

## Question 1 (A) Sole Trader

## (a) Trading Profit and Loss Account of V. Leahy for the year ended 31/12/22 [1]

		€	€	€
Sales				1,848,900 [3]
Less cost of sales				
Opening stock			70,700 [3]	
Purchases	W2		1,126,000 [9]	
Less closing stock	W1		(93,650) [7]	(1,103,050)
Gross profit				745,850
<b>Less Expenses</b>				
<b>Distribution Costs</b>				
Loss on sale of delivery van	W3	2,250 [4]		
Depreciation delivery vans	W4	98,250 [4]		
Increase in BDP	W5	1,974 [4]		
Advertising		<u>16,000</u> [3]	118,474	
<b>Administration Expenses</b>				
Depreciation - buildings	W6	15,000 [3]		
Salaries and general exp.	W7	135,400 [7]		
Patent written off	W8	6,250 [5]		
Dep. on equipment	W9	15,350 [2]		
Rates		<u>42,800</u> [3]	<u>214,800</u>	(333,274)
				412,576
Operating income				
Bad debt recovered			1,700 [3]	
Discount			<u>7,700</u> [2]	<u>9,400</u>
Operating profit				421,976
Investment income	W10			3,600 [4]
Mortgage interest	W11			(7,180) [5]
Net profit				<u>418,396</u> [3]

## (b) Balance Sheet of V. Leahy as at 31/12/2022

		Cost		Acc. Dep		NBV
		€		€		€
<b>Intangible Fixed Assets</b>						
Patent	W12					43,750 [2]
<b>Tangible Fixed Assets</b>						
Land and buildings	W6	950,000	[1]	15,000	[1]	935,000
Delivery vans	W13&14	525,000	[3]	138,500	[3]	386,500
Equipment	W9	<u>153,500</u>	[1]	<u>15,350</u>	[1]	<u>138,150</u>
		<u>1,628,500</u>		<u>168,850</u>		1,459,650
<b>Financial Assets</b>						
4% Investments						<u>180,000</u> [1]
						1,683,400
<b>Current Assets</b>						
Closing stock	W1			93,650	[2]	
Debtors	W15	67,900	[3]			
Less Bad Debts Provision	W16	<u>(4,074)</u>	[1]	63,826		
Investment income due	W17			<u>200</u>	[2]	
				157,676		
<b>Creditors: amounts falling due within 1 year</b>						
Creditors	W18	113,375	[7]			
VAT	W19	9,025	[3]			
Bank	W20	52,100	[3]			
Mortgage interest due	W21	6,275	[2]			
PAYE, PRSI, USC		<u>4,700</u>	[1]	<u>(185,475)</u>		<u>(27,799)</u>
						<u>1,655,601</u>
<b>Financed by</b>						
<b>Creditors: amounts falling due after 1 year</b>						
3% Mortgage						320,000[1]
<b>Capital</b>						
Revaluation reserve	W 22			762,000	[1]	
Net profit				205,000	[3]	
Drawings	W 23			418,396		
				<u>(49,795)</u>	[3]	<u>1,335,601</u>
Capital employed						<u>1,655,601</u>

### Question 1 A Workings

1.	Closing stock	82,600 -1,450 +12,500	93,650
2.	Purchases	1,193,500 +12,500 -77,000 -3000	1,126,000
3.	Loss on van	35,000 -3,000 -29,750	2,250
3.	Depreciation on van - disposal	35,000 by 20% for 51/12 months	29,750
4.	Depreciation delivery vans	72,000 + 26,250	98,250
		5,250 + 89,000 + 4,000	98,250
5	Change in BDP	2,100 – 4,074	(1,974)
6.	Depreciation – Buildings	950,000 - 200,000 = 750,000	
		750,000 × 2%	15,000
7.	Salaries & general expenses	136,400 - 600- 400	135,400
8.	Patent	48,800 +1,200 /8	6,250
9.	Depreciation on Equipment	153,500 x 10%	15,350
10.	Investment income	180,000 by 4% for 6/12 months	3,600
11.	Mortgage interest	8,100 + 875 – 1,795	7,180
		3375 + 5600 -1795	7,180
12.	Patents in the Balance Sheet	50,000 - 6,250	43,750
13.	Delivery vans	480,000 + 80,000 - 35,000	525,000
14.	Accumulated dep. vans	70,000 + 98,250 - 29,750	138,500
15.	Debtors	67,700 + 200	67,900
16.	Bad debt provision	67,900 × 6%	4,074
17.	Investment income due	3,600 - 1,200 - 2,200	200
18.	Creditors	98,600 + 15,375 - 600	113,375
19.	VAT	11,900 – 2,875	(9,025)
20.	Bank	53,600 - 1,500	52,100
		50,300 + 1,800	52,100
21.	Mortgage interest due	8,975 – 2,300 - 400	6,275
22.	Revaluation reserve	100,000 + 105,000	205,000
23.	Drawings	45,000 + 1,795 + 3,000	49,795