

4. Farm Accounts

Among the assets and liabilities of Dean and Jean Reilly, who carry on a mixed farming business, on 1/1/2011 are: Land and Buildings at cost €320,000; Machinery at cost €180,000; Electricity due €600; Value of Cattle €90,000; Milk cheque due €3,600; Stock of Fuel €1,200 and Value of Sheep €26,000.

The following is a summary taken from their cheque payments and lodgement book for the year ended 31/12/2011.

Lodgements	€	Cheque Payments	€
Balance 1/1/2011	3,200	Fertiliser	4,100
Milk	36,000	General farm expenses	9,000
Sheep	29,000	Dairy wages	3,300
Cattle	16,500	Sheep	21,000
Lambs	9,200	Cattle	15,000
Calves	8,400	Light, heat and fuel	7,400
Single Payment – Sheep	4,800	Machinery	9,800
Single Payment – Cattle	2,400	Repairs	4,900
Wool	2,600	Veterinary fees and medicines	2,680
Forestry Premium	2,900	Bank Loan and 18 months' interest	
Six months' interest from		at 8% per annum on 31/3/2011	33,600
6% Investment Bond	300	Balance 31/12/2011	4,520
	<u>115,300</u>		<u>115,300</u>

The following information and instructions are to be taken into account:

- | | | |
|--|---------------|--------------|
| | Cattle | Sheep |
| (i) Value of Livestock on 31/12/2011 was | €94,500 | €29,000 |
- (ii) Farm produce used by the family during the year – Milk €800; Lambs €450.
- (iii) General farm expenses, fertiliser, and veterinary fees and medicines are to be apportioned 60% to 'Cattle and Milk' and 40% to 'Sheep'.
- (iv) Other expenses are to be apportioned 80% to farm and 20% to household.
- (v) Depreciation to be provided on the following:
Machinery at the rate of 20% of cost per annum
Buildings at 2% per annum. (Land at cost was €110,000.)
- (vi) Veterinary fees and medicines include a cheque for family health insurance for €720.
- (vii) On 31/12/2011 a Milk cheque was due €2,800; Creditors for fertilisers amounted to €400 and Stock of Fuel was €700.

You are required to:

- (a) Prepare a Statement of Capital for the farm on 1/1/2011. (20)
- (b) Prepare an Enterprise Analysis Account for 'Cattle and Milk' and 'Sheep' for the year ended 31/12/2011. (20)
- (c) Prepare a general Profit and Loss Account for the year ended 31/12/2011. (12)
- (d) (i) Which account, other than Drawings, is affected by "farm produce used by family"? Explain your answer.
(ii) Prepare the Reillys' Drawings Account. (8)

(60 marks)