

(a)

| Statement of Capital and Reserves 01/01/2019 | | | | |
|---|---------------|-----|----------------|-----|
| Assets | | | | |
| | € | | € | |
| Buildings and grounds | 611,000 | [2] | | |
| Equipment | 49,000 | [2] | | |
| Motor vehicles | 24,000 | [2] | | |
| Stock in shop | 4,700 | [1] | | |
| Stock of heating oil | 1,900 | [1] | | |
| 5% Investments | 80,000 | [1] | | |
| Contract cleaning prepaid | 750 | [1] | | |
| Bank | <u>93,900</u> | [1] | 865,250 | |
| | | | | |
| Liabilities | | | | |
| Clients deposits paid in advance | 5,700 | [1] | | |
| Creditors for supplies | 3,700 | [1] | | |
| Issued share capital | 525,000 | [1] | | |
| Loan | 70,000 | [1] | | |
| Loan interest | <u>4,200</u> | [2] | (608,600) | |
| Reserves 01/01/2019 | | | <u>256,650</u> | [1] |

(b)

| Shop profit and loss a/c for year ending 31/12/2019 | | | | |
|--|----------------|-----|---------------|-----|
| Shop receipts | | | 63,600 | [1] |
| Less cost of sales | | | | |
| Opening stock | 4,700 | [1] | | |
| Purchases | <u>29,100</u> | [1] | | |
| | 33,800 | | | |
| Less closing stock | <u>(3,600)</u> | [1] | (30,200) | |
| Gross profit | | | 33,400 | |
| | | | | |
| Less expenses | | | | |
| Wages | 7,800 | [1] | | |
| Light and heat | 350 | [1] | | |
| Insurance | 850 | [1] | | |
| Telephone and broadband | <u>400</u> | [1] | (9,400) | |
| Net profit | | | <u>24,000</u> | [2] |

(c)

32

| Profit and Loss a/c for year ended 31/12/2019 | | | | |
|--|--------------|-----|------------------|-----|
| Income | | | | |
| Profit from shop | 24,000 | | | |
| Clients' fees | 272,400 | [4] | | |
| Investment income | <u>4,000</u> | [1] | 300,400 | |
| Expenditure | | | | |
| Light and heat | 7,130 | [5] | | |
| Cleaning | 4,875 | [3] | | |
| Laundry | 3,400 | [1] | | |
| Telephone and broadband | 2,200 | [1] | | |
| Depreciation buildings | 15,200 | [1] | | |
| Insurance | 7,850 | [1] | | |
| Depreciation equipment | 8,500 | [1] | | |
| Depreciation motor vehicles | 13,000 | [1] | | |
| Loss on sale of vehicle | 1,000 | [3] | | |
| Wages and salaries | 75,100 | [2] | | |
| Purchase of supplies | 30,050 | [3] | | |
| Loan interest | <u>1,200</u> | [1] | <u>(169,505)</u> | |
| Net profit | | | 130,895 | |
| Reserves 01/01/2019 | | | <u>256,650</u> | [1] |
| Profit and loss balance 31/12/2019 | | | <u>387,545</u> | [3] |

(d)

30

| Balance Sheet as at 31/12/2019 | | | | | |
|--|------------------|-----|-----------------|------------------|------------------|
| | Cost | | Depreciation | | NBV |
| | € | | € | | € |
| Fixed Assets | | | | | |
| Buildings | 850,000 | | | 850,000 | [1] |
| Equipment | 85,000 | [2] | 29,500 | 55,500 | |
| Motor vehicles | <u>75,000</u> | [3] | <u>27,000</u> | <u>48,000</u> | |
| | <u>1,010,000</u> | | <u>56,500</u> | 953,500 | |
| Financial Fixed Assets | | | | | |
| 5% investments | | | | <u>80,000</u> | [1] |
| | | | | 1,033,500 | |
| Current Assets | | | | | |
| Bank | 27,200 | [2] | | | |
| Stock - shop | 3,600 | [1] | | | |
| Stock - heating oil | 700 | [1] | | | |
| Clients' fees due | 900 | [2] | | | |
| Cleaning prepaid | 475 | [2] | | | |
| Investment income due | <u>500</u> | [2] | 33,375 | | |
| Less creditors: amounts falling due within 1 year | | | | | |
| Creditors for supplies | 2,450 | [1] | | | |
| Clients' fees prepaid | 7,300 | [1] | | | |
| Electricity due | <u>380</u> | [1] | <u>(10,130)</u> | <u>23,245</u> | |
| | | | | <u>1,056,745</u> | |
| Financed by | | | | | |
| Creditors amounts falling due after more than 1 year | | | | | |
| | Authorised | | Issued | | |
| Capital | 650,000 | [1] | 525,000 | [1] | |
| Revaluation reserve | | | 144,200 | [2] | |
| Profit and loss balance 31/12/2019 | | | <u>387,545</u> | [1] | <u>1,056,745</u> |

(e)

10

Sell the investments of €80,000 and issue more ordinary shares for €60,000 or alternatively issue the remaining shares of €125,000 and sell €15,000 investments. The company has just repaid a loan with interest of €75,400 and still retained a current account balance of €27,200 and therefore is in a good position to borrow more money if needs be.

The company still has money in the bank despite having spent a net €163,000 on new fixed assets which are of a non-recurring nature.

The company has made a net profit this year of €130,895. Therefore, the company has no need to borrow money to finance the project and this will eliminate any future interest payments.

| | | | |
|----|--------------------------|-----------------------------------|---------|
| 1. | Clients' fees | $5,700 + 273,100 - 7,300 + 900$ | 272,400 |
| 2. | Motor vehicles | $60,000 + 45,000 - 30,000$ | 75,000 |
| | Accumulated depreciation | $36,000 + 13,000 - 22,000$ | 27,000 |
| | Depreciation P & L | $8,000 + 5,000$ | 13,000 |
| | Loss on vehicle | $30,000 - 22,000 - 7,000$ | 1,000 |
| 3. | Light and heat | $1,900 + 5,900 - 700 - 350 + 380$ | 7,130 |
| 4. | Cleaning | $750 + 4,600 - 475$ | 4,875 |
| 5. | Creditors for supplies | $31,300 - 3,700 + 2,450$ | 30,050 |
| 6. | Loan interest | | |
| | $5,400 \times 4/18$ | | 1,200 |
| | $5,400 \times 14/18$ | | 4,200 |