid for the first three months	2,400	
Insurance (incorporating suspense)	17,700	
VAT	6,400	
PAYE, PRSI and USC		21,600
Drawings	15,600	
Capital		<u>701,900</u>
	<u>1,850,500</u>	<u>1,850,500</u>

The following information and instructions are to be taken into account:

- (i) Stock on 31/12/2016 at cost €76,500. This figure includes damaged stock which cost €4,500 and now has a net realisable value of €3,000.
- (ii) Provide for depreciation on delivery vans at the annual rate of 15% of cost from date of purchase to date of sale.

NOTE: On 31/3/2016 a delivery van which cost €40,000 on 30/09/2012 was traded in against a new van that cost €48,000. An allowance of €18,000 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.

- (iii) The suspense figure arises as a result of the incorrect figure for mortgage interest (although the correct figure had been entered in the bank account) and a VAT refund of €2,000 entered only in the bank account.
- (iv) Patent, which incorporates 4 months investment income, is to be written off over a five year period commencing in 2016.
- (v) Provision to be made for both investment income due and mortgage interest due.
- (vi) A creditor who was owed €7,600 accepted office equipment with a book value of €6,500 in full settlement of the debt. The office equipment had cost €11,000. No entry was made in the books in respect of this transaction. Provide for depreciation on office equipment held on 31/12/2016 at the rate of 20% of cost.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the buildings at €800,000 on 31/12/2016.
- (viii) A cheque for €700 had been received on 31/12/2016 in respect of a debt of €1,200 previously written off as bad. The debtor wishes to continue trading with Mullen and has undertaken to pay the remainder within 1 month. No entry was made in the books in respect of this transaction.
- (ix) No record has been made in the books for 'goods in transit' on 31/12/2016. The invoice for these goods has been received showing the recommended retail selling price of €16,000 which is cost plus 25%.
- (x) Goods taken by Mullen for own use during the year were not recorded. These goods had a retail value of €4,800 which is cost plus 20%.

Required:

- (a) Prepare a trading and profit and loss account for the year ended 31/12/2016. (75)
 - (b) Prepare a balance sheet as at 31/12/2016. (45)
- (120)

75

Trading, Profit and Loss Account of M. Mullen for the year ended 31/12/2016 [1]

		€	€	€	
Sales				792,000	[2]
Less: Cost of sales					
Opening stock			66,000		[2]
Add purchases	W 1		<u>515,300</u>		[10]
			581,300		
Less closing stock	W 2		<u>(87,800)</u>	<u>(493,500)</u>	[7]
Gross profit				298,500	
Less: Expenses					
Administration					
Patent written off	W 8	14,000			[5]
Salaries and general expenses		145,500			[2]
Rent		10,400			[2]
Insurance	W 7	19,400			[7]
Depreciation – office equipment	W 14	2,800			[3]
Depreciation – buildings	W 15	<u>13,600</u>		205,700	[2]
Selling and Distribution					
Loss on sale of van	W 6	1,000			[6]
Depreciation – delivery van	W 4	23,400			[5]
Commission		<u>16,500</u>		<u>40,900</u>	[2]
				<u>(246,600)</u>	
				51,900	
Add operating income					
Bad debt recovered				1,200	[2]
Discount including profit on sale	W 11			<u>4,300</u>	[4]
Operating profit				57,400	
Investment income	W 9			<u>4,000</u>	[4]
				61,400	
Mortgage interest	W 10			<u>(10,800)</u>	[3]
Net profit				<u>50,600</u>	[6]

		Cost €		Acc. Dep. €		Net €		Total €	
Intangible Fixed Assets									
Patent	W 8							56,000	[2]
Tangible Fixed Assets									
Buildings		800,000	[1]	---		800,000			
Office equipment	W 13 & 14	14,000	[2]	8,300	[3]	5,700			
Delivery vans	W 3 & 5	<u>158,000</u>	[2]	<u>67,400</u>	[3]	<u>90,600</u>			
		<u>972,000</u>		<u>75,700</u>		896,300		896,300	
Financial Assets									
Investments								<u>200,000</u>	[2]
								1,152,300	
Current Assets									
Stock						87,800	[2]		
Debtors	W 17			71,000	[2]				
Less provision				<u>(3,500)</u>	[1]	67,500			
Investment income due	W 9					2,000	[2]		
VAT	W 19					<u>4,400</u>	[1]		
						161,700			
Creditors: amounts falling due within one year									
Creditors	W 12			83,200	[6]				
Bank	W 18			69,600	[3]				
PAYE, PRSI & USC				21,600	[2]				
Mortgage interest due	W 10			<u>8,100</u>	[2]	<u>(182,500)</u>		<u>(20,800)</u>	
								<u>1,131,500</u>	
Financed by									
Creditors: amounts falling due after one year									
6% Fixed mortgage								180,000	[2]
Capital and Reserves									
Capital 01/01/2016						701,900	[1]		
Revaluation reserve	W 16					218,600	[3]		
Net profit						50,600			
Less drawings	W 20					<u>(19,600)</u>	[2]	<u>951,500</u>	
Capital Employed								<u>1,131,500</u>	

Question 1 – Workings

1.	Purchases	$536,500 - 30,000 + 12,800 - 4,000$	515,300
2.	Closing stock	$76,500 - 1,500 + 12,800$	87,800
3.	Delivery vans at cost	$150,000 - 40,000 + 48,000$	158,000
4.	Depreciation – van	$5,625 + 17,775$ [22,500 + 900] (1,500 + 16,500 + 5,400)	23,400
5.	Acc. dep. delivery vans	$65,000 - 21,000 + 23,400$	67,400
6.	Loss on sale of van	$40,000 - 21,000 - 18,000$	1,000
7.	Insurance	$17,700 + 2,000 - 300$	19,400
8.	Patent	$(68,000 + 2,000) \div 5$	14,000
9.	Investment income	$200,000 \times 3\% \times 2/3 \text{ year}$	4,000
	Investment income due	$4,000 - 2,000$	2,000
10.	Mortgage interest	$180,000 \times 6\%$	10,800
	Mortgage interest due	$10,800 - 2,700$	8,100
11.	Discount received	$3,200 + 1,100$	4,300
12.	Creditors	$78,000 - 7,600 + 12,800$	83,200
13.	Office equipment at cost	$25,000 - 11,000$	14,000
14.	Depreciation – office equipment	$14,000 \times 20\%$	2,800
	Acc. dep. office equipment	$10,000 - 4,500 + 2,800$	8,300
15.	Depreciation – buildings	$680,000 \times 2\%$	13,600
16.	Revaluation reserve	$120,000 + 85,000 + 13,600$	218,600
17.	Debtors	$70,500 + 500$	71,000
18.	Bank	$70,300 - 700$	69,600
19.	VAT	$6,400 - 2000$	4,400
20.	Drawings	$15,600 + 4,000$	19,600

2017 - M. Mullen - Adjustments

Working 1 - Closing Stock

Amount	76500	Amount	75000	
Damaged	4500	GIT	12800	
	<u>72000</u>		87800	T / BS CA
NRV	3000			
	<u><u>75000</u></u>			

Working 2 - Depreciation Vans

Vans		Dep Vans			
Bal	150000	Disposal	21000	Bal	65000
Bank	48000	Bal	67400	P & L	23400 EXP
	<u>198000</u>		<u>88400</u>		<u>88400</u>
Bal	158000			Bal	67400 BS FA
	BS FA				

Disposal			
Vans	40000	Dep Van	21000
		Allow	18000
		Loss	1000 EXP
	<u>40000</u>		<u>40000</u>

30/09/2012 - 31/12/2012	3/12 *	40000	* 15%	1500
01/01/2013 - 31/12/2013		40000	* 15%	6000
01/01/2014 - 31/12/2014		40000	* 15%	6000
01/01/2015 - 31/12/2015		40000	* 15%	6000

01/01/2016 - 31/03/2016	3/12 *	40000	* 15%	<u>1500</u>
				<u><u>21000</u></u>

110000 * 15%	16500
48000 * 15% * 9/12	5400
	<u>1500</u>
	<u><u>23400</u></u>

Working 3 - Purchases

Amount	536500	Amount	506500	Amount	519300	
Cheque	<u>30000</u>	GIT	<u>12800</u>	Drawings	<u>4000</u>	
	<u><u>506500</u></u>		<u><u>519300</u></u>		<u><u>515300</u></u>	T

Working 4 - Suspense

<u>Mortgage</u>		<u>Mortgage</u>	
180000 * 6%		Bank	2400
10800 * 3/12		Insurance	<u>300</u>
2700			<u><u>2700</u></u>
Amount	2700	Yearly	<u><u>10800</u></u> P & L
Paid	<u>2400</u>	paid	<u>2700</u>
	<u><u>300</u></u>		<u><u>8100</u></u> BS CL

Working 5 - Insurance

<u>Insurance</u>		<u>Insurance</u>	
Amount	17700	Bal	17700
Less		Mortgage	300
Suspense	300	Bal	<u>17400</u>
			<u><u>17700</u></u>

	17400		Bal	17400	Bal	19400
Add Vat	2000		VAT	2000		
	19400	Exp		19400		19400
			Bal	19400		

Working 6 - Vat Return

			VAT			
Amount	6400		Bal	6400	Insurance	2000
Less						
Suspense	2000				Bal	4400
	4400	BS CL		6400		6400
			Bal	4400		

Working 7 - Investment Income

			Invest Income			
200000 * 3% * 8/12			Patents	2000	Bal	4000
4000 * 4/8	Add Income		Due	2000		
2000				4000		4000
2000 Due	BS CA				Bal	2000

Working 8 - Patents

			Patents			
Amount	68000		Bal	70000	Patents	68000
					Invest	
Inve income	2000				Income	2000
	70000	BS FA		70000		70000
					Bal	70000

70000 / 5						
14000	Exp					
56000	BS FA					

Working 9 - Creditors

Amount	78000	Amount	70400
Office	7600	GIT	12800
	<u>70400</u>		<u>83200</u>

Working 10 - Equipment

<u>Equipment</u>				<u>Disposal</u>			
Bal	25000	Disposal	11000	Equipment	11000	Acc	
		Bal	<u>14000</u>	Bal	1100	Dep	4500
	<u>25000</u>		<u>25000</u>		<u>11000</u>	Bank	<u>7600</u>
Bal	14000	BS FA					12100
						Bal	1100 Add OI
<u>Acc Dep</u>							
Disposal	4500	Bal	10000				
Bal	<u>8300</u>	P & L	2800	Exp			
	4500		<u>12800</u>				
		Bal	8300	BS FA			
	14000 * 20%		2800				

Working 11 - Dep buildings

680000 * 2% **13600** Exp

Working 12 - Revaluation Reserve

Revalue	800000	BSFA	Revaluation	120000
Cost	<u>680000</u>		Acc Dep	85000
	<u>120000</u>		This year	13600

218600 BS FB

Working 13 - Bad Debt Recovered

<u>Bank</u>		<u>Debtor</u>		<u>Bad debts recovered</u>	
Amount	70300	Amount	70500	Add OI	1200
Debt	700	Debt	500		
	69600 BS CL		71000 BS CA		

Working 14 - Goods in Transit

125% = 16000
1% = 128
128 *
100% = 100
12800

Adjust	Purchases	(+) 12800
	Closing Stock	(+) 12800
	Creditors	(+) 12800

Working 15 - Drawings

120% = 4800
1% = 40
100% = 4000

Adjust	Purchases	(-) 4000
	Drawings	(+) 4000

Drawings

Amount	15600
Drawings	4000
	19600 BS FB

2014

Past Paper

Question 1
Sole Trader

[M. McMahon](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2014 - M. McMahon - Question

The following Trial Balance was extracted from the books of Mike Mc Mahon on 31/12/2013

	€	€
Buildings (Cost €640,000)	545,000	
Delivery Vans (Cost €90,000)	78,000	
3% Investments (01/04/2013)	100,000	
6% Fixed Mortgage (including increase of €60,000 received on 01/04/2013)		200,000
Patents	40,400	
Debtors and Creditors	50,000	110,000
Purchases and Sales	530,400	695,000
Stock 01/01/2013	64,200	
Advertising	2,500	
Salaries and general expenses (incorporating suspense)	90,000	
Provision for bad debts		1,400
Discount (net)	1,800	
Rent	10,000	
Mortgage interest paid for the first three months	1,500	
Insurance	5,750	
VAT		4,200
Bank		16,400
PAYE, PRSI & USC		3,800
Drawings	41,250	
Capital		<u>530,000</u>
	<u>1,560,800</u>	<u>1,560,800</u>

The following information and instructions are to be taken into account:

- (i) Stock at 31/12/2013 at cost was €80,000. No record has been made for 'goods in transit' on 31/12/2013. The invoice for these goods had been received showing the recommended retail selling price of €4,800 which is cost plus 20%.
- (ii) Provide for depreciation on vans at the annual rate of 10% of cost from date of purchase to the date of sale.

NOTE: On 31/3/2013 a delivery van which cost €40,000 on 30/9/2010 was traded in against a new van which cost €46,000. An allowance of €16,000 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.

- (iii) The suspense arises as a result of the incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and €2,000 paid towards PAYE, PRSI and USC entered only in the bank account.
- (iv) Goods with a retail selling price of €15,000 were returned to a supplier. The selling price was cost plus 20%. The supplier issued a credit note showing a restocking charge of 10% of cost price. No entry has been made in respect of the restocking charge.
- (v) Provision to be made for mortgage interest due. 25% of the mortgage interest refers to the private dwelling.
- (vi) Patents, which incorporate 3 months investment income, are to be written off over a five year period, commencing in 2013.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the buildings at €720,000 on 31/12/2013.

- (viii) Goods withdrawn by the owner for private use during the year, with a retail value of €3,000, which is cost plus 25%, were omitted from the books.
- (ix) A cheque for €800 had been received on 31/12/2013 in respect of a debt of €800 previously written off as bad. No entry was made in the books to record this transaction.

You are required to prepare a:

- (a) Trading and Profit and Loss Account for the year ended 31/12/2013 (75)
- (b) Balance Sheet as at 31/12/2013. (45)
- (120)

2014 - M. McMahon - Marking Scheme

75

Trading and Profit and Loss Account for the year ending 31/12/2013			[1]
		€	€
Sales			695,000 [2]
Less Cost of Sales			
Stock 1/1/2013		64,200 [2]	
Add Purchases	W1	<u>503,250</u> [12]	
		567,450	
Less Stock 31/12/2013	W2	<u>(84,000)</u> [5]	(483,450)
Gross Profit			211,550
Less Expenses			
Administration			
Patent written off	W3	8,230 [5]	
Salaries and General expenses	W4	87,400 [9]	
Rent		10,000 [2]	
Insurance		5,750 [2]	
Depreciation – Buildings	W5	<u>12,800</u> [3]	124,180
Selling and Distribution			
Advertising		2,500 [2]	
Loss on sale of van	W6	14,000 [6]	
Depreciation – Delivery van	W7	9,450 [5]	
Discount		<u>1,800</u> [2]	<u>27,750</u>
			(151,930)
			59,620
Add Operating Income			
Bad debt recovered			<u>800</u> [2]
			60,420
Add Investment Income			<u>2,250</u> [4]
			62,670
Less Mortgage Interest	W8		<u>(8,325)</u> [5]

Net Profit

54,345 **[6]**

(b)

45

Balance Sheet as at 31/12/2013

		Cost €	Acc. Dep. €	Net €	Total €
Intangible Fixed Assets					
Patents					32,920 [4]
Tangible Fixed Assets					
Buildings	W9	720,000 [1]		720,000	
Delivery Vans	W10 & 11	<u>96,000</u> [2]	<u>11,450</u> [3]	<u>84,550</u>	
		<u>816,000</u>	<u>11,450</u>	<u>804,550</u>	804,550
Financial Assets					
8% Investments					<u>100,000</u> [2]
					937,470
Current Assets					
Stock			84,000 [2]		
Debtors	W12		48,600 [2]		
Investment income due	W13		<u>1,500</u> [3]	134,100	
Creditors: amounts falling due within one year					
Creditors	W14		115,250 [6]		
Bank	W15		15,600 [3]		
VAT			4,200 [2]		
PRSI/USC	W16		1,800 [2]		
Mortgage interest due			<u>9,000</u> [2]	(145,850)	(11,750)
					<u>925,720</u>
Financed by					
Creditors: amounts falling due after more than one year					
Mortgage					200,000 [2]
Capital and Reserves					
Capital				530,000 [1]	
Revaluation Reserve	W18			187,800 [3]	
Net Profit				<u>54,345</u>	
				772,145	
Drawings	W17			(46,425) [4]	725,720
Capital Employed					<u>925,720</u>

Question 1 - workings

1.	Purchases	$530,400 + 4,000 - 30,000 + 1,250 - 2,400$	503,250
2.	Closing stock	$80,000 + 4,000$	84,000
3.	Patent (Profit + Loss a/c)	$(40,400 + 750) * 5$	8,230
	Patents (Balance Sheet)	$(40,400 + 750) - 8,230$	32,920
4.	Salaries and general expenses	$90,000 - [2,000 + 600]$	87,400
5.	Depreciation on Buildings	$2\% \times \text{€}640,000$	12,800
6.	Loss on sale of van	$40,000 - 16,000 - 10,000$	14,000
7.	Depreciation Delivery vans	$5,000 + 1,000 + 3,450$ $9,000 + 450$ $2,250 + 7,200$ $5,000 + 1,000 + 3,450$	9,450
8.	Mortgage Interest	$8,400 + 2,700 - 2,775$ $1,500 + 600 + 9,000 - 2,775$	8,325
9.	Buildings	$640,000 + 80,000$	720,000
10.	Delivery vans at cost	$90,000 + 46,000 - 40,000$	96,000
11.	Provision for Dep. – vans	$12,000 + 9,450 - 10,000$	11,450
12.	Debtors	$50,000 - 1,400$	48,600
13.	Investment Income due	$2,250 - 750$	1,500
14.	Creditors	$110,000 + 4,000 + 1,250$	115,250
15.	Bank	$16,400 - 800$	15,600
16.	PAYE/PRSI	$3,800 - 2,000$	1,800
17.	Drawings	$41,250 + 2,775 + 2,400$	46,425
18.	Revaluation Reserve	$80,000 + 95,000 + 12,800$	187,800

Penalties: Deduction of 2 x 1 mark for the omission of two expense headings in Profit & Loss Account.

2014 - M. McMahon - Adjustments

Working 1 - Good in Transit

<u>Purchases</u>		<u>Cl. stock</u>		<u>Creditors</u>	
Purchases	530400	Cl. Stock	80000	Creditors	110000
GIT	4000	GIT	4000	GIT	4000
	<u>534400</u>		<u>84000</u> T		<u>114000</u>
Cheque	30000			Restocking	1250
	<u>504400</u>				<u>115250</u> CL BS
Restocking	1250				
	505650				
<u>Drawings</u>	-2400				
	<u>503250</u> T				

120% = 4800
 1% = 40
 100% = 100*40
 4000

Working 2 - Dep Vans

<u>Vans</u>		<u>Acc Dep</u>	
Bal	90000	Disposal	10000
Bank	46000	Bal	12000
	<u>136000</u>	Dep	<u>9450</u> S & D Exp
			21450
			<u>21450</u>
Bal	<u>96000</u> FA BS	Bal	<u>11450</u> ACC DEP FA BS

Disposal			
Vans	40000	Acc dep	10000
		Allow	16000
		Loss	14000
			S & D Exp
	<u>40000</u>		<u>40000</u>

Dep Disposal

30.09.10 - 31.12.10	3/12	* 40000	* 10%	1000
01.01.11 - 31.12.11	12	* 40000	* 10%	4000
01.01.12 - 31.12.12	12	* 40000	* 10%	4000
01.01.13 - 31.03.03	3/12	* 40000	* 10%	1000
				<u>10000</u>

This Year

50000 * 10 %	5000
46000 * 10% * 9/12	3450
	1000
	<u>9450</u>

Working 3 - Suspense

Mortgage Interest

140000* 6%
8400 * 3/12
2100

Salaries

Salaries	90000
PAYE	-2000
Discount	-600
	<u>87400</u>

Paye

PAYE	3800
Error	-2000
	<u>1800</u>

CL BS

Should	2100
Paid	<u>1500</u>
	<u>600</u>

Working 4 - Mortgage Interest Due

140000 * 6%	8400	Yearly	11100	* 25%
60000*6%*9/12	<u>2700</u>	Drawings	2775	
	11100	Yearly	8325	Less OI
Paid	2100			
	9000	CL BS		

Working 5 - Drawings

Drawings	41250
Mort Int	<u>2775</u>
	44025
Stock	2400
	46425
	Capital BS

Working 6 -Patents

<u>Investment Income</u>		Patents	
100000*3%*3/12		Patents	40400
		Inv	
750		Income	<u>750</u>
			41150
		W/O	8230
Patents W/O		32920	FA BS
41150 / 5			

8230 Admin Exp

Working 7 - Investment Income Due

100000*3%*9/12 2250 Yearly
 750 Paid
1500 CA BS

Working 8 - Buildings Dep

640000*2%
12800 Admin Exp

Working 9 - Revalue Reserve

<u>Buildings</u>		<u>Revalue Reserve</u>	
720000	FA BS	Buildings	80000
640000		Acc Dep	95000
<u>80000</u>	RR	Dep T/Y	12800
		<u>187800</u>	Capital BS

Working 10 - Bad Debt recovered

Bad debt recovered **800** Add OI

Working 11 - Bank

Bank 16400
Rec Debt 800
15600 CL BS

2010

Past Paper

Question 1
Sole Trader

[Nora O'Connell](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2010 - Nora O'Connell - Question

The following Trial Balance was extracted from the books of Nora O'Connell on 31/12/2009:

	€	€
Buildings (Cost €620,000)	515,000	
Delivery Vans (Cost €90,000)	80,000	
4% Investments (01/07/2009)	120,000	
Patents	60,400	
6% Fixed Mortgage (including increase of €80,000 received on 01/04/2009)		180,000
Debtors and Creditors	50,000	120,000
Purchases and Sales	465,200	659,650
Stock 01/01/2009	63,200	
Commission	5,550	
Salaries and General Expenses (incorporating Suspense)	75,000	
Provision for Bad Debts		1,800
Discount (Net)	1,600	
Rent	8,000	
Mortgage Interest paid for the first three months	1,400	
Advertising	2,400	
VAT		4,600
Bank		13,300
PAYE and PRSI		5,400
Drawings	32,000	
Capital		495,000
	<u>1,479,750</u>	<u>1,479,750</u>

The following information and instructions are to be taken into account:

- (i) Stock at 31/12/2009 at cost was €75,400. This figure includes damaged stock which cost €8,200 but which now has a net realisable value of €3,400.
- (ii) Patents, which incorporate three months investment income received, are to be written off over a five year period commencing in 2009.
- (iii) Provide for depreciation on vans at the annual rate of 12½% of cost from the date of purchase to the date of sale. NOTE: On 31/03/2009 a van, which cost €24,000 on 30/09/2006, was traded in against a new van which cost €48,000. An allowance of €12,000 was given on the old van. The cheque for the net amount of this transaction was incorrectly treated as a purchase of trading stock. This was the only entry made in the books in respect of this transaction.
- (iv) The suspense arises as a result of the incorrect figure for mortgage interest (the correct entry had been made in the bank account) and from €1,000 paid towards PAYE and PRSI entered only in the bank account.

- (v) Goods with a retail selling price of €8,400 were returned to a supplier. The selling price was cost plus 20%. The supplier issued a credit note showing a restocking charge of 10% of the cost price. No entry has been made in respect of this restocking charge.
- (vi) Provision to be made for mortgage interest due. 10% of the mortgage interest for the year refers to the private section of the building.
- (vii) Provide for depreciation on buildings at a rate of 3% of cost per annum. It was decided to revalue the buildings at €850,000 on 31/12/2009.
- (viii) The advertising payment is towards a 24 month campaign which began on 01/10/2009
- (ix) A cheque for €400 had been received on 31/12/2009 in respect of a debt of €900 previously written off as bad. The debtor has agreed to pay the remainder within one month. No entry was made in the books to record this transaction.

You are required to prepare a:

- (a) Trading and Profit and Loss Account for the year ended 31/12/2009. (75)
- (b) Balance Sheet as at 31/12/2009. (45)

2010 - Nora O'Connell - Marking Scheme

(a)

75

Trading and Profit and Loss Account for the Year ended 31/12/2009 [1]

	€	€	€	€
Sales				659,650 [3]
Less Cost of Sales				
Stock 1/1/2009			63,200 [3]	
Add Purchases	W1		<u>429,900</u> [6]	
			493,100	
Less Stock 31/12/2009	W2		<u>(70,600)</u> [5]	<u>(422,500)</u>
Gross Profit				237,150
Less Expenses:				
Administration				
Salaries and General expenses	W3	73,900 [7]		
Rent		8,000 [3]		
Patents written off	W4	12,320 [5]		
Depreciation – Buildings		<u>18,600</u> [3]	112,820	
Selling and Distribution				
Commission		5,550 [3]		

Discount		1,600	[3]		
Advertising	W5	300	[5]		
Loss on sale of van	W6	4,500	[6]		
Depreciation on vans	W7	<u>13,500</u>	[5]	<u>25,450</u>	<u>(138,270)</u>
					98,880
Add Operating Income					
Bad debt recovered					<u>900</u> [2]
Operating Profit					99,780
Investment Interest	W8				<u>2,400</u> [4]
					102,180
Less Mortgage Interest	W9				<u>(8,640)</u> [5]
Net Profit for the Year					<u>93,540</u> [6]

Penalties: Deduction of 2 x 1 mark for the omission of 2 expense headings in the Profit & Loss account

(b)

45

Balance Sheet as at 31/12/2009

		Cost	Accumulated		Net	Total
		€	Depreciation		€	€
			€			
Intangible Fixed Assets						
Patents						49,280 [4]
Tangible fixed Assets						
Buildings		850,000 [1]			850,000	
Delivery Vans	W10 W11	<u>114,000 [2]</u>	<u>16,000 [3]</u>		<u>98,000</u>	
		<u>964,000</u>	<u>16,000</u>		<u>948,000</u>	948,000
Financial Assets						
4% Investments						<u>120,000 [2]</u>
						1,117,280
Current Assets						
Stock			70,600 [2]			
Debtors	W12	50,500				
Less Provision for bad debts		<u>(1,800)</u>	48,700 [3]			
Investment Interest due			1,200 [2]			
Advertising prepaid			<u>2,100 [2]</u>		122,600	
Creditors: Amounts falling due within one year:						
Creditors	W13		120,700 [4]			
Mortgage interest due			8,100 [2]			
PAYE & PRSI	W14		4,400 [3]			
VAT			4,600 [2]			
Bank overdraft	W15		<u>12,900 [3]</u>	<u>(150,700)</u>		<u>(28,100)</u>
						<u>1,089,180</u>
Financed by						
Creditors: Amounts falling due after more than one year: [1]						
6% Fixed Mortgage						180,000 [2]
Capital and Reserves						
Capital				495,000 [1]		
Add Revaluation Reserve	W16			353,600 [3]		
Add Net Profit				<u>93,540</u>		
				941,940		
Less Drawings	W17			<u>(32,960) [3]</u>		<u>908,980</u>
						<u>1,089,180</u>

Question 1. Workings

1. Purchases	465,200	-	36,000	+	700	=	429,900
2. Closing Stock	75,400	-	4,800			=	70,600
3. Salaries & general expenses	75,000	-	1,000	-	100	=	73,900
4. Patents	60,400	+	1,200	÷	5	=	12,320
5. Advertising	2,400	-	2,100			=	300
6. Loss on sale of van	24,000	-	12,000	-	7,500	=	4,500
7. Depreciation – Delivery Vans	8,250	+	750	+	4,500	=	13,500
	11,250	+	2,250				
	2,812.50	+	10,687.50				
8. Investment Interest	1,200	+	1,200			=	2,400
9. Mortgage Interest	6,000	+	3,600	-	960	=	8,640
10. Delivery Vans	90,000	-	24,000	+	48,000	=	114,000
11. Accumulated Dep. Vans	10,000	+	13,500	-	7,500	=	16,000
12. Debtors	50,000	+	500			=	50,500
13. Creditors	120,000	+	700			=	120,700
14. PAYE & PRSI	5,400	-	1,000			=	4,400
15. Bank overdraft	13,300	-	400			=	12,900
16. Revaluation reserve	230,000	+	123,600			=	353,600
Depreciation buildings	105,000	+	18,600			=	123,600
17. Drawings	32,000	+	960			=	32,960

2010 - Nora O'Connell - Adjustments

Working 1 - Good in Transit

Cl. stock

Cl. Stock	75400	
Damage	8200	
	67200	
NRV	3400	
	70600	T / CA

Working 2 - Patents

Investment Income

120000*4%*3/12

1200

Patents W/O

61600 / 5

12320 Admin Exp

Patents

Patents 60400

Inv

Income 1200

61600

W/O

12320

49280 FA BS

Working 3 - Dep Vans

Vans

Bal	90000	Disposal	24000
Bank	48000	Bal	114000
	138000		138000
Bal	114000	FA BS	

Acc Dep

Disposal	7500	Bal	10000
Bal	16000	Dep	13500 S & D Exp
	23500		23500
		Bal	16000 ACC DEP FA BS

Disposal

Vans	24000	Acc dep	7500	
		Allow	12000	
		Loss	4500	S & D Exp
	24000		24000	

Dep Disposal

30.09.06 - 31.12.06	3/12	* 24000	* 12.5%	750
01.01.07 - 31.12.07	12	* 24000	* 12.5%	3000
01.01.08 - 31.12.08	12	* 24000	* 12.5%	3000
01.01.09 - 31.03.09	3/12	* 24000	* 12.5%	750
				7500

This Year

66000 * 12.5 %	8250
48000 * 12.5% * 9/12	4500
	750
	13500

Working 4 - Purchases

Purchases	465200	Purchased	429200
Error	36000	Restock	700
	429200		429900

Working 5 - Suspense

<u>Mortgage Interest</u>	<u>Salaries</u>	<u>Paye</u>
100000* 6%	Salaries 75000	PAYE 5400

6000 * 3/12	PAYE	-1000	Error	-1000	
1500	Interest	<u>-100</u>		<u>4400</u>	CL BS
		<u>73900</u>			

Should	1500
Paid	<u>1400</u>
	<u>100</u>

Working 6 - Creditors

Creditors	120000	
Restocking	700	
	<u>120700</u>	CL BS

120% =	8400	Restocking	7000 * 10%
1% =	8400/120		700
	70		
100% =	70*100		
	7000		

Working 7 - Mortgage Interest Due

100000 * 6%	6000	Yearly	9600 * 10%
80000*6%*9/12	<u>3600</u>	Drawings	960
	9600		<u>8640</u>
	Yearly		Less OI
Paid	1500		
	<u>8100</u>		CL BS

Working 8 - Drawings

Drawings	32000	
Mort Int	960	
	32960	Capital BS

Working 9 - Investment Income Due

$120000 * 4% * 6/12$	2400	Yearly
	1200	Paid
	1200	CA BS

Working 10 - Buildings Dep

$620000 * 3%$	
18600	Admin Exp

Working 11 - Revalue Reserve

<u>Buildings</u>		<u>Revalue Reserve</u>	
850000	FA BS	Buildings	230000
620000		Acc Dep	105000
<u>230000</u>	RR	Dep T/Y	18600
		353600	Capital BS

Working 12 - Advertising

2400	* 3/24	
	S & D	
300	Exp	
2100	CA BS	

Working 13 - Bank

Bank	13300	
Rec Debt	400	
	12900	CL BS

Working 14 - Bad Debt Recovered

Bad Debt Recovered	900	Add OI
--------------------	------------	--------

Working 15 - Debtors

Debtors	50000	
Recovered	500	
	50500	

2008

Past Paper

Question 1
Sole Trader

[Orla Doran](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2008 - Orla Doran - Question

The following Trial Balance was extracted from the Books of Orla Dolan on 31/12/2007:

	€	€
Buildings (Cost €580,000)	485,000	
Delivery Vans (Cost €85,000)	73,000	
8% Investments (1/4/2007)	130,000	
6% Fixed Mortgage (including increase of €50,000 received on 1/4/2007)		150,000
Patents	52,400	
Debtors and Creditors	40,000	113,000
Purchases and Sales	512,400	729,000
Stock 1/1/2007	65,600	
Commission	4,200	
Salaries and General Expenses	85,000	
Provision for Bad Debts		1,200
Discount (net)	1,900	
Rent	9,000	
Mortgage interest paid for the first three months	1,250	
Insurance (incorporating Suspense)	6,150	
VAT		4,100
Bank		15,900
PRSI		3,900
Drawings	36,200	
Capital	_____	<u>485,000</u>
	<u>1,502,100</u>	<u>1,502,100</u>

The following information and instructions are to be taken into account:

- (i) Stock at 31/12/2007 at cost was €75,000. No record has been made **in the books** for goods in transit on 31/12/2007. The invoice for these goods had been received showing the recommended retail selling price of €6,000 which is cost plus 25%.
- (ii) Provide for depreciation on vans at the annual rate of 15% of cost from date of purchase to date of sale.

NOTE: On 31/3/2007 a delivery van which cost €30,000 on 30/9/2004 was traded against a new van which cost

€36,000. An allowance of €10,000 was made on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.

- (iii) The suspense figure arises as a result of the posting of an incorrect figure for Mortgage Interest in the mortgage interest account and discount received €200 entered only in the creditors account. The correct interest was entered in the bank account.
- (iv) Goods with a retail selling price of €10,000 were returned to a supplier. The selling price was cost plus 25%. The supplier issued a credit note showing a restocking charge of 10% of cost price. No entry has been made in respect of the restocking charge.
- (v) Provision to be made for mortgage interest due. 20% of the mortgage interest for the year refers to the private section of the building.
- (vi) Patents, which incorporate 3 months investment income received, are to be written off over a five year period, commencing in 2007.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the Buildings at €800,000 on 31/12/2007.
- (viii) Goods withdrawn by the owner for private use during the year with a retail value of €2,000 which is cost plus 25% were omitted from the books.
- (ix) A cheque for €600 had been received on 31/12/2007 in respect of a debt of €1,000 previously written off as bad. The debtor has agreed to pay the remainder within 1 month. No entry was made in the books to record this transaction.

You are required to prepare a:

Trading and Profit and Loss Account for the year ended 31/12/17	(80)
Balance Sheet as at 31/12/2007.	(40)

2008 - Orla Doran - Marking Scheme

80

Trading and Profit and Loss Account for the year ending 31/12/2007 [1]

		€	€	€
Sales				729,000 [3]
<u>Less</u> Cost of Sales				
Stock			65,600 [3]	
<u>Add</u> Purchases	W1		<u>490,400</u> [10]	
			556,000	
<u>Less</u> Stock 31/12/2007	W2		<u>(79,800)</u> [6]	<u>(476,200)</u>
Gross Profit				252,800
Less Expenses				
Administration				
Patent written off	W3	11,000 [5]		

Salaries and General expenses		85,000 [3]		
Discount	W4	1,700 [6]		
Rent		9,000 [3]		
Insurance	W5	6,100 [7]		
Depreciation – Buildings		<u>11,600 [4]</u>	124,400	
Selling and Distribution				
Commission		4,200 [3]		
Depreciation –Delivery van	W6	13,425 [5]		
Loss on sale of van	W7	<u>8,750 [5]</u>	<u>26,375</u>	<u>(150,775)</u>
				102,025
<u>Add Operating Income</u>				
Bad debt recovered				<u>1,000 [3]</u>
Operating Profit				103,025
<u>Add Investment Income</u>	W8		<u>7,800 [4]</u>	
			110,825	
<u>Less Mortgage Interest</u>	W9		<u>(6,600) [5]</u>	
Net Profit				<u>104,225 [4]</u>

Balance Sheet as at 31/12/2007

		Cost €	Acc.Dep €	Net €	Total €
Intangible Fixed Assets					
Patents (55,000 – 11,000)					44,000 [4]
Tangible Fixed Assets					
Buildings	W10	800,000 [1]		800,000	
Delivery Vans	W11 & 12	<u>91,000 [2]</u>	<u>14,175 [3]</u>	<u>76,825</u>	
		<u>891,000</u>	<u>14,175</u>	<u>876,825</u>	876,825
Financial Assets					
8% Investments					<u>130,000 [2]</u>
					1,050,825
Current Assets					
Stock			79,800 [2]		
Debtors	W13	40,400 [2]			
<u>Less provision</u>		<u>(1,200) [2]</u>	39,200		
Investment income due	W8		<u>5,200 [2]</u>	124,200	
Creditors: Amounts falling due within one year					
Creditors	W14		118,600 [2]		
Bank	W15		15,300 [2]		
VAT			4,100 [2]		
PRSI			3,900 [2]		
Mortgage interest due			<u>6,750 [2]</u>	<u>(148,650)</u>	<u>(24,450)</u>
					<u>1,026,375</u>
Financed by					
Creditors: amounts falling due after more than one year					
6% Mortgage					150,000 [2]

Capital		485,000 [2]	
<u>Add Net Profit</u>		<u>104,225</u> [1]	
		589,225	
<u>Less Drawings</u>	W16	<u>(39,450)</u> [3]	549,775
Revaluation Reserve	W17		<u>326,600</u> [2]
Capital Employed			<u>1,026,375</u>

1.	Purchases	$512,400 + 4,800 - 26,000 + 800 - 1,600$	490,400
2.	Closing stock	$75,000 + 4,800$	79,800
3.	Patents written off	$(52,400 + 2,600) \div 5$	11,000
4.	Discount	$1,900 - 200$	1,700
5.	Insurance	$6,150 - 250 + 200$	6,100
6.	Depreciation Delivery van	$8,250 + 1,125 + 4,050$ $12,750 + 675$ $3,188 + 10,237$	13,425
7.	Loss on sale of van	$30,000 - 11,250 - 10,000$	8,750
8.	Investment Income	$2,600 - 5,200$	7,800
9.	Mortgage Interest	$8,250 - 1650 [1,250 + 250 + 6,750] \times 80\%$ $[6,000 + 2,250 - 1,650]$	6,600
10.	Buildings	$580,000 + 220,000$	800,000
11.	Delivery vans at cost	$85,000 + 36,000 - 30,000$	91,000
12.	Provision for Dep – vans	$12,000 + 13,425 - 11,250$	14,175
13.	Debtors	$40,000 + 400$	40,400
14.	Creditors	$113,000 + 4,800 + 800$	118,600
15.	Bank	$15,900 - 600$	15,300
16.	Drawings	$36,200 + 1,650 + 1,600$	39,450
17.	Revaluation Reserve	$220,000 + 95,000 + 11,600$	326,600

Penalty of 1 mark each for omission of two headings in Profit and Loss Account

2008 - Orla Doran - Adjustments

Working 1 - Closing Stock

Amount	75000
GIT	4800
	<u>79800</u>

**Working 2 -
Purchases**

Adjust	Closing Stock Purchases Creditors
125%=	6000
1%=	6000/125
	48
100% =	48*100
	4800

Amount	512400
GIT	4800
	<u>517200</u>

Amount	517200
Cheque	26000
	<u>491200</u>

Amount	491200
Restocking	800
	<u>492000</u>

Amount	492000
Drawings	1600
	<u>490400</u>

**Working 3 -
Creditors**

Amount	113000
GIT	4800
	<u>117800</u>

Amount	117800
Restocking	800
	<u>118600</u>

Working 4 - Dep Vans

Vans			
Bal	85000	Disposal	30000
Bank	36000	Bal	91000
	121000		121000
Bal	91000	FA BS	

Acc Dep			
Disposal	11250	Bal	12000
Bal	14175	Dep	13425
	25425		25425
Bal		Bal	14175

S & D
Exp
ACC DEP FA BS

Disposal			
Vans	30000	Acc dep	11250
		Allow	10000
		Loss	8750
	30000		30000

S & D
Exp

Dep Disposal

30.09.04 - 31.12.04	3/12	* 30000	* 15%	1125
01.01.05- 31.12.05	12	* 30000	* 15%	4500
01.01.06 - 31.12.06	12	* 30000	* 15%	4500
01.01.07 - 31.03.07	3/12	* 30000	* 15%	1125
				<u>11250</u>

This Year

55000 * 15 %	8250
48000 * 15% * 9/12	4050
	1125
	<u>13425</u>

Working 5 - Suspense

Mortgage Interest

100000* 6%	6000	
50000* 6% * 9/12	<u>2250</u>	
	<u>8250</u>	OI

6000 * 3/12
1500

Should	1500
Paid	<u>1250</u>
	<u>250</u>

Insurance

Insurance	6150
Mortgage	-250
Discount	<u>200</u>
	<u>6100</u>

Discount

Discount	1900	
Error	-200	
	<u>1700</u>	CL BS

Working 6 - Restocking Charge

Adjust	Purchases
	Creditors
125% =	10000
1% =	10000/125
	80
100% =	100*80
	8000

Working 7 - Mortgage Interest Due

100000 * 6%	6000	Yearly	8250 * 20%
50000*6%*9/12	2250	Drawings	1650
	<u>8250</u>	Yearly	<u>6600</u> Less OI
Paid	1500		
	<u>6750</u>	CL BS	

Working 8 - Drawings

Drawings	36200	Drawings	37850
Mort Int	1650		1600
	<u>37850</u>		<u>39450</u> Capital BS

Working 9 -Patents

Investment Income

130000*8%*9/12	Patents	52400	
	Inv		
7800 * 3/9	Income	<u>2600</u>	
2600		55000	
	W/O	11000	
Patents W/O		<u>44000</u>	FA BS
55000 / 5			
<u>11000</u> Admin Exp			

Working 10 - Investment Income DUe

130000*8%*9/12	<u>7800</u>	Yearly
	2600	Paid
	<u>5200</u>	CA BS

Working 11 - Buildings Dep

580000*2%

11600 Admin Exp

Working 12 - Revalue Reserve

Buildings

800000 FA BS

580000

220000 RR

Revalue Reserve

Buildings 220000

Acc Dep 95000

Dep T/Y 11600

326600 Capital BS

Working 13 - Drawings

125% = 200

1% = 2000/125

16

100% = 16 * 100

1600

Amount 37850 (W8)

Purchases 1600

39450 FB

Working 14 - Bad Debt Recovered

Adjust Bank

Debtors

Create A bad debt recovered

1000 Add Income

Working 15 - Bank

Amount	15900
Debt	600
	<u>15300</u>

Working 16 - Debtors

Amount	40000
Debt	400
	<u>40400</u>

2008

Past Paper

Question 1
Sole Trader

[K. Kelly](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2006 - K. Kelly - Question

The following trial balance was extracted from the books of K. Kelly on 31/12/2005.

	€	€
Buildings (cost €900,000)	855,000	
Delivery Vans (cost €130,000)	60,500	
6% Investments 1/6/2005	160,000	
Patents (incorporating 3 months investment income)	60,600	
5% Fixed Mortgage (including increase of €100,000 received on 1/4/2005)		300,000
Debtors and Creditors	76,500	85,500
Purchases and Sales	650,000	980,000
Stock 1/1/2005	65,700	
Commission	20,000	
Salaries and general expenses (incorporating suspense)	192,500	
Provision for Bad Debts		3,900
Discount (net)		3,600
Rent		12,000
Mortgage interest paid for the first 3 months	3,000	
Insurance	7,800	
V.A.T.		4,300
P.R.S.I.		2,500
Bank		60,800
Drawings	36,000	
Capital		735,000
	<u>2,187,600</u>	<u>2,187,600</u>

The following information and instructions are to be taken into account:

- (i) Stock at 31/12/2005 at cost was €72,500. No record had been made in the books for 'goods in transit' on 31/12/2005. The invoice for these goods had been received showing the recommended retail selling price of €7,000 which is cost plus 25%.
- (ii) Provide for depreciation on vans at the annual rate of 15% of cost from the date of purchase to the date of sale.
NOTE: On 30/4/2005 a delivery van which cost €35,000 on 31/10/2002 was traded against a new van which cost €41,000. An allowance of €15,000 was made on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iii) The suspense figure arises as a result of the posting of an incorrect figure for mortgage interest to the mortgage interest account and discount received €700 entered only in the creditors account. The correct interest was entered in the bank account.
- (iv) Patents, which incorporate 3 months investment income, are to be written off over a 5 year period, commencing in 2005.
- (v) Provision to be made for mortgage interest due.
- (vi) A new warehouse was purchased during the year for €200,000 plus VAT 12.5%. The amount paid to the vendor was entered in the buildings account. No entry was made in the VAT account.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the buildings at €1,200,000 on 31/12/2005.
- (viii) Provision for bad debts to be adjusted to 3% of debtors.

You are required to prepare a:

- (a) Trading and Profit and Loss account, for the year ended 31/12/2005. (75)
 - (b) Balance sheet as at 31/12/2005. (45)
- (120)

75

Trading and Profit and loss Account for the year ended 31/12/2005

		€	€	€
Sales				980,000 (3)
<u>Less</u> Cost of sales				
Stock 1/1/2005			65,700 (3)	
Add Purchases	W1		<u>629,600</u> (6)	
			695,300	
<u>Less</u> Stock 31/12/2005	W2		<u>(78,100)</u> (6)	<u>(617,200)</u>
Gross Profit				362,800
<u>Less</u> Expenses				
Administration				
Patent written off	W3	12,600 (5)		
Salaries and General expenses	W4	193,700 (7)		
Insurance		7,800 (3)		
Depreciation – Buildings	W5	<u>17,500</u> (4)	231,600	
Selling and Distribution				
Commission		20,000 (3)		
Loss on sale of van	W6	6,875 (6)		
Depreciation – Delivery Vans	W7	<u>20,100</u> (4)	<u>46,975</u>	<u>(278,575)</u>
				84,225
<u>Add</u> Operating income				
Discount	W8			4,300 (5)
Rent				12,000 (3)
Reduction in Provision for bad debts	W9			<u>1,605</u> (4)
Operating Profit				102,130
Investment Income	W10			<u>5,600</u> (5)
				107,730
Mortgage Interest	W11			<u>(13,750)</u> (6)
Net Profit for year				<u><u>93,980</u></u> (2)

Balance sheet as at 31/12/2005

		Cost	Accumulated	Net	Total
		€	Depreciation	€	€
		€	€	€	€
Intangible Fixed assets					
Patents	(63,000 – 12,600)				50,400 (4)
Tangible Fixed Assets					
Buildings	W12	1,200,000 (2)		1,200,000	
Delivery Vans	W13, W 14	<u>136,000 (3)</u>	<u>76,475 (3)</u>	<u>59,525</u>	
		<u>1,336,000</u>	<u>76,475</u>	<u>1,259,525</u>	1,259,525
Financial Assets					
6% Investments					<u>160,000 (1)</u>
					1,469,925
Current Assets					
Stock				78,100 (2)	
Debtors			76,500 (2)		
Less provision			<u>(2,295) (1)</u>	74,205	
VAT	W15			20,700 (5)	
Investment Income due				<u>3,200 (3)</u>	
				176,205	
Creditors: amounts falling due within one year					
Creditors	W16		91,100 (3)		
Bank			60,800 (2)		
PRSI			2,500 (2)		
Mortgage interest due			<u>11,250 (3)</u>	<u>(165,650)</u>	<u>10,555</u>
					<u>1,480,480</u>
Financed by					
Creditors: amounts falling due after more than one year					
5% Fixed mortgage					300,000 (2)
Capital and reserves					
Capital 1/1/2005				735,000 (1)	
Add Net Profit				<u>93,980 (1)</u>	
				828,980	
Less Drawings				<u>36,000 (2)</u>	
				792,980	
Revaluation Reserve	W17			<u>387,500 (3)</u>	
					<u>1,180,480</u>
Capital employed					<u>1,480,480</u>

1.	Purchases	650,000	
	Add Goods in transit	5,600	
	Less Payment for van	<u>(26,000)</u>	629,600
2.	Closing stock	72,500	
	Add Goods in transit	<u>5,600</u>	78,100
3.	Patent (60,600+2,400) x 20%		12,600
4.	Salaries and General expenses	192,500	
	Add Mortgage interest	500	
	Add Discount	<u>700</u>	193,700
5.	Depreciation on Buildings (875,000 x 2%)		17,500
6.	Loss on sale of van (35,000 – 15,000 – 13,125)		6,875
7.	Depreciation – Delivery Vans (14,250 + 1,750 +4,100) (19,500 + 600) (6,500 + 13,600)		20,100
8.	Discount	3,600	
	Add Unrecorded discount	<u>700</u>	4,300
9.	Provision for bad debts(3,900 – 2,295)		1,605 cr
10.	Investment income(2,400 + 3,200)		5,600
11.	Mortgage interest (3,000 – 500 + 11,250)		13,750
12.	Buildings	900,000	
	Less VAT	(25,000)	
	Add Revaluation	<u>325,000</u>	1,200,000
13.	Provision for depreciation - Vans (69,500 + 20,100 – 13,125)		76,475
14.	Delivery Vans (130,000 - 35,000 + 41,000)		136,000
15.	VAT Account	4,300	
	Less VAT on buildings	<u>(25,000)</u>	20,700
16.	Creditors	85,500	
	Add Goods in transit	<u>5,600</u>	91,100
17.	Revaluation Reserve Land and Buildings	325,000	
	Add Provision for depreciation (45,000 + 17,500)	<u>62,500</u>	387,500

2006 - K. Kelly - Adjustments

Working 1 - Good in Transit

<i>Cl. stock</i>		<i>Purchases</i>		<i>Creditors</i>	
Cl. Stock	72500	Purchases	650000	Creditors	85500
GIT	5600	GIT	5600	GIT	5600
	78100		655600		91100
	T / CA				BS CL
		Cheque	26000		
			629600		T
125% =	7000				
1% =	7000/125				
	56				
100% =	56 * 100				
	5600				

Working 2 - Dep Vans

<i>Vans</i>		<i>Acc Dep</i>	
Bal	130000	Disposal	13125
Bank	41000	Bal	69500
	171000	Dep	20100
	136000		89600
	FA BS		76475
			ACC DEP
			FA BS

<i>Disposal</i>		<i>S & D Exp</i>	
Vans	35000	Acc dep	13125
		Allow	15000
		Loss	6875
	35000		S & D Exp
			35000

Dep Dispoal

31.10.02 - 31.12.02	2/12	* 35000	* 15%	875
01.01.03 - 31.12.03	12	* 35000	* 15%	5250
01.01.04 - 31.12.04	12	* 35000	* 15%	5250
01.01.05 - 31.04.05	4/12	* 35000	* 15%	1750
				<u>13125</u>

This Year

95000 * 15 %	14250
48000 * 12.5% * 9/12	4100
	<u>1750</u>
	<u>20100</u>

Working 3 - Suspense

Mortgage Interest

200000* 5%
10000 * 3/12
2500

Salaries

Salaries	192500
Error	700
Interest	500

Discount

Discount	3600
Error	700

4300 Add OI

193700 Admin Exp

Should	2500
Paid	<u>3000</u>
	<u>500</u>

Working 4 - Patents

<u>Investment Income</u>		Patents	
160000*6%*3/12		Patents	60600
		Inv	
2400		Income	2400
			<u>63000</u>
		W/O	12600
			<u>50400</u> FA BS
Patents W/O			
63000 / 5			
12600	Admin Exp		

Working 5 - Investment Income Due

160000 * 6% * 7/12	Should	5600	Add OI
5600	Paid	2400	
		<u>3200</u>	CA BS

Working 6 - Mortgage Interest Due

200000 * 5%	10000		
100000*5%*9/12	3750		
	13750	Less OI	
	Paid	2500	
	<u>11250</u>	CL BS	

Working 7 - VAT

200000 * 12.5%	VAT	4300	
25000	New	25000	
		<u>20700</u>	CA BS

Working 8 - Buildings Dep

Cost	900000	875000	* 2%
VAT	25000	17500	S & D Dep
	<u>875000</u>		

Working 9 - Revalue Reserve

<u>Buildings</u>		<u>Revalue Reserve</u>	
875000	FA BS	Buildings	325000
1200000	FA BS	Acc Dep	45000
<u>325000</u>	RR	Dep T/Y	17500
		387500	Capital BS

Working 10 - Debtors

76500	* 3%	Old	3900
2295	New	New	2295 CA BS
			<u>1605</u>

2020

Dublin Examination Board

Question 1
Sole Trader

Bob Dalton

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2020 - Bob Dalton - Question

The following Trial Balance was extracted from the books of Bob Dalton on 31/12/2019:

	€	€
Buildings (cost €785,000)	610,000	
Delivery Vans (cost €126,000)	111,500	
Office Equipment (cost €32,000)	27,500	
Patents	48,000	
4% Investments (01/06/2019)	120,000	
6% Fixed Mortgage (including €70,000 received on 01/06/2019)		200,000
Debtors and Creditors	71,500	63,000
Stock 01/01/2019	55,500	
Purchases and Sales	492,300	851,000
Discount (Net)		4,500
Commission	10,100	
Rent (paid to 31/10/2019)		12,000
Provision for Bad Debts		2,900
Salaries and General Expenses	115,800	
Advertising (including three months' Investment Income)	3,800	
Mortgage Interest paid for the first five months	2,850	
Insurance (including Suspense)	18,900	
VAT	12,600	
Bank		56,050
PAYE, PRSI and USC		18,700
Drawings	12,800	
Capital		505,000
	1,713,150	1,713,150

The following information and instructions are to be taken into account:

- (i) Stock on 31/12/2019 at cost was €61,800. This figure includes damaged stock which cost €8,600 and now has a net realisable value of €6,300.
- (ii) Provide for depreciation on delivery vans at the annual rate of 15% of cost from the date of purchase to the date of sale.
NOTE: On 31/05/2019 a delivery van, which cost €30,000 on 30/09/2017, was traded in against a new van which cost €38,000. An allowance of €20,500 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iii) The suspense figure arises as a result of the incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and a payment of €4,700 towards PAYE, PRSI and USC entered on the incorrect side of the bank account.
- (iv) Patents are to be written off over a six-year period, which commenced in 2017.
- (v) It was discovered that finished goods had been received from a supplier on a 'sale or return' basis. These goods had been recorded as a credit purchase of €24,600. This figure includes VAT at 23%.
- (vi) A cheque for €1,400 had been received on 31/12/2019 in respect of a debt of €3,000 previously written off as bad. The debtor wishes to continue trading with Dalton and has agreed to pay the remainder within one month. No entry was made in the books in respect of this transaction.
- (vii) Goods taken by the owner for private use during the year were not recorded. These goods had a retail value of €12,600, which is cost plus 20%.
- (viii) A new warehouse was purchased during the year for €90,800, which includes VAT at 13.5%. The amount paid to the vendor was entered in the buildings account. No entry was made in the VAT account.
- (ix) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to re-value the buildings at €950,000 on 31/12/2019.
- (x) Provision should be made for the following:
 - 1. Rent due on 31/12/2019.
 - 2. Mortgage Interest due and Investment Income due.
 - 3. Depreciation on Office Equipment at the rate of 10% of cost per annum.

You are required to:

- (a) Prepare a Trading and Profit and Loss Account for the year ended 31/12/2019. (75)
- (b) Prepare a Balance Sheet as at 31/12/2019. (45)

(120 marks)

2020 - Bob Dalton - Adjustments

Working 1 - Closing Stock

Stock	61,800	Stock	59,500
Damage	8,600	SoR	20000
	53,200		39,500
NRV	6,300		
	59,500		

Working 2 - Depreciation

Vans Cost		Acc Dep	
126,000	30,000	Disposal 7500	Bal c/d 14500
38,000	134,000	Bal 26600	P & L 19600
164,000	164,000	34100	34100
134,000			26600
Disposal		P & L	
30,000	7500	Loss	2,000
	20,500		
	2,000		
30,000	30000		

30.09.2017 - 31.12.2017	3	* 30000 * 15%	1125
01.01.2018 - 21.12.2018	12	* 30000*15%	4500
01.01.2019 - 31.05.2019	5	* 30000 *15	1875
			7500

96,000	* 15%	14400
	*15% *	
38,000	7/12	3325

Working 3 - Purchases

Purchases	492,300	Purchases	474,800	Purchases	454,800
Car	<u>17,500</u>	SoR	<u>20000</u>	Drawings	10500
	<u>474,800</u>		<u>454,800</u>		<u>444,300</u>

Working 4 - Mortgage Interest

130,000 * 6% * 5/12	3250	Paid	2,850
		Should	<u>3250</u>
			<u>400</u>

Working 5 - Insurance

Insurance	18,900	Insurance	18,500
Suspense	<u>400</u>	USC	9,400
	<u>18,500</u>		<u>27,900</u>

Working 6 - Bank

Bank	56,050	Bank	65,450
Suspense	<u>9,400</u>	B.Debt	1400
	<u>65,450</u>		<u>64,050</u>

Working 7 - Patents

Patents	48,000/4	
	12000	Exp
	48000	
	12000	
	36000	FA

Started in 2017 so 2 years have been written off

Working 8 - sale or return

Purchases	decrease	20000	123% =	24,600
Creditors	decrease	24,600	1% =	200
Stock	decrease	20000	100% =	20000
VAT	decrease	4,600		

Creditors	63000
SoR	24,600
	38,400

VAT	12,600	8,000
SoR	4,600	10800
	8,000	18,800

Working 9 - Bad Debts Recovered

Debtors	Increase
Bank	Increase
Bad Debts Recovered	Increase

Debtors	71,500
B Debt	1600
	<u>73,100</u>

Bad Debts Recovered **3,000**

Working 9 - Drawings

120% =	12600
1% =	12600/120
	105
100% =	100*105
	10500

Drawings	12800
Purchases	10500
	<u>23300</u>

Working 10 - VAT

113.5% =	90800
1% =	90800/113.5
	800
100% =	800*100
	80000

	90800
	80000
VAT	<u>10800</u>

See Working 8

Working 11 - Buildings

Cost	785000
VAT	10,800
	<u>774,200</u>

Revalue	950000
Cost	774,200
RR	<u>175,800</u>

Working 11 - revalue buildings

Acc Dep	Acc Dep	175000	Revaluation reserve	175,800
774,200	P & L	15484		190484
774200*2%		<u>190484</u>		<u>366,284</u>
15484				

Working 12 - Rent Due (Receivable)

12000 * 2/10	2400
2400	Due
14400	Due this period

Working 13 - Mortgage interest due

130000 * 6%	7800	10250
70000 * 6% * 7/12	2450	3250
10250	O I	7000 Due CL

Working 14 - Investment Income Due

120000 * 4%	4,800 * 3/12
4800 * 7/12	1200
2800	Yearly
1200	
1600	Due

Working 15 Advertising

3800
1200
5000

Working 16 - Dep Equipment

32000 * 10%

3200

4500

3200

7700 Acc Dep

2017

Dublin Examination Board

Question 1
Sole Trader

Alan Ahern

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

2017 - Alan Ahern - Question

The following Trial Balance was extracted from the books of Alan Ahern on 31/12/2016:

	€	€
Buildings (cost €515,000)	463,000	
Delivery Vans (cost €105,000)	68,500	
4% Investments (01/09/2016)	150,000	
Patents	50,500	
6% Fixed Mortgage (including increase of €80,000 received on 01/05/2016)		260,000
Debtors and Creditors	53,000	49,200
Purchases and Sales	455,000	778,600
Stock 01/01/2016	73,400	
Commission	9,100	
Salaries and General Expenses	84,000	
Provision for Bad Debts		3,200
Discount (Net)	3,700	
Rent	12,000	
Mortgage Interest paid for the first four months	3,300	
Insurance (incorporating Suspense)	10,500	
VAT		5,100
Bank	11,900	
PAYE, PRSI and USC		4,300
Drawings	22,500	
Capital		370,000
	1,470,400	1,470,400

The following information and instructions are to be taken into account:

- (i) Stock at 31/12/2016 at cost was €78,500. No record has been made in the books for 'goods in transit' on 31/12/2016. The invoice for these goods had been received showing the recommended retail selling price of €4,500, which is cost plus 25%.
- (ii) Patents, which incorporate three months' investment income received, are to be written off over a five-year period, commencing in 2016.
- (iii) Provide for depreciation on vans at the annual rate of 20% of cost from the date of purchase to date of sale. NOTE: On 31/07/2016 a delivery van, which cost €33,000 on 30/10/2012, was traded in against a new van which cost €42,000. An allowance of €9,500 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iv) The suspense figure arises as a result of the incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and discount received €400 entered only in the creditors account.
- (v) Goods with a retail selling price of €6,000 were returned to a supplier. The selling price was cost plus 25%. The supplier issued a credit note showing a restocking charge of 15% of the cost price. No entry had been made in respect of this restocking charge.
- (vi) Provision to be made for mortgage interest due. 20% of the mortgage interest for the year refers to the private section of the building.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to re-value the buildings at €650,000 on 31/12/2016.
- (viii) Goods withdrawn by the owner for private use during the year, with a retail value of €2,000, which is cost plus 25%, were omitted from the books.
- (ix) A cheque for €700 had been received on 31/12/2016 in respect of a debt of €1,500 previously written off as bad. The debtor has agreed to pay the remainder within one month. No entry was made in the books to record this transaction.

You are required to prepare a:

Trading and Profit and Loss Account for the year ended 31/12/2016

(75)

Balance Sheet as at 31/12/2016

(45)

2017 - Alan Ahern - Marking Scheme

- (a) Trading and Profit and Loss Account for the year ended 31/12/2016. (75)
 (b) Balance Sheet as at 31/12/2016. (45)

Trading, Profit and Loss Account (of Alan Ahern) for the year ending 31/12/2016 (1)			Balance Sheet (of Alan Ahern) as at 31/12/2016		
	€	€	€	€	€
Sales		778,600 (2)	<u>Cost</u>	<u>Dep.</u>	<u>NBV</u>
			<u>Tangible Fixed Assets</u>		
<u>Less Cost of Sales</u>			Buildings W13	650,000 (1)	— 650,000
Stock 01/01/2016	73,400 (2)		Delivery Vans W9,10	114,000 (3)	33,500 (3) 80,500
<u>Add Purchases W1</u>	425,220 (10)				
	498,620			<u>764,000</u>	<u>33,500</u> 730,500
<u>Less Stock 31/12/2016 W2</u>	(82,100) (4)		<u>Intangible Fixed Assets</u>		
Cost of Goods Sold		(416,520)	Patents W3		41,600 (3)
Gross Profit		362,080	<u>Financial Assets</u>		
<u>Less Expenses</u>			4% Investments		150,000 (2)
<u>Administration</u> □ □					922,100
Salaries and General Expenses	84,000 (2)		<u>Current Assets</u>		
Patents written off W3	10,400 (5)		Stock 31/12/2016 W2	**82,100 (2)	
rent	12,000 (4)		Investment Income due W11	500 (2)	
			Debtors W14	53,800 (3)	
		<u>127,300</u>			
<u>Selling & Distribution</u> □ □					
Commission	9,100 (2)		<u>Less Creditors: amounts falling</u>		
Discount (Net) W6	3,300 (4)		Add Investment Income W11		2,000 (4)
Depreciation: Delivery Vans W7	21,750 (6)				205,380
	<u>34,150</u>		Less Mortgage Interest W12		(11,200) (6)
Total Expenses		(161,450)	Net Profit		••• 194,180 (4)
		200,630			
<u>Add Operating Income</u>					
Profit on Sale of Delivery Van W8	1,250 (8)				
Bad Debt Recovered	• 1,500 (2)	2,750			
Operating Profit		203,380			

• Allow 1 mark for student's own figure.

<u>due within 1 year</u>			6% Fixed Mortgage <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	260,000 (2)
Creditors W16	53,520 (5)			
Mortgage Interest due <input type="checkbox"/> W12	10,400 (2)		Capital and Reserves	
VAT	5,100 (2)			
PAYE, PRSI and USC	<u>4,300 (2)</u>		Capital 01/01/2016	370,000 (1)
	<u>(73,320)</u>		Add Revaluation Reserve <input type="checkbox"/> W17	197,300 (3)
Net Current Assets		<u>72,480</u>	Add Net Profit	•• 194,180 (1)
Total Net Assets		<u>994,580</u>		<u>761,480</u>
<u>Financed by:</u>			Less Drawings W18	<u>(26,900) (3)</u> 734,580
<u>Creditors: amounts</u>			Capital Employed	<u>994,580</u>
<u>falling due after more</u>				
<u>than 1 year</u>				

- 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 if '6% Fixed Mortgage' is shown within 'Capital and Reserves' section.

Workings:

€

W1 Purchases	455,000 (2)
+ Goods in Transit [$€4,500 \times 100/125$]	• 3,600 (2)
– Payment for Van [$€42,000 - €9,500$]	(32,500)(2)
+ Restocking Charge [15% of €4,800]	————— 720 (2)
– Drawings [$€2,000 \times 100/125$]	• (1,600)(2)

Figure transferred to Trading a/c 425,220

W2 Closing Stock 31/12/2016	78,500 (2)
+ Goods in Transit [$€4,500 \times 100/125$]	•• 3,600 (2)
Figure transferred to Trading a/c	<u>82,100</u>

W3 Patents 31/12/2016 52,000 (1)

[4% of €150,000 \times 3/12] • 1,500 (2)

Value of Patents 01/01/2016 52,000

Patents written off this year

Value written off [1/5 of €52,000] •• 10,400 (2)

Figure transferred to Profit & Loss a/c 10,400

Value of Patents 31/12/2016

Value of Patents 01/01/2016 •• 52,000 (1)

– Value written off this year •• 10,400 (2)

Figure transferred to Balance Sheet 41,600

W4 Insurance 10,500 (2)

– Error in Mortgage Interest paid

[(6% of €180,000 \times 4/12) – €3,300] • (300)(4)

+ Discount Received

400 (2) Figure transferred to Profit & Loss a/c

10,600

W5 Depreciation: Buildings Depreciation charge for the year

[2% of €515,000] • 10,300

Figure transferred to Profit & Loss a/c 10,300 (3)

W6 Discount (Net) 3,700 (2)

– Discount Received omitted

(400)(2) Figure transferred to Profit & Loss a/c

3,300

W7 Depreciation: Delivery Vans Depreciation charge for the year

[20% of (€105,000 – €33,000)]	●14,400 (2)
[20% of €33,000 × 7/12]	●3,850 (2)
[20% of €42,000 × 5/12]	●3,500 (2)
Figure transferred to Profit & Loss a/c	<u>21,750</u>

W8 Profit on Sale of Delivery Van Depreciation to Date:

[20% of €33,000 × 2/12] (2 months)	1,100 (1)
[20% of €33,000 × 3] (3 years)	19,800 (1)
[20% of €33,000 × 7/12] (7 months)	<u>3,850 (1)</u>
Total depreciation to date of sale	24,750
Allowance for Delivery Van	9,500 (2)
Cost of Delivery Van	33,000 (2)
– Depreciation to date	●●(24,750)(1)
	<u> </u>
Book value on date of sale	<u>(8,250)</u>

Figure transferred to Profit & Loss a/c 1,250

W9 Delivery Vans

Cost of Delivery Vans	105,000 (1)
– Cost of Del. Van traded-in 31/07/2016	(33,000)(1)
+ Cost of new Delivery Van 31/07/2016	<u>42,000 (1)</u>
	●114,000

W10 Depreciation: Delivery Vans

Accumulated Depreciation at 01/01/2016	36,500 (1)	
+ Depreciation charge for the year	••21,750 (1)	
– Depreciation to date of sale on van	••(24,750)(1)	
Figure transferred to Balance Sheet	33,500	

W11 Investment Income

[4% of €150,000 × 4/12]	•2,000 (4)	
Figure transferred to Profit & Loss a/c	2,000	
Investment Income due	2,000	
– Investment Income Received		
[4% of €150,000 × 3/12] (3 months)	<u>(1,500)</u>	Figure transferred to Balance Sheet 500 (2)

W12 Mortgage Interest

Interest charge for the year		
[6% of (€260,000 – €80,000)]	•10,800 (2)	
[6% of €80,000 × 8/12]	<u>3,200 (2)</u>	14,000
– Drawings [20% of €14,000]	••2,800 (2)	
Figure transferred to Profit & Loss a/c	11,200	
Mortgage Interest due		
Interest payable for the year	14,000	
– Interest paid [6% of €180,000 × 4/12]	•(3,600)	Figure transferred to Balance Sheet 10,400 (2)

W13 Buildings

Cost of Buildings	515,000	
+ Revaluation 31/12/2016	<u>135,000</u>	Figure transferred to Balance Sheet 650,000 (1)

W14 Debtors

Debtors	53,000 (1)	
+ Bad Debt Recoverable [€1,500 – €700]	<u>800 (2)</u>	Figure transferred to Balance Sheet 53,800

W15 Bank

Bank	11,900 (1)	
+ Bad Debt Recovered	<u>700 (2)</u>	Figure transferred to Balance Sheet 12,600

W16 Creditors

Creditors	49,200 (1)
+ Goods in Transit [€4,500 × 100/125]	••3,600 (2)
+ Restocking Charge [15% of €4,800]	••720 (2)

Figure transferred to Balance Sheet	53,520
-------------------------------------	--------

W17 Revaluation Reserve

Increase in Buildings Valuation W13	135,000 (1)
Depreciation [€52,000 + €10,300] W5	•• 62,300 (2)
Figure transferred to Balance Sheet	197,300

W18 Drawings	22,500 (1)
+ Mortgage Interest W12	•• 2,800 (1)
+ Purchases [€2,000 × 100/125]	•• 1,600 (1)

Figure transferred to Balance Sheet 26,900

- Allow 1 mark for student's own figure.
- Allow full marks for student's own figure if consistent with previous work.
- Accept correct figure only.

	€	€
W10		
W14 Debtors	53,000 (1)	
+ Bad Debt Recoverable [€1,500 – €700] _____	800 (2)	53,800
	Figure transferred to Balance Sheet	
W15 Bank	11,900 (1)	
+ Bad Debt Recovered	_____	
	700 (2)	
	Figure transferred to Balance Sheet	
	12,600	
	W16 Creditors	49,200 (1)
	+ Goods in Transit [€4,500 × 100/125]	•• 3,600 (2)
	+ Restocking Charge [15% of €4,800]	••• 720 (2)
Figure transferred to Balance Sheet	53,520	
W17 Revaluation Reserve		
Increase in Buildings Valuation W13	135,000 (1)	
Depreciation [€52,000 + €10,300] W5	•• 62,300 (2)	
Figure transferred to Balance Sheet	197,300	
	W18 Drawings	22,500 (1)
	+ Mortgage Interest W12	•• 2,800 (1)
	+ Purchases [€2,000 × 100/125]	•• 1,600 (1)
Figure transferred to Balance Sheet	26,900	

- Allow 1 mark for student's own figure.
- Allow full marks for student's own figure if consistent with previous work.
- Accept correct figure only.

2017 - Alan Ahern - Adjustments

Working 1 - Good in Transit

<i>Cl. stock</i>	<i>Purchases</i>	<i>Creditors</i>
Cl. Stock 78500	Purchases 455000	Creditors 49200
GIT 3600	GIT 3600	GIT 3600
82100 T / CA	458600	52800
125% 4500	Cheque 32500	Restocking 720
1% 4500/125	426100	53520 CL BS
36	Restocking 720	
100% 3600	426820	
	Drawings 1600	
	425220 T	

Working 2 - Patents

<i>Investment Income</i>	<i>Patents</i>
150000*4%*3/12	Patents 50500
1500	Inv
	Income 1500
	52000
Patents W/O	W/O 10400
52000 / 5	41600 FA BS
10400 Admin Exp	

Working 3 - Dep Vans

Vans			
Bal	105000	Disposal	33000
Bank	42000	Bal	114000
	<u>147000</u>		<u>147000</u>
Bal	114000	FA BS	

Acc Dep			
Disposal	24750	Bal	36500
Bal	33500	Dep	21750 S & D Exp
	<u>58250</u>		<u>58250</u>
		Bal	33500 ACC DEP FA BS

Disposal			
Vans	33000	Acc dep	24750
Profit	1250	Allow	9500
	<u>34250</u>		<u>34250</u>

Dep Disposal

30.10.12 - 31.12.12	2/12	* 33000	* 20%	1100
01.01.13 - 31.12.13	12	* 33000	* 20%	6600
01.01.14 - 31.12.14	12	* 33000	* 20%	6600
01.01.15 - 31.12.15	12	* 33000	* 20%	6600
01.01.16 - 31.07.16	7/12	* 33000	* 20%	3850
				<u>24750</u>

This Year

72000 * 20 %	14400
42000 * .2% * 5/12	3500
	<u>3850</u>
	<u>21750</u>

Working 4 - Suspense

Mortgage Interest

180000* 6%
 10800 * 4/12
 3600

Insurance

Insurance 10500
 Discount 400
 Interest -300

Discount

Discount 3700
 Error -400
3300 CL BS

10600 Admin Exp

Should 3600
 Paid 3300
300

Working 5 - Restocking Charge

125% = 6000
 1% = 6000/125
 48
 100% = 48*100
 4800

Restocking 4800 * 15%
 720
 Up date Purchases
 Creditors

Working 6 - Mortgage Interest Due

180000 * 6% 10800
 80000*6%*8/12 3200
14000
 Paid 3600

Yearly 14000 * 30%
 Drawings 2800
11200 Less OI

10400 CL BS

Working 7 - Dep Buildings

515000 * 2%
 10300

Working 8 - Revaluation

Revaluation	650000	Revalue	135000	
Cost	<u>515000</u>	Acc Dep	52000	
	<u>135000</u>	This yr	<u>10300</u>	
			<u>197300</u>	BS Capital

Working 9 - Drawings

Drawings	22500	125% =	2000	
Mort Int	<u>2800</u>	1%	2000/125	
	25300		16	
Drawings	1600	100%	16 * 100	
	<u>26900</u>		1600	Capital BS

Working 10 - Investment Income Due

150000*4%*4/12	<u>2000</u>	Yearly
	1500	Paid
	<u>500</u>	CA BS

Working 11 - Bank

Bank	11900	
Cheque	<u>700</u>	
	<u>12600</u>	CA BS

Working 12 - Debtors

Debtors	53000	
Debt	800	
	53800	CA BS

Working 13 - Bad Debt Recovered

Bad Debt Recovered	1500	Add OI
--------------------	-------------	--------

2014

Dublin Examination Board

Question 1
Sole Trader

[Kate Acton](#)

1. Past Paper Question
2. Past Paper Marking Scheme
3. Adjustments Explained

1. Sole Trader Final Accounts

The following Trial Balance was extracted from the books of Kate Acton on 31/12/2013:

	€	€
Buildings (cost €485,000)	433,000	
Delivery Vans (cost €125,000)	88,500	
6% Investments (01/09/2013)	140,000	
Patents	44,400	
5% Fixed Mortgage (including increase of €60,000 received on 01/05/2013)		210,000
Debtors and Creditors	55,000	48,200
Purchases and Sales	475,000	775,600
Stock 01/01/2013	75,400	
Commission	7,200	
Salaries and General Expenses	81,000	3,300
Bad Debts Provision		
Discount (Net)	3,800	
Rent	9,000	
Mortgage Interest paid for the first four months	2,300	
Insurance (incorporating Suspense)	11,300	6,900
VAT		
Bank		40,100
PAYE and PRSI		5,300
Drawings	23,500	
Capital	<u> </u>	<u>360,000</u>
	<u>1,449,400</u>	<u>1,449,400</u>

The following information and instructions are to be taken into account:

- (i) Stock at 31/12/2013 at cost was €76,700. No record had been made in the books for 'goods in transit' on 31/12/2013. The invoice for these goods had been received showing the recommended retail selling price of €5,400 which is cost plus 20%.
- (ii) Patents, which incorporate three months investment income received, are to be written off over a five year period, commencing in 2013.
- (iii) Provide for depreciation on vans at the annual rate of 20% of cost from the date of purchase to date of sale. NOTE: On 31/01/2013 a delivery van, which cost €27,000 on 30/09/2009, was traded in against a new van which cost €36,000. An allowance of €9,500 was given on the old van. The cheque for the net amount of this transaction was entered in the bank account but was incorrectly treated as a purchase of trading stock. These were the only entries made in the books in respect of this transaction.
- (iv) The suspense figure arises as a result of the incorrect figure for mortgage interest (although the correct entry had been made in the bank account) and discount received €300 entered only in the creditors account.
- (v) Goods with a retail selling price of €4,800 were returned to a supplier. The selling price was cost plus 20%. The supplier issued a credit note showing a restocking charge of 15% of the cost price. No entry had been made in respect of this restocking charge.
- (vi) Provision to be made for mortgage interest due. 30% of the mortgage interest for the year refers to the private section of the building.
- (vii) Provide for depreciation on buildings at the rate of 2% of cost per annum. It was decided to revalue the buildings at €650,000 on 31/12/2013.
- (viii) Goods withdrawn by the owner for private use during the year with a retail value of €1,800 which is cost plus 20% were omitted from the books.
- (ix) A cheque for €500 had been received on 31/12/2013 in respect of a debt of €1,200 previously written off as bad. The debtor has agreed to pay the remainder within one month. No entry was made in the books to record this transaction.

You are required to prepare a:

(a) Trading and Profit and Loss Account for the year ended 31/12/20 (80)

(b) Balance Sheet as at 31/12/2013 (40)

2014 - Kate Acton - Solution

1.	Final Accounts of a Sole Trader		(120)
(a)	Trading, Profit and Loss Account (of Kate Acton) for year ended 31/12/2013 (1)	(80)	(b) Balance Sheet (of Kate Acton) as at 31/12/2013 (40)
	€	€	€
Sales		775,600 (3)	<u>Cost</u>
			<u>Dep.</u>
			<u>NBV</u>
<u>Less Cost of Sales</u>			<u>Tangible Fixed Assets</u>
Stock 1/1/2013			Buildings (W12)
	75,400 (3)		650,000 (1)
			Delivery Vans (W7,13)*134,000 (2)
Purchases (W1)	<u>452,100 (10)</u>		45,150 (3)
			<u>88,850</u>
			<u>Intangible Fixed Assets</u>
			Patents (W3)
Cost of Goods Sold	<u>(446,300)</u>		37,200 (4)
Gross Profit	329,300		<u>Financial Assets</u>
			6% Investments
<u>Less Expenses</u>			<u>140,000 (2)</u>
			916,050
<u>Administration Expenses</u> □ □			<u>Current Assets</u>
Salaries & General Expenses (W3)	81,000 (3) *9,300 (5) 9,000 (3)		Stock 31/12/2013 (W2) **81,200 (2)
Insurance (W4)	11,400 (7)		Inv. Income due (W10) *700 (2)
Buildings (W5)	<u>*9,700 (3)</u>		Debtors (W14) 55,700 (2)
	<u>120,400</u>		<u>Less Prov. Bad Debts (3,300)(2) 52,400</u>
			<u>134,300</u>
<u>Selling & Distribution Expenses</u> □ □			<u>Creditors: amounts falling</u>
Commission	7,200 (3)		due within 1 year
Discount (Net) (W6)	3,500 (5)		Creditors (W15)
Deprec: Delivery Vans (W7,8)	<u>26,650 (5)</u>		*53,300 (2)
	<u>37,350</u>		Mortgage Interest due (W11)
			*7,000 (2)
Total Expenses	<u>(157,750)</u>		VAT
	171,550		6,900 (2)
			PAYE and PRSI
<u>Add Operating Income</u>			5,300 (2)
Profit on Sale of Delivery Van (W9)	500 (7)		Bank (W16)
Bad Debt Recovered	<u>1,200 (3)</u>		*39,600 (2)
			<u>(112,100)</u>
Operating Profit	173,250		<u>Net Current Assets</u>
			22,200
<u>Add Investment Income (W10)</u>	<u>*2,800 (4)</u>		<u>Total Assets less Current Liabilities</u>
			<u>938,250</u>
	176,050		<u>Financed by:</u>
<u>Less Mortgage Interest (W11)</u>	<u>(6,650) (6)</u>		<u>Creditors: amounts falling</u>
			due after more than 1 year
Net Profit	<u>□169,400 (4)</u>		5% Fixed Mortgage
			210,000 (2)
			<u>Capital and Reserves</u>
			Capital 1/1/2013
			360,000 (2)
			<u>Add Net Profit</u>
			<u>**169,400 (1)</u>

* Allow 1m for student's own figure.		525,400
** Allow full marks for student's own figure if consistent with previous work.	<i>Less Drawings (W17)</i>	<u>(27,850)</u> (3)
		497,550
• Accept correct figure only.	Revaluation Reserve (W18)	<u>226,700</u> (2) <u>728,250</u>
□□ Deduct 1m for each heading omitted.	Capital Employed	<u>938,250</u>

Workings:		€	€
			€
W1	Purchases	475,000 (2)	
	+ Goods in Transit ($€5,400 \times 100/120$)	4,500 (2)	
	– Payment for Van ($€36,000 - €9,500$)	(26,500)(2)	
	+ Restocking Charge (15% of $€4,000$)	600 (2)	
	– Drawings ($€1,800 \times 100/120$)	<u>(1,500)(2)</u>	
	Figure transferred to Trading a/c	452,100	
W2	Closing Stock 31/12/2013	76,700 (3)	
	+ Goods in Transit ($€5,400 \times 100/120$)	<u>4,500 (2)</u>	
	Figure transferred to Trading a/c	81,200	
W3	Patents	44,400	
	+ Investment Income Error	<u>2,100</u>	
	Value of Patents 1/1/2013	46,500	
	Patents written off this year		
	Value w/o (1/5 of $*€46,500$)	<u>9,300</u>	
	Figure transferred to Profit & Loss a/c	9,300 (5)	
	Patents 31/12/2013		
	Value of Patents 1/1/2013	46,500 (2)	
	– Value w/o (1/5 of $*€46,500$)	<u>9,300 (2)</u>	
	Figure transferred to Balance Sheet	*37,200	
	* Accept student's own figure.		
W4	Insurance	11,300 (3)	
	– Mortgage Int. ($€2,500 - €2,300$) (W10)	(200)(2)	
	+ Discount Received	<u>300 (2)</u>	
	Figure transferred to Profit & Loss a/c	11,400	
W5	Depreciation: Buildings		
	Value w/o (2% of $€485,000$)	<u>9,700</u>	
	Figure transferred to Profit & Loss a/c	9,700 (3)	
W6	Discount (Net)	3,800 (3)	
	– Discount Received omitted	<u>(300)(2)</u>	
	Figure transferred to Profit & Loss a/c	3,500	
W10	Investment Income		
	6% of $€140,000 \times 4/12$		<u>2,800</u>
	Figure transferred to Profit & Loss a/c		2,800 (4)
	Investment Income due		2,800
	– Inv. Income Received (3 months)		<u>(2,100)</u>
	Figure transferred to Balance Sheet		700 (2)
W11	Mortgage Interest		
	Interest charge for year		
	5% of $€150,000$		7,500 (2)
	5% of $€60,000 \times 8/12$		<u>2,000 (2)</u>
			9,500
	– Drawings (30%)		<u>*2,850 (2)</u>
	Figure transferred to Profit & Loss a/c		**6,650
	Mortgage Interest due		9,500
	Interest paid ($€5\% \text{ of } €150,000 \times 4/12$)		<u>(2,500)</u>
	Figure transferred to Balance Sheet		7,000 (2)
	* Accept student's own 30% figure.		
	** Accept student's own figure.		
W12	Building		
	Cost of Buildings		485,000
	+ Revaluation 31/12/2013		<u>165,000</u>
	Figure transferred to Balance Sheet		650,000 (1)
W13	Depreciation: Delivery Vans		
	Accumulated Depreciation at 1/1/2013		36,500 (1)
	+ Depreciation charge for year		*26,650 (1)
	– Depreciation to date of sale on van		<u>*(18,000)(1)</u>
	Figure transferred to Balance Sheet		45,150
	* Accept student's own figure(s).		
W14	Debtors		55,000
	+ Bad Debt Recoverable		<u>700</u>
	Figure transferred to Balance Sheet		55,700 (2)

W7	Delivery Vans			
	Cost of Delivery Vans		125,000	
	– Disposal of Delivery Van (31/1/2013)		(27,000)	
	+ Purchase of Delivery Van (31/1/2013)	<u>36,000</u>		Figure transferred to Balance Sheet 134,000 (2)
W8	Depreciation: Delivery Vans	Depreciation charge for year		
	20% of €98,000		19,600 (1)	
	20% of €27,000 × 1/12		450 (2)	
	20% of €36,000 × 11/12		<u>6,600 (2)</u>	
	Figure transferred to Profit & Loss a/c		26,650	
W9	Profit on Sale of Delivery Van	Depreciation to Date:		
	20% of €27,000 × 3/12 (3 months)		1,350 (1)	
	20% of €27,000 × 3 (3 years)		16,200 (1)	
	20% of €27,000 × 1/12 (1 month)		<u>450 (1)</u>	Total depreciation to date of sale
			18,000	
	Allowance for Delivery Van		9,500 (1)	
	Cost of Delivery Van	27,000 (1)		
	– Depreciation to date	(18,000)(1)		
	Book value on date of sale	<u>(9,000)(1)</u>		Figure transferred to Profit & Loss a/c 500
W15	Creditors		48,200	
	+ Goods in Transit (€5,400 × 100/120)		4,500	
	+ Restocking Charge (15% of €4,000)		<u>600</u>	
	Figure transferred to Balance Sheet		53,300 (2)	
W16	Bank		40,100	
	– Bad Debt Recovered		<u>(500)</u>	
	Figure transferred to Balance Sheet		39,600 (2)	
W17	Drawings		23,500 (1)	
	+ Mortgage Interest (W11)		2,850 (1)	
	+ Purchases (€1,800 × 100/120)		<u>1,500 (1)</u>	
	Figure transferred to Balance Sheet		27,850	
W18	Revaluation Reserve			
	Increase in Buildings Valuation		165,000 (1)	
	Depreciation (€52,000 + €9,700)		<u>61,700 (1)</u>	
	Figure transferred to Balance Sheet		226,700	

2014 - Kate Acton - Adjustments

Working 1 - Good in Transit

<i>Cl. stock</i>		<i>Purchases</i>		<i>Creditors</i>	
Cl. Stock	76700	Purchases	475000	Creditors	48200
GIT	4500	GIT	4500	GIT	4500
	81200		479500		52700
	T / CA	Cheque	26500	Restocking	600
120%	5400		453000		53300
1%	5400/120	Restocking	600		CL BS
	45		453600		
100%	4500	Drawings	1500		
			452100		T

Working 2 - Patents

<u>Investment Income</u>		<i>Patents</i>	
140000*6%*3/12		Patents	44400
	2100	Inv	
		Income	2100
			46500
		W/O	9300
			37200
			FA BS
<i>Patents W/O</i>			
46500	/ 5		
9300	Admin Exp		

Working 3 - Dep Vans

Vans			
Bal	125000	Disposal	27000
Bank	36000	Bal	134000
	<u>161000</u>		<u>161000</u>
Bal	134000	FA BS	

Acc Dep			
Disposal	18000	Bal	36500
Bal	45150	Dep	26650 S & D Exp
	<u>63150</u>		<u>63150</u>
		Bal	45150 ACC DEP FA BS

Disposal			
Vans	27000	Acc dep	18000
Profit	500	Allow	9500
	<u>27500</u>		<u>27500</u>

Dep Disposal

30.09.09 - 31.12.09	3/12	* 27000	* 20%	1350
01.01.10 - 31.12.10	12	* 27000	* 20%	5400
01.01.11 - 31.12.11	12	* 27000	* 20%	5400
01.01.12 - 31.12.12	12	* 27000	* 20%	5400
01.01.13 - 31.01.13	1/12	* 27000	* 20%	450
				<u>18000</u>

This Year

98000 * 20 %	19600
36000 * .2% * 11/12	6600
	<u>450</u>
	<u>26650</u>

Working 4 - Suspense

<u>Mortgage Interest</u>		<u>Insurance</u>		<u>Discount</u>	
150000* 5%		Insurance	11300	Discount	3800
7500 * 4/12		Discount	300	Error	-300
2500		Interest	-200		3500 CL BS
			11400 Admin Exp		
Should	2500				
Paid	<u>2300</u>				
	<u>200</u>				

Working 5 - Restocking

<u>Charge</u>			
120% = 4800		Restocking	4000 * 15%
1% = 4800/120			600
40			
100% = 40*100		Up date	Purchases
4000			Creditors

Working 6 - Mortgage Interest Due

150000 * 5%	7500	Yearly	9500 * 30%
60000*5%*8/12	<u>2000</u>	Drawings	2850
	9500 Yearly		6650 Less OI
Paid	2500		
	7000 CL BS		

Working 7 - Drawings

Drawings	23500	120% =	1800
Mort Int	2850	1%	1800/120
	26350		15
Drawings	1500	100%	15 * 100
	27850	Capital BS	1500

Working 8 - Investment Income Due

140000*6%*4/12	2800	Yearly
	2100	Paid
	700	CA BS

Working 9 - Buildings Dep

485000*2%
9700 Admin Exp

Working 10 - Revalue Reserve

<u>Buildings</u>		<u>Revalue Reserve</u>	
650000	FA BS	Buildings	165000
485000		Acc Dep	52000
165000	RR	Dep T/Y	9700
		226700	Capital BS

Working 11 - Bank

Bank	40100
Cheque	500
	39600 CL BS

Working 12 - Debtors

Debtors	55000	
Debt	700	
	55700	CA BS

Working 13 - Bad Debt Recovered

Bad Debt Recovered	1200	Add OI
--------------------	-------------	--------

