

Service 2005

4. **Service Firm**

The following were included in the assets and liabilities of M. Casey, a dentist, on 1/1/2004:

Surgery €120,000; Equipment €60,000; Motor Car €24,000; Stock of Dental Materials €5,400; Owed from Medical Insurance Scheme €5,700; Creditors for Dental Materials €3,200; 5% Investments €80,000; Fees due from Private Patients €2,100; Capital €219,160.

The following is a Receipts and Payments Account for the year ended 31/12/2004:

Receipts and Payments Account of M. Casey for year ended 31/12/2004

	€		€
Jan. 1 Balance at Bank	6,760	Dental Materials	14,000
Receipts from Private Patients	96,000	Telephone and Postage	3,100
Investment Income	3,600	Wages of Receptionist	15,000
Medical Insurance Scheme	23,540	Repayment of €40,000	
Sale of Equipment (cost €18,000)	9,000	loan on 1/5/2004 with 3	
		years interest	43,600
		Equipment	22,000
		Light and Heat	4,000
		Insurance	2,360
		Technician's Fees	13,000
		Drawings	18,500
		Dec. 31 Balance at Bank	3,340
	<u>138,900</u>		<u>138,900</u>

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

- (i) Stock of Dental Materials on 31/12/2004 was €4,900.
- (ii) 70% of the Light and Heat and the Telephone and Postage relate to the dental practice with the remainder for personal use.
- (iii) Depreciate fixed assets on 31/12/2004 as follows:

Equipment	20% of cost.
Surgery	2% of cost.
Motor Car	20% of cost.
- Note: Fixed assets are given at cost and depreciation on them has been accumulated for 2 years to 31/12/2003. There is no depreciation on Equipment sold in the year of disposal.
- (iv) Amounts due from Medical Insurance Scheme and Private Patients are €4,800 and €1,400 respectively.
- (v) Creditors for Dental Materials on 31/12/2004 amounted to €3,500.

You are required to prepare:

- (a) An Income and Expenditure Account for the year ended 31/12/2004. (35)
- (b) A Balance Sheet as at 31/12/2004. (25)

(60 marks)