(a)					18
	Statement of Capital and	Reserves on 1/1/202	13		
	Assets  Buildings and grounds  Equipment  Vehicles  5% Investments  Stock in shop  Stock of oil  Contract cleaning prepai  Cash at bank  Liabilities	(620,000 - 37,200) (70,000 - 21,000) (90,000 - 54,000)		€ 582,800 [2] 49,000 [2] 36,000 [2] 40,000 [1] 3,400 [1] 1,900 [1] 400 [1] 6,000 [1]	<b>€</b> 719,500
	Creditors for supplies Clients' fees paid in adva Loan Interest on loan (12 mon Issued Capital Reserves 1/1/2013			1,600 [1] 6,000 [1] 50,000 [1] 4,800 [2] 450,000 [1]	(512,400) 207,100 [1]
<b>(b)</b>					10
	Shop Profit and Loss Acc Shop receipts Less Cost of goods sold (3,4)	·	ided 31/12/201	3	45,000 <b>[1]</b> (30,000) <b>[5]</b> 15,000
	Less expenses Light and heat Insurance Telephone Wages and salaries (4 Profit from shop	0% x 22,000)		400 [1] 800 [1] 500 [1] 8,800 [1]	(10,500) <b>4,500</b>
(c)					36
	<b>Profit and Loss Account</b>	for year ended 31/12		_	
	Profit from shop Investment income recei Clients' fees	ved	€ 4,500 2,000 [1] 330,800 [5]	<b>€</b> 337,300	
		gs ent S	76,600 [1] 6,000 [1] 4,660 [5] 36,300 [3] 1,200 [1] 2,500 [1] 1,100 [1] 17,000 [1] 8,500 [1] 19,900 [3] 3,000 [2] 3,500 [3]	(180,260) 157,040 [ 207,100 [ 364,140]	

## **(d)**

## **3**0

## Balance sheet as at 31/12/2013

	Cost	Depreciation	Net
Fixed Assets	€	€	€
Buildings and grounds	900,000		900,000 [1]
Equipment (70,000 + 15,000)	85,000	<b>[2]</b> 29,500 <b>[2]</b>	55,500
Vehicles	109,000	[1] <u>45,900</u> [3]	63,100
	1,094,000	75,400	1,018,600
Investments			40,000 [2]
			1,058,600
<b>Current Assets</b>			
Investment income due	800	[2]	
Closing stock – shop	1,400	[1]	
oil	600	[1]	
Contract cleaning prepaid	500	[1]	
Clients' fees due	<u>800</u>	<b>[1]</b> 4,100	
Less Creditors: amounts falling due within 1 year			
Electricity due	360	[1]	
Clients' advance deposits	6,500	[1]	
Bank	135,000	[1]	
Creditors for supplies	<u>2,500</u>	<b>[1]</b> (144,360)	(140,260)
			<u>918,340</u>
Financed by			\
Share Capital and Reserves	Authorised	<b>Issued</b>	\
Ordinary Shares	600,000	<b>[1]</b> 450,000 <b>[1]</b>	[2]
Revaluation Reserve [54,200 + 50,000]		104,200 [3]	7
Profit and Loss balance		<u>364,140</u> [2]	918,340
			918,340

**(e)** 



The Centre is profitable and is generating enough cash to clear the overdraft without taking any remedial action that could have negative effects on profitability.

The proposed increase of 15% in clients' fees would raise only €49,620 based on this year's figures. This is only one third of the overdraft of €135,000 and so would not be adequate. This increase in fees could however cause a drop in membership with loss of income.

Based on this year's figures the overdraft will have been cleared by the end of next year without taking any remedial action now. The Centre this year has repaid a loan of €0,000 plus interest €0,000 and had capital expenditure of €295,000 (Equipment €15,000, Extension €230,000, Vehicles €0,000). This is all non-recurring expenditure.

The Centre had a surplus of  $\le 157,040$  this year and is clearly being run profitably and will continue to be profitable. Its return on capital employed is 17.1%.

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Clients' fees	Amount received	330,500	
	Advance deposits	6,000	
	Fees due	800	
	Less fees prepaid	<u>(6,500)</u>	330,800
Light and heat	Amount paid	3,400	
	Stock oil 1/1/2013	1,900	
	Electricity due	360	
	Stock oil 31/12/2013	(600)	
	Charge to shop	<u>(400)</u>	4,660
Purchases	35,400 + 2	2,500 – 1,600	36,300
Contract cleaning	3.600 + 400 - 500		3,500