

Fisher Ltd
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DEB Paper

Adjustment (i)

Steps to this adjustment

1. You will use the closing stock figure to help you calculate the cost of sales figure for the Trading Profit and Loss account. This will be made up of the following -

Opening stock	x
Add Purchases	x
Less Closing stock	x
Cost of Sales	x

NOTE - Patents may have to be amortised in cost of sales so you will need to do a parent work.

<u>Accounts to be adjusted</u>	W1	Cost of Sale	P & L T
<div style="border: 1px solid black; padding: 2px;">Cost of Sales</div>	W2	Patents W/O	Include in Cost of Sales
	W3	Patents	BSIA



Adjustment (ii)

This adjustment will be part of Adjustment (i)

Steps to this adjustment

1. Calculate the amount of the patents to be amortised in the cost of sales.
2. Calculate the Patent to be included as an Intangible Asset in the balance sheet.

<u>Accounts to be adjusted</u>	W2	Patents W/O	Include in Cost of Sales
<div style="border: 1px solid black; padding: 2px;">Patents</div>	W3	Patents	BSIA



Adjustment (iii)

Steps to this adjustment (Debenture Interest Due)

1. Calculate the Debenture interest for the year this will be taken away in the operating profit section.
2. The calculate the Debenture interest due - this will be included in the creditors section to calculate one figure for creditors in the BSCL.
3. Create a creditor working to calculate one figure for other creditors. This will go in the BS as a CL. This will be made up of Debenture interest Due, Auditors Fees and Directors fees
4. Start the Administration working with the administration expense figure, Auditors fees and Directors fees - there will be other items to add later on in the question.

Steps to this adjustment (Investment Interest Due)

1. Calculate the Investment Income for the year this will be add to the operating profit.
2. The calculate the Investment Income due - this will be included in the Debtors section to calculate one figure for Debtors in the BS CA
3. Create a working for the debtors to calculate one figure for the BSCA - there will be more to add later in the question.

Steps to this adjustment (Auditors Fees)

1. Auditors' fees will be part of Administration expenses (P & L) and part of other. creditors in the BS CL

Steps to this adjustment (Directors Fees)

1. Directors' fees will be part of Administration expenses (P & L) and part of other. creditors in the BS CL

Steps to this adjustment (Directors Fees)

1. Corporation Tax will take away from the figure Profit on ordinary activities before tax and added to and VAT to give the taxation figure for the BSCL.

Accounts to be adjusted.

Debenture Interest Due	W4 Debenture Interest	Less OP
	W5 Debenture Interest Due (Include in creditors)	BSCL
	W6 Other Creditors	BSCL
	W7 Administration expenses	P & L
Investment Income Due	W8 Investment Income	Add OP
	W9 Investment Income Due (Include in Debtors)	
	W10 Debtors	BSCL
Auditors Fees	W7 Administration Expenses	P & L
	W6 Other Creditors	BSCL
Directors Fees	W7 Administration Expenses	P & L
	W6 Other Creditors	BSCL
Corporation Tax	W11 Taxation	PBT
	W12 Taxation	BSCL



Adjustment (iv)

Steps to this adjustment

1. Calculate the depreciation of the buildings as per the questions. This figure will be divided between Distribution and Administration costs (Have a look to see if there are any more expense for administration cost and finish of the adjustment)
2. Calculate the depreciation for the vehicles and update the Distribution costs

Accounts to be adjusted.

Depreciation of Buildings & Vehicles	W7 Administration costs	P & L
	W14 Distribution costs	P & L


Adjustment (v)
Step to this adjustment (Profit on sale of Land)

1. Calculate the profit made on the sale of the land - this figure will go into the profit and loss account added to operating profit.

Step to this adjustment (Revaluation Reserve)

1. Calculate the profit made on the sale of the building and put into the revaluation reserve account.
2. Also need to bring the accumulate dep for buildings already account for into the revaluation reserve account.
3. Include any depreciation for this year into the revaluation reserve account.
4. These 3 figures added together will give you the revolution figure that goes in the Balance sheet.

Accounts to be adjusted.

Profit on the Sale of Land	W15 Profit on sale of land	Add OP
Revaluation Reserve	W16 Revaluation reserve	BS



Adjustment (vi)

Step to this adjustment (Royalty's)

1. This adjustment is like the incorporated of patents working.
2. Adjust the administration expense by adding on the royalties - Remember administration expense are an expense so items go on the dr side.
3. Enter the royalty's figure in the other income account (on the cr side - income is always a credit). Check to see if there are any other income in the Trial Balance - Discount receives, Rental income, Commission and decrease in provision for bad debt.

Accounts to be adjusted.

Royalty's	W 7 Administration	P & L
	W 17 Other Income	P & L



Extra Adjustments

Step to this adjustment (Intangible Assets)

Remember you need to have one figure for tangible assets - so you need to

1. find the value of our Fixed assets
2. Find the value of the accumulated depreciation for each fixed assets and
3. take these two figures away from each other to get the total Intangible figure for the balance sheet.

Accounts to be adjusted.

Tangible Assets	W18 Tangible Assets	BS
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Profit and Loss	Balance Sheet	Explanatory Notes	Theory
			