

Question 1 (A)

Trading, Profit and Loss Account of Nolan Ltd for the year ended 31/12/2021 [1]

75

Sales			892,900[6]
Returns			
Less Cost of Sales			
Stock		48,000[3]	
Add Purchases		413,000[6]	
		461,000	
Less Stock		(76,200)[6]	(384,800)
Gross Profit			508,100
<b>Less Expenses</b>			
<b>Administration</b>			
Patent written off	7,875[4]		
Salaries and General Expenses	181,000[4]		
Directors Fees	65,500[6]		
Loss on fire	2,000[2]		
Depreciation (Premises)	17,740[4]	274,115	
<b>Selling and Distribution</b>			
Advertising	5,000[4]		
Bad Debts written off	3,000[4]		
Depreciation (Delivery Van)	28,740[4]	36,740	(310,855)
			197,245
<b>Add Operating Income</b>			
Discount			800[4]
Operating Profit			198,045
Investment Income			9,000[4]
Debenture Interest			(28,000)[4]
<b>Net Profit</b>			179,045
Less Appropriations			
Dividends paid			(47,000)[3]
Retained Profit			132,045
Profit and Loss Balance 01/01/2021			(52,000)[4]
Profit and Loss Balance 01/01/2021			80,045[2]

Balance Sheet as at 31/12/2021				
<b>Intangible Fixed Assets</b>				
Patents				55,125[3]
<b>Tangible Fixed Assets</b>				
Premises	887,000[3]	58,740[1]	828,260	
Delivery Vans	120,000[1]	52,940[1]	67,060	
	100,7000	111,680	895,320	895,320
<b>Financial Assets</b>				
6% Investments				200,000[3]
				1,150,445
<b>Current Assets</b>				
Stock		76,200[3]		
Debtors	51,200[4]			
Less Provision	(3800) [1]	47,400		
Insurance Company		38,000[2]		
advertising prepaid		25,000[2]		
Investment Income Due		3,000[2]		
Bank		21,730[5]	211,330	
<b>Creditors: Amounts falling due within one year</b>				
Creditors		53,730[4]		
Debenture Interest due		28,000[2]	(81,730)	129,600
				1,280,045
<b>Financed by</b>				
<b>Creditors: amounts falling due in more than one year</b>				
8% Debentures				400,000[3]
<b>Capital and Reserves</b>				
		Authorised	Issued	
Ordinary Shares at €1 each		900,000[1]	500,000[1]	
8% Preference Shares at €1 each		500,000[1]	300,000[1]	
		1,400,000	800,000	
Profit and Loss Balance			80,045[1]	880,045
<b>Capital Employed</b>				<b>1,280,045</b>

Workings

1.	Sales	$898,000 - 4,800 - 300$	892,900
2.	Purchases	$460,000 - 12,000 - 35,000$	413,000
3.	Closing stock	$75,000 - 2,800 + 4000$	76,200
4.	Salaries & general expenses	$211,000 - 30,000$	181,000
5.	Directors' fees	$65,000 + 800 - 300$	65,500
6.	Debtors	$61,000 - 4,800 - 2,000 - 3,000$	51,200
7.	Debenture interest	$300,000 \times 8\% = 24,000$	28,000
		$100,000 \times 8\% \div 2 = 4,000$	
	Debenture interest due		28,000
8.	Patent	$60,000 + 3,000 = 63,000 \div 8 = 7875$	55,125
		$63,000 - 7,875$	
9.	Bank	$17,000 + 3,000 + 2,000 - 270$	21,730
		$24,880 - 3150$	21,730
10.	Advertising	$30,000 \times 3/18$	5,000
		$30,000 \times 15/18$	25,000
11.	Investment income	$200,000 \times 6\% = 12,000 \div 12 \times 9$	9,000
	Investment income due	$9,000 - 3,000 - 3,000$	3,000
12.	Bad debts	$2,000 \div 40 \times 100 = 5,000 - 2,000$	3,000
13.	Creditors	$54,000 - 270$	53,730
14.	Premises	$850,000 - 28,000 + 65,000$	887,000
15.	Depreciation premises	$887,000 \times 2\%$	17,740
	Accumulated depreciation premises	$41,000 + 17,740$	58,740
16.	Depreciation delivery vans	$120,000 - 24,200 = 95,800 \times 30\%$	28,740
	Accumulated depreciation vans	$24,200 + 28,740$	52,940
17.	Discount received		800