

## Question 7 - solution

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(a)

### Trading and Profit and Loss Account for year ended 31/12/2004

Sales	(W1)		212,610 ⑨
Less Cost of Sales			
Opening stock		15,200 ②	
Purchases	(W2)	<u>77,700 ⑦</u>	
		92,900	
Closing stock		<u>(17,000) ②</u>	<u>75,900</u>
Gross Profit			136,710
<b>Less Expenses:</b>			
General expenses	(W3)	22,000 ⑤	
Donation to charity		3,200 ②	
Light and heat	(W4)	4,976 ⑦	
Interest	(W5)	4,200 ④	
Insurance	(W6)	5,360 ⑥	
Rent	(W7)	<u>400 ⑤</u>	
			<u>40,136</u>
Net Profit			<u>96,574 ③</u>

### Workings:

1. Sales							
Credit sales		34,000	+ 18,100	- 17,000	=	35,100	
Cash sales	96,000 + 23,700	+ 53,000	+ 4,160	+ 650	=	<u>177,510</u>	
Total Sales						<b>212,610</b>	
2. Purchases							
Credit purchases		33,100	+ 15,500	- 18,700	=	29,900	
Cash purchases						<u>53,000</u>	
Total purchases						82,900	
Less drawings of stock						<u>(5,200)</u>	
Total purchases						<b>77,700</b>	
3. General expenses			23,700	- 1,700	=	22,000	
4. Light and heat	5,800	+ 720	- 300	1,244	=	4,976	
5. Loan Interest			2,325	+ 1,875	=	4,200	
6. Insurance		6,000	+ 860	- 1,500	=	5,360	
7. Rent		2,400	- 1,200	- 800	=	400	
8. Drawings	5,200	+ 4,160	+ 800	+ 1244	=	11,404	

(b)

## Balance sheet as at 31/12/2004

	€	€
<b>Intangible Fixed Assets</b>		
Goodwill		20,340 ③
<b>Tangible Fixed Assets</b>		
Buildings	232,000 ②	
Vehicles	26,000 ①	
Equipment	<u>22,000 ①</u>	<u>280,000</u>
		300,340
<b>Current Assets</b>		
Stock	17,300 ①	
Debtors	18,100 ①	
Bank	46,975 ⑤	
Cash	650 ①	
Insurance prepaid	1,500 ③	
Rent prepaid	<u>1,200 ③</u>	
	85,725	
<b>Creditors falling due within 1 year:</b>		
Creditors	15,500 ①	
Electricity due	720 ①	
Interest due	1,875 ③	
Loan repayment due	<u>7,000 ②</u>	<u>25,095</u>
		<u>60,630</u>
		<u>360,970</u>
<b>Financed by:</b>		
<b>Creditors falling due after more than 1 year:</b>		
Loan		77,000 ②
<b>Capital</b>	195,000 ②	
Capital introduced	3,800 ③	
Net profit	<u>96,574</u>	
	295,374	
Less drawings	<u>11,404 ⑤</u>	
		<u>283,970</u>
		<u>360,970</u>

W 8

(c)

Total sales figure  
 Total purchases figure  
 Trial balance  
 Bank balance  
 Capital  
 Goodwill  
 Bad debts