Incomplete Records2005

7.   Incomplete Records

On 1/1/2004, J. Connolly purchased a business for €195,000 consisting of the following tangible assets and liabilities: Premises €162,000; Stock €15,200; Debtors €17,000; 3 months premises Insurance prepaid €860; Trade Creditors €18,700 and Wages due €1,700.

During 2004 Connolly did not keep a full set of accounts but was able to supply the following information on 31/12/2004.

Cash Payments:	Lodgements €96,000, General Expenses €23,700, Purchases €53,000.
Bank Payments:	Equipment €22,000, Creditors €33,100, Light and Heat €5,800, Interest €2,325, annual Premises Insurance Premium €6,000, Standing Order for Charitable Organisation €3,200, Vehicle €26,000, Rent for one year €2,400.
Bank Lodgements:	Debtors €34,000, Cash €96,000, Dividends €3,800.

Connolly took goods from stock to the value of €100 and cash €80 per week for household expenses during the year.

Connolly borrowed €84,000 on 1/7/2004, part of which was used to purchase an adjoining warehouse costing €70,000. It was agreed that the sum borrowed would be repaid in 12 equal instalments on the 1st June each year. Interest was to be charged at the rate of 10% per annum on the initial sum to be paid monthly at the end of each month.

The figure for Rent was in respect of an adjoining building rented by Connolly on 1/10/2004. It was payable in advance and Connolly estimated that ⅓ of the building was used as a private residence and that 20% of the Light and Heat <u>used</u> should also be attributed to the private section of the premises.

Included in the assets and liabilities of the firm on 31/12/2004 were: Stock €17,300 (including stock of heating fuel €300), Debtors €18,100, Trade Creditors €15,500, Cash €650, Electricity due €720.

You are required to show, with workings, the:

(a) Trading and Profit and Loss Accounts for the year ended 31/12/2004.   (52)
(b) Balance Sheet as at 31/12/2004.   (40)

(c) What additional information would be available if Connolly's accounts were prepared using the "double entry" system?   (8)

(100 marks)