

Question 1 (B) Final Accounts of a manufacturing company

Manufacturing account of Texas Plc for year ended 31/12/2021

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Manufacturing account for year ended 31/12/21[1]		
Opening stock raw materials	42,600[1]	
Purchases raw materials (iv)	652,800[4]	
Closing Stock raw materials	(37,600)[1]	
Cost of raw materials consumed		657,800
Direct Costs		
Factory Wages	118,000[4]	
Royalties	38,600[2]	
Hire of Special Equipment	52,800[2]	209,400
Prime Cost		867,200
Factory Overheads		
General Factory overhead (iv)	125,300[5]	
Depreciation P&M (ii)	55,500[4]	
Dep on factory	14,850 [3]	195,650
		1,062,850
Factory Cost		
Opening stock Work In Progress	49,200 [2]	
Closing stock Work In Progress	(43,800)[2]	5,400
		1,068,250
Less Sale of Scrap (ii)	2,200 [4]	
Profit on Disposal (ii)	250[5]	(2,450)
Cost of Manufacture		1,065,800

Trading profit and loss account of Texas Plc for year ended 31/12/2021

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<u>Trading Profit and loss account for year ended 31/12/21</u>		
Sales		1,469,500 [3]
Less Cost of Sales		
Opening Stock	39,800 [2]	
Cost of Manufacture	1,065,800 [2]	
Closing Stock	(74,600) [3]	(1,031,000)
Gross Profit		438,500
<u>Less expenses</u>		
<u>Selling and Distribution Costs</u>		
Change in PBD	3,216 [2]	
Selling expenses	59,780 [2]	(62,996)
<u>Administration Expenses</u>		
Administration Expenses	68,200 [2]	
dep on buildings	4,950 [2]	(73,150)
		302,354
Add Operating Income		
Bad debt recovered	1,500 [2]	
Rent	22,000 [2]	
Discount	6,500 [2]	<u>30,000</u>
Operating Profit		332,354
Investment Income		7,800 [3]
Debenture Interest		(16,650) [3]
Net Profit		323,504
Dividend Paid		(33,500) [1]
Retained Profit		290,004
Profit & Loss 01/01/2021		82,000 [1]
Profit & Loss 31/12/2021		372,004 [3]

Balance sheet as at 31/12/2021			
Tangible Fixed Assets	Cost	Acc Dep	BV
Factory Buildings (vi)	990,000 [3]	69,800[2]	920,200
Plant and Machinery (ii)	360,000 [2]	114,750 [3]	245,250
	1,350,000	184,550	1,165,450
Financial Assets			
Investments			[2] 260,000
Current Assets			
Closing stock raw material	37,600 [1]		
Closing stock Work in Progress	43,800 [1]		
Closing stock Finished goods (iii)	74,600 [1]	156,000	
Debtors (iii) (v)	53,600 [4]		
Less Bad Debt Provision (viii)	3,216 [1]	50,384	
Inv Income due (viii)		7,800 [2]	
		214,184	
Current Liabilities			
Bank (v)	75,400 [6]		
Creditors	73,200 [5]		
PAYE	21,600 [1]		
Sales Expenses due (viii)	10,780 [2]		
Debenture Interest due (viii)	16,650 [2]	(197,630)	16,554
			1,442,004
Financed By			
Debentures			290,000[2]
Ordinary Share Capital	1,000,000 [1]	550,000 [1]	
Preference Share Capital	500,000 [1]	230,000 [1]	1,152,004
Revenue reserve / Profit & Loss Balance 31/12/20		372,004 [1]	
			1,442,004

Workings

1.	Sales	1,490,000 -20,500	1,469,500
2.	Purchases	680,800 -28,000	652,800
3.	Closing stock	58,200 + 16,400	74,600
4.	Wages	150,000 -32,000	118,000
5.	Buildings	930,000 + 32,000 +28,000	990,000
6.	Debtors	74,000 -20,500 -500 +600	53,600
7.	General factory overheads	108,800 +500 +16,000	125,300
8.	Machinery	380,000 -20,000	360,000
9.	Depreciation for machinery	380,000 X 15% x .5 =28,500 360,000 x 15% x .5=27,000	55,500
10.	Profit on sale of machinery	20,000 -4,500 -15,750	250
11.	Acc dep Machinery	75,000 -15,750 +55,500	114,750
	Dep buildings	990,000 x 2% = 19,800 Factory 14,850 Admin 4,950	
12.	Debenture interest	240,000 × 6%	14,400
13.	Sale of scrap	6,700 -4,500	2,200
14.	Bank	73,600 -900 +2,700	75,400
15.	Creditors	59,900 +16,000 -2,700	73,200
16.	Investment income	260,000 × 4% x .75	7,800
17.	Provision for bad debts	53,600 x 0.06	3216
18.	Selling expenses	49,000 + 10,780	59,780
19.	Sales Commission	400,000 x 2% = 8,000 69,500 x 4% =2,780	10,780