

Question 1 (a) Final Accounts of a manufacturing company

Manufacturing account of McGuigan Ltd for year ended 31/12/2021

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<b>Manufacturing account for year ended 31/12/2021[1]</b>		
Opening stock raw materials	27,300[1]	
Purchases raw materials (N 1)	709,400[4]	
Closing stock raw materials	(28,300) [1]	
Cost of raw materials consumed		<b>708,400</b>
<b>Direct Costs</b>		
Factory Wages (N2)	88,440[4]	
Royalties	29,600[1]	
Hire of Special Equipment	37,800[1]	<b>155,840</b>
<b>Prime Cost</b>		864,240
<b>Factory Overheads</b>		
General Factory overhead (N3)	114,300[6]	
Depreciation Plant & Machinery (N4)	47,625[4]	
Loss on machine (N5)	2,375[3]	
Depreciation on factory building (N6)	20,246[3]	<b>184,546</b>
		1,048,786
Add Opening stock Work In Progress	38,650 [2]	
Less Closing stock Work In Progress	27,600 [2]	<b>11,050</b>
		1,059,836
Less Sale of Scrap (N7)		(11,950) [3]
<b>Cost of Manufacture</b>		<b>1,047,886</b>

<b>Trading Profit and loss account of McGuigan Ltd for year ended 31/12/2021</b>		
Sales (N8)		1,660,800 [4]
Less Cost of Sales		
Opening Stock	38,400 [1]	
Cost of Manufacture	<b>1,047,886[2]</b>	
Closing Stock (N9)	(49,000) [3]	(1,037,286)
Gross Profit		623,514
<u>Less expenses</u>		
<u>Selling and Distribution Costs</u>		
Bad debt (N10)	1,500 [2]	
Selling expenses	45,000 [2]	
Increase in Bad Debt Provision (N11)	212[4]	
<u>Administration Expenses</u>		
Administration Expenses	57,900 [2]	
		(104,612)
		518,902
<b>Add Operating Income</b>		
Rent	15,700 [3]	
Discount	<u>5,350 [3]</u>	<u>21,050</u>
<b>Operating Profit</b>		539,952
Investment Income (N12)		7,500 [2]
Debenture Interest (N13)		(23,000) [4]
<b>Net Profit</b>		<b>524,452</b>
Dividend Paid		(27,500) [2]
Retained Profit		<b>496,952</b>
Profit & Loss Balance 01/01/2021		69,500 [2]
Profit & Loss Balance 31/12/2021		<b>566,452 [3]</b>

<b>Balance sheet McGuigan Ltd as at 31/12/2021</b>			
<b>Tangible Fixed Assets</b>	<b>Cost</b>	<b>Acc Dep</b>	<b>NBV</b>
Factory Buildings (N14 and N15)	1,012,300 [3]	45,246[2]	967,054
Plant and Machinery (N16 and N17)	310,000 [2]	77,000 [3]	233,000
	1,322,300	122,246	1,200,054
<b>Financial Assets</b>			
Investments			250,000[2]
<b>Current Assets</b>			
Closing Stock Raw Materials	28,300 [2]		
Closing Stock Work In Progress	27,600 [2]		
Closing Stock Finished Goods	49,000 [3]	104,900	
Debtors (N18)	81,550 [5]		
Less Bad Debt Provision	(3,262) [1]	78,288	
Investment Income due (N19)		4,700 [2]	
		187,888	
<b>Current Liabilities</b>			
Bank (N20)	80,900 [4]		
Creditors (N21)	60,000 [3]		
PAYE	1,850 [1]		
Wages due	740 [1]		
Debenture Interest due (N22)	18,000 [2]	(161,490)	26,398
			1,476,452
<b>Financed By</b>			
Debentures	<b>Authorised</b>	<b>Issued</b>	300,000[2]
Ordinary Share Capital	1,500,000 [1]	460,000 [1]	
Preference Share Capital	<u>500,000 [1]</u>	<u>150,000 [1]</u>	
	2,000,000	610,000	
Revenue reserve / Profit & Loss Balance 31/12/2021		566,452 [1]	1,176,452
			1,476,452

### Question 1 A

1.	Purchases	$760,400 + 11,000 - 62,000$	709,400
2.	Wages	$148,000 + 740 - 60,300$	88,440
3.	General factory overheads	$126,700 - 1,400 - 11,000$	114,300
4.	Depreciation on machinery	$12,750 + 34,875$ <b>OR</b> $1,125 + 46,500$	47,625
5.	Loss on Machine	$30,000 - 7,000 - 20,625$	2,375
6.	Depreciation buildings	$2\% \times 1,012,300$	20,246
7.	Sale of scrap	$18,950 - 7,000$	11,950
8.	Sales	$1,650,000 + 10,800$	1,660,800
9.	Closing stock - FG	$58,000 - 9,000$	49,000
10.	Bad debts	$5,000 \times 30\%$	1,500
11.	Increase in bad debts provision	$3,262 - 3,050$	212
12.	Investment income	$4\% \text{ of } 250,000 \times .75$	7,500
13.	Debenture interest	$5,000 + 18,000$ <b>OR</b> $3,000 + 20,000$	23,000
14.	Buildings - cost	$890,000 + 60,300 + 62,000$	1,012,300
15.	Buildings -AD	$25,000 + 20,246$	45,246
16.	Machinery - cost	$340,000 - 30,000$	310,000
17.	Machinery - AD	$50,000 + 47,625 - 20,625$	77,000
18.	Debtors	$76,350 + 10,800 - 5,000$ $- 600$	81,550
19.	Investment income due	$7,500 - 2,800$	4,700
20.	Bank	$85,000 - 3,500 - 600$	80,900
20.	Bank	$76,200 + 4,700$	80,900
21.	Creditors	$61,400 - 1,400$	60,000
22.	Interest due	$23,000 - 5,000$	18,000