

Published Profit and Loss Account of Capital plc for year ended 31/12/2017

	€	€	
Turnover		1,780,000	[2]
Cost of sales		<u>(1,188,600)</u>	[5]
Gross profit		591,400	
Distribution costs		(197,880)	[5]
Administration expenses		(267,120)	[6]
Other operating income		<u>82,000</u>	[3]
Operating profit		208,400	
Exceptional item/profit from sale of land		87,000	[2]
Income from financial investments		13,500	[3]
Interest payable		<u>(21,000)</u>	[3]
Profit on ordinary activities before taxation [1]		287,900	
Tax on profit on ordinary activities		<u>(49,000)</u>	[2]
Profit on ordinary activities after taxation		238,900	
Dividends paid		<u>(55,000)</u>	[2]
Retained profit		183,900	
Profit and loss balance 01/01/2017		<u>(42,500)</u>	[3]
Profit and loss balance 31/12/2017		<u>141,400</u>	[3]

Balance Sheet of Capital plc as at 31/12/2017

Fixed assets	€	€	€
Intangible assets			35,000 [2]
Tangible assets			981,200 [2]
Financial assets			<u>300,000</u> [1]
			1,316,200
Current assets			
Stock		86,000 [1]	
Debtors		115,600 [3]	
Bank		<u>82,000</u> [1]	
		283,600	
Creditors: amounts falling due within 1 year [1]			
Trade creditors	108,000 [1]		
Other creditors	60,700 [4]		
Taxation	<u>83,200</u> [2]	<u>(251,900)</u>	
Net current assets			<u>31,700</u>
Total assets less current liabilities			<u>1,347,900</u>
Creditors: amounts falling due after 1 year			
7% Debentures			300,000 [2]
Capital and Reserves			
Called up share capital		720,000 [2]	
Revaluation reserve		186,500 [3]	
Profit and loss balance		<u>141,400</u> [1]	<u>1,047,900</u>
			<u>1,347,900</u>

Workings

1	Turnover	1,800,300 – 20,300	1,780,000
2	Cost of sales	91,000 + 1,170,000 + 6,600 – 86,000 + 7,000	1,188,600
3	Distribution costs	144,000 + 6,080 + 32,800 + 15,000	197,880
4	Administration expenses	205,000 + 9,120 + 16,000 + 32,000 + 5,000	267,120
5	Other operating income	39,000 + 15,000 + 28,000	82,000
6	Investment income	8,400 + 5,100	13,500
7	Interest payable	13,300 + 7,700	21,000
8	Intangible assets	42,000 – 7,000	35,000
9	Debtors	139,000 – 28,500 + 5,100	115,600
10	Other creditors	16,000 + 32,000 + 5,000 + 7,700	60,700
11	Revaluation reserve	90,000 + 96,500	186,500

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Notes to the Accounts

1. Accounting Policy Notes

Tangible Fixed Assets [6]

Buildings were revalued at the end of this year and have been included in the accounts at their revalued amount. Depreciation is calculated in order to write off the value or cost of tangible fixed assets over their estimated useful economic life, as follows:

Buildings	2% per annum straight line basis
Delivery vans	20% per annum reducing balance basis

Stocks are valued on a first in first out basis at the lower of cost or net realisable value.

2. Operating Profit [5]

The operating profit is arrived at after charging:

Depreciation on tangible fixed assets	€48,000
Patent amortised	€7,000
Directors' fees	€22,000
Auditors' fees	€16,000
Legal fees	€5,000

3. Dividends [4]

Ordinary Dividend Paid

7.57 cent per share €45,400

Preference Dividends Paid

8 cent per share €9,600

4. Capital expenditure commitments note [2]

The company has entered into a preliminary contract with Stewart Ltd for the building of an extension to its premises for the sum of €400,000. They also intend to carry out further capital improvements to existing premises at a cost of €120,000.

5. Tangible Fixed Assets [7]

	Land and Buildings	Delivery Vans	Total
	€	€	€
Cost 01/01/2017	840,000	280,000	1,120,000
Disposal	(80,000)		(80,000)
Revaluation surplus	<u>90,000</u>	<u> </u>	<u>90,000</u>
	<u>850,000</u>	<u>280,000</u>	<u>1,130,000</u>
Accumulated depreciation 01/01/2017	81,300	116,000	197,300
Charge for year 31/12/2017	15,200	32,800	48,000
Transfer to revaluation	<u>(96,500)</u>	<u> </u>	<u>(96,500)</u>
	-----	<u>148,800</u>	<u>148,800</u>
Net book value 01/01/2017	758,700	164,000	922,700
Net book value 31/12/2017	850,000	131,200	981,200

(b)

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How does the auditor safeguard the interests of the shareholders?

- By examining the financial statements and giving an assurance that they give a true and fair view.
- By preparing an audit report and giving an assurance that the financial statements have been prepared in accordance with the Companies Acts and accounting standards and practices.
- By being able to threaten a qualified audit report thereby discouraging fraud.
- Being independent of the directors, the auditor is appointed by the shareholders and is responsible to them.