

**Q.3 Incomplete Records**

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(a)

Balance Sheet of S. Staunton as at 31/12/2019						
	€		€		€	
<b>Intangible Assets</b>						
Goodwill					17,950	[3]
<b>Tangible Fixed Assets</b>						
Premises	545,000	[2]			545,000	
Delivery vans	<u>129,000</u>	[2]	<u>19,800</u>	[1]	<u>109,200</u>	
	<u>674,000</u>		<u>19,800</u>		672,150	
4% Investments					<u>25,000</u>	[2]
					697,150	
<b>Current Assets</b>						
Closing stock	32,400	[1]				
Stock of heating oil	400	[1]				
Debtors	54,000	[1]				
Less BDP	<u>(1,620)</u>	[1]	52,380			
Rent prepaid	27,000	[3]				
Bank	48,600	[2]				
Rates prepaid	2,580	[3]				
Investment income due	<u>250</u>	[3]	163,610			
<b>Less creditors: amounts falling due within 1 year</b>						
Creditors	32,600	[2]				
Loan interest due	1,600	[3]				
Loan due	18,000	[3]				
Light and heat due	<u>960</u>	[2]	<u>53,160</u>		<u>110,450</u>	
Total net assets					<u>807,600</u>	
<b>Financed by</b>						
Long term loan					252,000	[3]
Capital			500,000	[1]		
New capital			20,000	[1]		
EU grant			18,000	[1]		
Net profit			42,804	[4]		
Less drawings			<u>(25,204)</u>	[7]		
Capital employed					<u>807,600</u>	

## Workings

1.	<b>Premises</b> Plus: new premises 245,000	300,000 245,000	545,000
2.	<b>Delivery vans</b> Plus: new van	84,000 45,000	129,000
3.	<b>Closing Stock</b> Less: closing stock heating oil	32,800 (400)	32,400
4.	<b>Bad Debt Provision</b> Debtors 54,000 × 3%		1,620
5.	<b>Rent prepaid 31/12/2019</b>	$32,400 \times 10/12$	27,000
6.	<b>Rates 3 months rates prepaid 31/12/2019</b>	$10,320 \times 3/12$	2,580
7.	<b>Investment Income P &amp; L: 25,000 @ 4% @ 1 Year</b> Less: received Due 31/12/2019	1,000 (750)	250
8.	<b>Loan</b> - repayable in 30 half yearly payments: - Split - 2 payments due in next accounting period - Balance = long term loan	270,000	18,000 252,000
9.	<b>Loan Interest 270,000 @ 4% @ 4/12 months</b> Less 20% drawings	3600 (720)	2,880
10.	<b>Light and Heat</b> Less closing stock oil Plus: electricity due 31/12/2019 Drawings	5,600 (400) <u>960</u> $6,160 \times 15\%$	924
11.	<b>Drawings</b> Purchases $280 \times 52$ Cash $150 \times 52$ Wages and general expenses Light and heat – 15% Interest – 20%	14,560 7,800 1,200 924 720	25,204

(b)

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The accruals concept states that all expenses incurred in a particular period are recorded in that period regardless of whether they are paid or not. For example in the year ending 31/12/2019 electricity due of €960 must be recorded in the accounts of 2019 even though it won't be paid until 2020. Also even though rates paid in 2019 is €10,320 only the portion of this applying to 2019 would be included in the figure for rates in the profit and loss account and the remainder was shown in the balance sheet as a current asset €2,480.

All incomes earned must be included in the accounts of that period whether received or not.

Investment income €1,000 must be included in the profit and loss account for 2019 even though €250 of it has yet to be received.