**Question 17**

**LO 2.13**

**(a) Complete the Income Statement for Cadden Ltd for the year ended 31/12/2021.**

**(17 marks)**

|  |  |  |  |
| --- | --- | --- | --- |
| Income Statement for Cadden Ltd for the year ended 31/12/2021 | | | |
|  | € | € | € |
| Cash Sales |  |  | 270,000 |
| Less cost of sales |  |  |  |
| Opening stock |  | 6,000 |  |
| Add Purchases | 165,000 |  |  |
| Add Carriage Inwards | 1,000 |  |  |
| Cost of goods available for resale |  | 172,000 |  |
| Less Closing Stock |  | 5,000 |  |
| Cost of goods sold |  |  | 167,000 |
| **Gross Profit** |  |  | 103,000 |
| **Less Expenses (1)** |  |  |  |
| Telephone & Broad Band |  | 2,500 **(1)** |  |
| Light and Heat |  | 11,500 **(1)** |  |
| Rent |  | 16,000 **(1)** |  |
| Wages |  | 43,500 **(1)** |  |
| Marketing Expenses |  | 8,800 **(1)** |  |
| Depreciation on equipment |  | 8,000 **(3) OF** | 90,300 |
| **Net Profit (1)** |  |  | 12,700 **(3) OF** |
| Appropriation Account |  |  |  |
| Less Dividends |  |  | 10,000 **(1)** |
|  |  |  | 2,700 |
| Add opening Reserves |  |  | 17,000 **(1)** |
| **Retained Profit (1)** |  |  | 19,700 **(2) OF** |

**(b) Complete the Statement of Financial Position of Cadden Ltd as at 31/12/2021.**

**(24 marks)**

|  |  |  |  |
| --- | --- | --- | --- |
| Statement of Financial Position of Cadden Ltd as at 31/12/2021 | | | |
|  | € | € | € |
|  | **Cost** | **Depreciation** | **NBV** |
| **Fixed Asset (1)** |  |  |  |
| Buildings | 220,000 **(1)** |  | 220,000 **(1)** |
| Equipment | 40,000 **(1)** | 8,000 **(1)** | 32,000 **(1) OF** |
|  | 260,000 | 8,000 | 2652,000 |
| **Current Assets** **(1)** |  |  |  |
| Closing Stock |  | 5,000 **(1)** | 167,000 |
| Cash in hand |  | 5,700 **(1)** | 103,000 |
| Debtors |  | 12,000 **(1)** |  |
|  |  | 22,700 |  |
| **Creditors due within one year (1)** |  |  |  |
| Creditors | 9,000 **(1)** |  |  |
| Bank overdraft | 5,000 **(1)** |  |  |
|  |  | 14,000 |  |
| **Working capital (1)** |  |  | 8,700 **(3) OF** |
| **Total Net Assets** **(1)** |  |  | 260,700 **(1) OF** |
| **Financed By** **(1)** | Authorised | Issued |  |
| Share Capital €1 ordinary Shares | 400,000 | 160,000 |  |
| Retained Profit |  | 19,700 **(1) OF** |  |
| **Creditors due after one year** |  |  |  |
| Nine Year loan |  | 81,000 **(1)** |  |
| **Capital Employed (1)** |  |  | 260,000 **(1) OF** |

Link - [LO 2.13 - Final Accounts (weebly.com)](https://mrryanjcb.weebly.com/lo-213---final-accounts.html)

(C) (i) Cadden Ltd are planning to install Solar Panels.

**LO 3.6**

Outline the environmental benefit of Cadden Ltd using Solar Panels to generate electricity for their business.

|  |
| --- |
| **Reduced air pollution -** Electricity from fossil fuels can generate harmful carbon dioxide and |
| methane gases which results in poor air quality. |
| Reduced reliance on fossil fuels / renewable energy which results in a more stable future/ |
| doesn’t damage the environment. |

Link - [LO 3.6 - Impact of Economic Growth (weebly.com)](https://mrryanjcb.weebly.com/lo-36---impact-of-economic-growth.html)

1. Cadden Ltd are applying for a grant from the Sustainable Energy

**LO 2.11**

Authority of Ireland (SEAI) to help fund the Solar Panels.

Explain the term grant

|  |
| --- |
| A grant is a sum of money given to an individual or business that does not have to be repaid as |
| long as it is used for its intended purpose. Grants are generally given by the Government, |
| through Enterprise Ireland, Local Enterprise Offices, SEAI or the European Union. |

Link - [LO 2.11 - Cashflow (weebly.com)](https://mrryanjcb.weebly.com/lo-211---cashflow.html)

1. Cadden Ltd are planning to export their products to the United Kingdom (UK) and the European Union (EU).

**LO 3.7**

Outline two benefits of International Trade for Irish businesses.

|  |
| --- |
| 1. **Increased sales/profits:** The Irish market is quite small by exporting Irish businesses can |
| increase sales |
| 2. **Raw materials:** Irish businesses need to import some raw materials as we do not produce |
| them in Ireland e.g., oil |

Link - [LO 3.7 - International Trade (weebly.com)](https://mrryanjcb.weebly.com/lo-37---international-trade.html)