



(d)

**Balance sheet as at 31/12/2013**

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

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(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 €9,620 based on this year's figures. This is only one third of the overdraft of €35,000 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 €50,000 plus interest €6,000 and had capital expenditure of €295,000 (Equipment €15,000, Extension €230,000, Vehicles €50,000). This is all non-recurring expenditure.

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

**Workings**

<b>Clients' fees</b>	Amount received	330,500	
	Advance deposits	6,000	
	Fees due	800	
	Less fees prepaid	<u>(6,500)</u>	330,800
<b>Light and heat</b>	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
<b>Purchases</b>	35,400 + 2,500 – 1,600		36,300
<b>Contract cleaning</b>	3,600 + 400 – 500		3,500