

JC BUSINESS

HUB

STUDENT WORKBOOK



Topic	Summary
Final Accounts	The Income Statement measures how a business performed in a year. It shows if the business has made a profit or a loss. The Statement of Financial Position measures what a business is worth. It shows what the business owns and owes at the end of a year.
A. Trading Account	Measures Gross Profit. Add Opening Stock, Purchases, Carriage Inwards and Import Duties to get the cost of goods available to sell. Deduct Closing Stock to get Cost of Sales. Deduct Cost of Sales from Sales to get Gross Profit.
B. Profit and Loss Account	Measures Net Profit. List all expenses from the Trial Balance including depreciation and add them together. Deduct Total Expenses from Gross Profit to get Net Profit.
Depreciation	The fall in value of a fixed asset due to wear and tear over time. Treated as an expense in the P&L Account. Fixed Assets will be depreciated in the Statement of Financial Position. Calculated as $\text{Cost} \times \text{Depreciation \%}$. For example, a vehicle costing €20,000 depreciated at 20% gives depreciation of €4,000.
C. Appropriation Account	Deduct Dividends Paid from Net Profit and add the Opening P&L Balance. The closing figure is the P&L Balance 31/12 carried forward into next year.
D. Fixed Assets	List each fixed asset at cost. Calculate depreciation for each asset ($\text{Cost} \times \%$). Deduct depreciation from cost to get Net Book Value. Add all NBV figures to get Total Fixed Assets.
E. Working Capital	List and add all Current Assets and Current Liabilities. Deduct Current Liabilities from Current Assets to get Working Capital. Add Working Capital to Total Fixed Assets to get Total Net Assets.
F. Capital Employed	Note the Authorised Share Capital, it is never used in any calculation. Issued Share Capital is used in the calculation, as the business has sold these shares. Add the P&L Balance 31/12 calculated in the Income Statement. Add any loan repayable over more than five years.
Analysing Profit	A high or increased Gross and Net Profit is a positive trend. Increase GP by increasing price or reducing cost of sales. Increase NP by reducing expenses. If Net Profit falls but Gross Profit stays the same, expenses have increased and need to be reduced.
Analysing Liquidity	The ideal liquidity position for a business is when the value of Current Assets are double Current Liabilities. If the ratio falls below this from one year to the next, the business may struggle to pay its bills on time – called a liquidity problem.
Recommending Finance	If Issued Share Capital is less than Authorised Share Capital, the business can issue more shares to raise capital. If the business has fixed assets and low long-term borrowing, it may be able to secure a long-term loan using those assets as collateral.



The Income Statement – A. The Trading Account

Steps To Calculate The Trading Account

Lets breakdown the steps an accountant would take to prepare the Trading Account for Hoodie Hub Ltd:

STEP 1 Add the title and date	Income Statement of Hoodie Hub Ltd. for the year ended 31/12/2026 <table> <tr> <th></th><th>€</th><th>€</th></tr> </table>		€	€	Name the account, business, and date																														
	€	€																																	
STEP 2 Calculate Sales	Income Statement of Hoodie Hub Ltd. for the year ended 31/12/2026 <table> <tr> <th></th><th>€</th><th>€</th></tr> <tr> <td>Sales</td><td></td><td>180,000</td></tr> </table>		€	€	Sales		180,000	The Sales figure always goes in column on the right																											
	€	€																																	
Sales		180,000																																	
STEP 3 Calculate the cost of goods available for sale	Income Statement of Hoodie Hub Ltd. for the year ended 31/12/2026 <table> <tr> <th></th><th>€</th><th>€</th></tr> <tr> <td>Sales</td><td></td><td>180,000</td></tr> <tr> <td>Less cost of sales</td><td></td><td></td></tr> <tr> <td>Add Opening Stock</td><td>20,000</td><td></td></tr> <tr> <td>Purchases</td><td>95,000</td><td></td></tr> <tr> <td>Custom Duties</td><td>8,000</td><td></td></tr> <tr> <td>Carraige Inwards</td><td>7,000</td><td></td></tr> <tr> <td></td><td>130,000</td><td></td></tr> </table>		€	€	Sales		180,000	Less cost of sales			Add Opening Stock	20,000		Purchases	95,000		Custom Duties	8,000		Carraige Inwards	7,000			130,000		Add any of: - Opening stock - Purchases - Custom/import duties - Carriage inwards = €130,000									
	€	€																																	
Sales		180,000																																	
Less cost of sales																																			
Add Opening Stock	20,000																																		
Purchases	95,000																																		
Custom Duties	8,000																																		
Carraige Inwards	7,000																																		
	130,000																																		
STEP 4 Deduct closing stock	Income Statement of Hoodie Hub Ltd. for the year ended 31/12/2026 <table> <tr> <th></th><th>€</th><th>€</th></tr> <tr> <td>Sales</td><td></td><td>180,000</td></tr> <tr> <td>Less cost of sales</td><td></td><td></td></tr> <tr> <td>Add Opening Stock</td><td>20,000</td><td></td></tr> <tr> <td>Purchases</td><td>95,000</td><td></td></tr> <tr> <td>Custom Duties</td><td>8,000</td><td></td></tr> <tr> <td>Carraige Inwards</td><td>7,000</td><td></td></tr> <tr> <td></td><td>130,000</td><td></td></tr> <tr> <td>Less Closing Stock</td><td>- 30,000</td><td></td></tr> <tr> <td>Cost of Sales</td><td></td><td>100,000</td></tr> </table>		€	€	Sales		180,000	Less cost of sales			Add Opening Stock	20,000		Purchases	95,000		Custom Duties	8,000		Carraige Inwards	7,000			130,000		Less Closing Stock	- 30,000		Cost of Sales		100,000	Closing stock is the value of stock that was not sold during the year, so it is not a Cost of Sales, so we deduct it from our total. $€130,000 - €30,000 = €100,000$			
	€	€																																	
Sales		180,000																																	
Less cost of sales																																			
Add Opening Stock	20,000																																		
Purchases	95,000																																		
Custom Duties	8,000																																		
Carraige Inwards	7,000																																		
	130,000																																		
Less Closing Stock	- 30,000																																		
Cost of Sales		100,000																																	
STEP 5 Calculate the gross profit or gross loss	Income Statement of Hoodie Hub Ltd. for the year ended 31/12/2026 <table> <tr> <th></th><th>€</th><th>€</th></tr> <tr> <td>Sales</td><td></td><td>180,000</td></tr> <tr> <td>Less cost of sales</td><td></td><td></td></tr> <tr> <td>Add Opening Stock</td><td>20,000</td><td></td></tr> <tr> <td>Purchases</td><td>95,000</td><td></td></tr> <tr> <td>Custom Duties</td><td>8,000</td><td></td></tr> <tr> <td>Carraige Inwards</td><td>7,000</td><td></td></tr> <tr> <td></td><td>130,000</td><td></td></tr> <tr> <td>Less Closing Stock</td><td>30,000</td><td></td></tr> <tr> <td>Cost of Sales</td><td></td><td>100,000</td></tr> <tr> <td>Gross Profit</td><td></td><td>80,000</td></tr> </table>		€	€	Sales		180,000	Less cost of sales			Add Opening Stock	20,000		Purchases	95,000		Custom Duties	8,000		Carraige Inwards	7,000			130,000		Less Closing Stock	30,000		Cost of Sales		100,000	Gross Profit		80,000	Sales minus Cost of Sales = Gross Profit/Loss $€180,000 - €100,000 = €80,000$
	€	€																																	
Sales		180,000																																	
Less cost of sales																																			
Add Opening Stock	20,000																																		
Purchases	95,000																																		
Custom Duties	8,000																																		
Carraige Inwards	7,000																																		
	130,000																																		
Less Closing Stock	30,000																																		
Cost of Sales		100,000																																	
Gross Profit		80,000																																	



Complete the Income Statements for the businesses below.

Q1. Income Statement for Hincapie Ltd 31/12/2027		
	€	€
Sales		100,000
Less cost of sales		
Add Opening Stock	8,000	
Purchases	54,000	
Less Closing Stock	13,000	
Cost of Sales		
Gross Profit		

Q2. Income Statement for Maguire Ltd 31/12/2027		
	€	€
Sales		180,000
Less cost of sales		
Add Opening Stock	14,000	
Purchases	88,000	
Less Closing Stock	21,000	
Cost of Sales		
Gross Profit		

Q3. Statement for Harte Ltd 31/12/2027		
	€	€
Sales		280,000
Less cost of sales		
Add Opening Stock	14,500	
Carraige Inwards	7,500	
Purchases	168,000	
Less Closing Stock	19,000	
Cost of Sales		
Gross Profit		



Complete the partially filled Income Statements for the businesses below.

Q4. Income Statement for Early Ltd 31/12/2027		
	€	€
Sales		
Less cost of sales		
Add Opening Stock		
Purchases	210,000	
	234,000	
Less Closing Stock	21,000	
Cost of Sales		213,000
Gross Profit		237,000

Q5. Income Statement for Murphy Ltd 31/12/2027		
	€	€
Sales		
Less cost of sales		
Add Opening Stock		
Purchases	88,000	
	94,000	
Less Closing Stock	21,000	
Cost of Sales		73,000
Gross Profit		137,000

Q6. Income Statement for McDevitt Ltd 31/12/2027		
	€	€
Sales		
Less cost of sales		
Add Opening Stock		
Purchases	32,500	
	34,000	
Less Closing Stock		
Cost of Sales		31,000
Gross Profit		57,000



Q7. Use the Trial Balance extract below to complete the Income Statement

Details from Trial Balance of Dunphy Ltd 31/12/2027		
	€	€
Sales		292,000
Purchases	148,000	
Carriage inwards	11,000	
Stock 01/01/27	16,500	

Additional information provided:

Stock 31/12/27

€25,000

Complete the income statement below for Dunphy Ltd

Income Statement for Dunphy Ltd 31/12/2027		
	€	€
Sales		
Less cost of sales		
Cost of Sales		
Gross Profit		

Q8. Use the Trial Balance extract below to complete the Income Statement

Details from Trial Balance of Rice Ltd 31/12/2027		
	€	€
Sales		207,000
Purchases	112,000	
Carriage inwards	4,500	
Stock 01/01/27	9,000	

Additional information provided:

Stock 31/12/27

€25,000

Complete the income statement below for Rice Ltd

Income Statement for Rice Ltd 31/12/2027		
	€	€
Sales		
Less cost of sales		
Cost of Sales		
Gross Profit		



Q9. Use the Trial Balance extract below to complete the Income Statement

Details from Trial Balance of O'Hara Ltd 31/12/2027		
	€	€
Sales		352,000
Purchases	195,000	
Carriage inwards	9,000	
Stock 01/01/27	26,500	
Additional information provided:	Stock 31/12/27	€25,000
Complete the income statement below for O'Hara Ltd		
Income Statement for O'Hara Ltd 31/12/2027		
	€	€

Q10. Use the Trial Balance extract below to complete the Income Statement

Details from Trial Balance of Rodriguez Ltd 31/12/2027		
	€	€
Sales		147,000
Purchases	68,000	
Carriage inwards	7,200	
Stock 01/01/27	8,400	
Additional information provided:	Stock 31/12/27	€5,000
Complete the income statement below for Rodriguez Ltd		
Income Statement for Rodriguez Ltd 31/12/2027		
	€	€



The Income Statement – B. The Profit & Loss (P&L) Account

Steps To Calculate The Profit and Loss (P&L) Account

Lets breakdown the steps an accountant would take to prepare the Profit and Loss (P&L) Account for Hoodie Hub Ltd from their Trial Balance:

STEP 1 Start with Gross Profit	<table><tr><td>Gross Profit</td><td></td><td>80,000</td></tr></table>	Gross Profit		80,000	Use Gross Profit from the Trading Account																						
Gross Profit		80,000																									
STEP 2 Add all expenses	<table><tr><td>Gross Profit</td><td></td><td>80,000</td></tr><tr><td>Less Expenses</td><td></td><td></td></tr><tr><td>Insurance</td><td>3,000</td><td rowspan="4">}</td></tr><tr><td>Advertising</td><td>11,000</td></tr><tr><td>Wages</td><td>20,000</td></tr><tr><td>Light and Heat</td><td>2,000</td></tr></table>	Gross Profit		80,000	Less Expenses			Insurance	3,000	}	Advertising	11,000	Wages	20,000	Light and Heat	2,000	Any expense from the Trial Balance gets listed										
Gross Profit		80,000																									
Less Expenses																											
Insurance	3,000	}																									
Advertising	11,000																										
Wages	20,000																										
Light and Heat	2,000																										
STEP 3 Calculate Depreciation	Depreciation on Buildings of 1% x €200,000 = €2,000 Depreciation on Vehicles of 20% x 20,000 = €4,000		Multiply the cost of any assets by depreciation																								
STEP 4 Calculate Total Expenses	<table><tr><td>Gross Profit</td><td></td><td>80,000</td></tr><tr><td>Less Expenses</td><td></td><td></td></tr><tr><td>Insurance</td><td>3,000</td><td rowspan="6">}</td></tr><tr><td>Advertising</td><td>11,000</td></tr><tr><td>Wages</td><td>20,000</td></tr><tr><td>Light and Heat</td><td>2,000</td></tr><tr><td>Depreciation on Buildings</td><td>2,000</td></tr><tr><td>Depreciation on Vehicles</td><td>4,000</td></tr><tr><td>Total Expenses</td><td></td><td>42,000</td></tr></table>	Gross Profit		80,000	Less Expenses			Insurance	3,000	}	Advertising	11,000	Wages	20,000	Light and Heat	2,000	Depreciation on Buildings	2,000	Depreciation on Vehicles	4,000	Total Expenses		42,000	Add depreciation to the other expenses to get Total Expenses			
Gross Profit		80,000																									
Less Expenses																											
Insurance	3,000	}																									
Advertising	11,000																										
Wages	20,000																										
Light and Heat	2,000																										
Depreciation on Buildings	2,000																										
Depreciation on Vehicles	4,000																										
Total Expenses		42,000																									
STEP 5 Calculate Net Profit	<table><tr><td>Gross Profit</td><td></td><td>80,000</td></tr><tr><td>Less Expenses</td><td></td><td></td></tr><tr><td>Insurance</td><td>3,000</td><td rowspan="6">}</td></tr><tr><td>Advertising</td><td>11,000</td></tr><tr><td>Wages</td><td>20,000</td></tr><tr><td>Light and Heat</td><td>2,000</td></tr><tr><td>Depreciation on Buildings</td><td>2,000</td></tr><tr><td>Depreciation on Vehicles</td><td>4,000</td></tr><tr><td>Total Expenses</td><td></td><td>42,000</td></tr><tr><td>Net Profit</td><td></td><td>38,000</td></tr></table>	Gross Profit		80,000	Less Expenses			Insurance	3,000	}	Advertising	11,000	Wages	20,000	Light and Heat	2,000	Depreciation on Buildings	2,000	Depreciation on Vehicles	4,000	Total Expenses		42,000	Net Profit		38,000	Gross Profit Minus Total Expenses = Net Profit/Loss
Gross Profit		80,000																									
Less Expenses																											
Insurance	3,000	}																									
Advertising	11,000																										
Wages	20,000																										
Light and Heat	2,000																										
Depreciation on Buildings	2,000																										
Depreciation on Vehicles	4,000																										
Total Expenses		42,000																									
Net Profit		38,000																									



Q11. Complete the Income Statement below by adding in the remaining details from the Trial Balance

Extract from Trial Balance for Malone Ltd 31/12/27		
	€	€
Insurance	7,200	
Advertising	38,600	
Wages	48,000	
Light & heat	12,000	

Income Statement Malone Ltd 31/12/27		
Gross Profit		152,000
Less Expenses		
Insurance	7,200	
Advertising		
Wages		
Light and Heat		
Total Expenses		
Net Profit		46,200

Q12. Complete the Income Statement below by adding in the remaining details from the Trial Balance

Extract from Trial Balance for Sellars Ltd 31/12/27		
	€	€
Insurance	11,200	
Advertising	29,800	
Wages	32,000	
Light & heat	8,650	

Income Statement Sellars Ltd 31/12/27		
Gross Profit		152,000
Less Expenses		
Insurance		
Advertising		
Total Expenses		
Net Profit		70,350



Q13. Complete the Income Statement below by adding in the remaining details from the Trial Balance

Extract from Trial Balance for Riggs Ltd 31/12/27		
	€	€
Insurance	11,200	
Advertising	8,600	
Wages	78,000	
Light & heat	14,300	

Income Statement Riggs Ltd 31/12/27		
Gross Profit		204,000
Less Expenses		
Insurance		
Advertising		
Wages		
Light and Heat		
Total Expenses		
Net Profit		

Q14. Complete the Income Statement below by adding in the remaining details from the Trial Balance

Extract from Trial Balance for Kip Ltd 31/12/27		
	€	€
Insurance	31,200	
Advertising	19,600	
Wages	39,000	
Light & heat	11,200	

Income Statement Kip Ltd 31/12/27		
Gross Profit		152,000
Less Expenses		
Insurance		
Advertising		
Total Expenses		
Net Profit		



Questions calculating Depreciation

Depreciation is calculated by using a percentage of the asset's cost.

A business would multiply the cost of the asset by the percentage that it depreciated.

Cost of a delivery vehicle = €20,000 Depreciation of 20% over the year

Formula = Cost x Depreciation = €20,000 X 20% = €4,000 Depreciation

A business would treat the loss of value of the delivery vehicle as an **expense of €4,000**

Q15. Calculate the level of depreciation for each asset a business owns to figure out the expense they will include in their Income Statement:

Asset	Cost	Depreciation
Building	€300,000	2%
Workings:		
Answer:		
Vehicle	€40,000	15%
Workings:		
Answer:		
Equipment	€12,000	20%
Workings:		
Answer:		

Q16. Calculate the level of depreciation for each asset a business owns to figure out the expense they will include in their Income Statement:

Building	€400,000	2%
Workings:		
Answer:		
Vehicle	€120,000	15%
Workings:		
Answer:		
Equipment	€60,000	20%
Workings:		
Answer:		



Q17

Trial Balance Extract - Farrell Ltd 31/12/2027		
	€	€
Insurance	5,400	
Marketing	22,000	
Rent	55,000	
Light & Heat	9,600	
Buildings	200,000	
Vehicles	30,000	

Depreciation: Buildings 2%, Vehicles 20%

Income Statement of Farrell Ltd 31/12/2027		
	€	€
Gross Profit		185,000
Less Expenses		
Depreciation on Buildings		
Depreciation on Vehicles		
Total Expenses		
Net Profit		

Q18

Q4. TB Extract - Higgins Ltd 31/12/2027		
	€	€
Insurance	8,800	
Advertising	35,000	
Wages	62,000	
Electricity	14,200	
Buildings	300,000	
Vehicles	50,000	

Dep: Buildings 1%, Vehicles 15%

Income Statement of Higgins Ltd 31/12/2027		
	€	€
Gross Profit		210,000
Less Expenses		
Depreciation on Buildings		
Depreciation on Vehicles		
Total Expenses		
Net Profit		

Q19

Trial Balance Extract - Farrell Ltd 31/12/2027		
	€	€
Insurance	5,400	
Marketing	22,000	
Salaries	55,000	
Light & Heat	9,600	
Buildings	200,000	
Equipment	30,000	

Depreciation: Buildings 2%, Equipment 20%

Income Statement of Farrell Ltd 31/12/2027		
	€	€
Gross Profit		193,000
Less Expenses		
Total Expenses		
Net Profit		

Q20

Q4. TB Extract - Higgins Ltd 31/12/2027		
	€	€
Insurance	8,800	
Advertising	35,000	
Wages	62,000	
Carriage outwards	14,200	
Buildings	300,000	
Equipment	50,000	

Dep: Buildings 1%, Equipment 15%

Income Statement of Higgins Ltd 31/12/2027		
	€	€
Gross Profit		230,000
Less Expenses		
Total Expenses		
Net Profit		



Q21

Trial Balance Extract - Parker Ltd 31/12/2027		
	€	
Insurance	12,000	
Advertising	50,000	
Wages	85,000	
Light & Heat	18,000	
Buildings	400,000	
Vehicles	70,000	

Dep: Buildings 2%, Vehicles 15%

Income Statement of Parker Ltd 31/12/2027		
	€	€
Gross Profit		285,000

Q22

Trial Balance Extract - Nugent Ltd 31/12/2027		
	€	
Insurance	5,800	
Advertising	20,000	
Rent	48,000	
Light & Heat	8,500	
Buildings	220,000	
Vehicles	35,000	

Dep: Buildings 1%, Vehicles 20%

Income Statement of Nugent Ltd 31/12/2027		
	€	€
Gross Profit		165,000

Q23

Trial Balance Extract - Reilly Ltd 31/12/2027		
	€	
Insurance	5,200	
Bad Debt	16,000	
Wages	42,000	
Electricity	7,200	
Buildings	190,000	
Equipment	28,000	

Dep: Buildings 2%, Equipment 20%

Income Statement of Reilly Ltd 31/12/2027		
	€	€
Gross Profit		145,000

Q24

Trial Balance Extract - Sweeney Ltd 31/12/2027		
	€	
Bad Debts	8,200	
Advertising	32,000	
Salaries	65,000	
Light & Heat	13,000	
Buildings	310,000	
Equipment	55,000	

Dep: Buildings 1%, Equipment 20%

Income Statement of Sweeney Ltd 31/12/2027		
	€	€
Gross Profit		220,000



The Income Statement – C. The Appropriation Account

Steps To Calculate The Appropriation Account

STEP 1 Start with net profit	Net Profit			38,000	Start with net profit
STEP 2 Deduct dividends paid	Net Profit			38,000	Deduct dividends paid from Net Profit
	Less Dividend Paid			12,000	
				26,000	
STEP 3 Add P&L Balance 01/01	Net Profit			38,000	Add the Reserves / Opening P&L balance 01/01 from the start of the year.
	Less Dividend Paid			12,000	
				26,000	
	Add P&L Balance 01/01/26			17,500	
STEP 4 Calculate P&L Balance 31/12	Net Profit			38,000	This completes the Income Statement showing the reserves the business has at the year end.
	Less Dividend Paid			12,000	
				26,000	
	Add P&L Balance 01/01/26			17,500	
	P&L Balance 31/12/26			43,500	

Q25 Complete the Appropriation Account for Flynn

Additional information:

Dividends Paid €12,000

P&L Balance 01/01/2027 €17,800

Income Statement Flynn Ltd year ending 31/12/2027		
	€	€
Net Profit		46,200
Less Dividends Paid		
Add P&L Balance 01/01		
P&L Balance 31/12		

Q26 Complete the Appropriation Account for Star Ltd

Additional information:

Dividends Paid €6,000

P&L Balance 01/01/2027 €12,300

Income Statement Star Ltd year ending 31/12/2027		
	€	€
Net Profit		55,900
Less Dividends Paid		
Add P&L Balance 01/01		
P&L Balance 31/12		

Q27 Complete the Appropriation Account for Brady

Additional information:

Dividends Paid €15,000

P&L Balance 01/01/2027 €21,800

Income Statement Brady Ltd year ending 31/12/2027		
	€	€
Net Profit		52,300
Less Dividends Paid		
Add P&L Balance 01/01		
P&L Balance 31/12		

Q28 Complete the Appropriation Account for Costello

Additional information:

Dividends Paid €25,000

P&L Balance 01/01/2027 €42,100

Income Statement Costello Ltd year ending 31/12/2027		
	€	€
Net Profit		67,800
Less Dividends Paid		
Add P&L Balance 01/01		
P&L Balance 31/12		



Q29. Complete the full Income Statement for Walsh Ltd using the Trial Balance extract below.

Details from Trial Balance of Walsh Ltd as at 31/12/2027	€	€
Sales		320,000
Purchases	162,000	
Carriage Inwards	8,000	
Stock 01/01/2027	18,000	
Wages	52,000	
Rent	16,000	
Insurance	8,400	
Light & Heat	11,200	
Delivery Costs	6,500	
Dividends Paid	15,000	
P&L Balance 01/01/2027		21,500

Additional information: Stock 31/12/2027 €22,000

Some figures have been filled in to help you get started. Complete the remaining boxes.

Income Statement Walsh Ltd year ending 31/12/2027	€	€
Sales		320,000
Less Cost of Sales		
Stock 01/01/2027	18,000	
Purchases	162,000	
Add Carriage Inwards	8,000	
Less Stock 31/12/2027	22,000	
Cost of Sales		
Gross Profit		
Less Expenses		
Wages		
Rent		
Insurance		
Light & Heat		
Delivery Costs		
Total Expenses		
Net Profit		
Less Dividends Paid		
Add P&L Balance 01/01/2027		
P&L Balance 31/12/2027		



Q30. Complete the full Income Statement for Byrne Ltd. using the Trial Balance extract below

Additional information: Stock 31/12/2027 €14,000

Depreciation: Buildings 2%, Equipment 20%.

Details from Trial Balance of Byrne Ltd as at 31/12/2027	€	€
Sales		185,000
Purchases	94,000	
Carriage Inwards	4,500	
Stock 01/01/2027	9,500	
Salaries	28,000	
Insurance	5,200	
Buildings	240,000	
Equipment	50,000	
Dividends Paid	8,000	
P&L Balance 01/01/2027		14,200

Income Statement Byrne Ltd for year ending 31/12/2027	€	€
Sales		
Less Cost of Sales		
Purchases	94,000	
Add Carriage Inwards	4,500	
Stock 01/01/2027	9,500	
Less Stock 31/12/2027	14,000	
Cost of Sales		
Gross Profit		
Less Expenses		
Salaries		
Insurance		
Dep on Buildings (€240,000 x 2%)		
Dep on Equipment (€50,000 x 20%)		
Total Expenses		
Net Profit		
Less Dividends Paid		
Add P&L Balance 01/01/2027		
P&L Balance 31/12/2027		



Q31. Complete the full Income Statement for Doyle Ltd. using the Trial Balance extract below

Additional information: Stock 31/12/2027 €29,000

Depreciation: Buildings 1%, Vehicles 15%.

Details from Trial Balance of Doyle Ltd as at 31/12/2027	€	€
Sales		415,000
Purchases	210,000	
Carriage Inwards	11,000	
Stock 01/01/2027	24,000	
Wages	68,000	
Rent	24,000	
Buildings	380,000	
Vehicles	60,000	
Dividends Paid	18,000	
P&L Balance 01/01/2027		38,000

Income Statement Doyle Ltd for year ending 31/12/2027	€	€
Sales		
Less Cost of Sales		
Cost of Sales		
Gross Profit		
Less Expenses		
Total Expenses		
Net Profit		
P&L Balance 31/12/2027		



Use the Trial Balance extract below. Depreciation: Buildings 2%, Equipment 20%.

[illegible]

Q33 Write the formula for Gross Profit:

Q34 State whether the following statements are True or False

Statement	TRUE	FALSE
Opening stock is added to purchases when calculating cost of sales.		
Carriage inwards is an expense in the income statement.		
Closing stock is deducted from purchases when calculating cost of sales.		
Wages are included in cost of sales.		

Q35 Tick the items below that go in to the costs of sale section in the income statement:

Opening stock	Purchases
Insurance	Rent
Carriage inwards	Closing stock
Wages	Advertising

Q36 State whether the following statements are True or False

Statement	TRUE	FALSE
Customs duties are charged on goods imported from outside the EU.		
Gross profit is calculated by subtracting total expenses from sales.		
Net profit is the profit left after expenses are deducted from gross profit.		
Insurance is a cost of sale.		

Q37 Tick the items below that are expenses in the income statement:

Purchases	Opening stock
Light and heat	Insurance
Carriage inwards	Marketing expenses
Wages	Telephone and broadband



Q38 Gross Profit Trend

The table below shows the financial results of Fallon Sports Ltd for two years.

	2026	2027
Sales	€500,000	€500,000
Cost of Sales	€400,000	€475,000
Gross Profit	€100,000	€25,000

(i) Is this a good or bad trend for Fallon Sports Ltd? Give a reason for your answer.

Good / Bad (circle one). Reason:

(ii) Suggest one reason that could have caused this trend.

Q39 Net Profit Trend

The table below shows the financial results of Right Sports Ltd for two years.

	2026	2027
Gross Profit	€100,000	€100,000
Total Expenses	€40,000	€85,000
Net Profit	€60,000	€15,000

(i) Is this a good or bad trend for Right Sports Ltd? Give a reason for your answer.

Good / Bad (circle one). Reason:

(ii) Suggest one reason that could have caused this trend.

(iii) Recommend one action the business should take to address this trend.



The Statement of Financial Position - D. Fixed Assets

Steps To Calculate Total Fixed Assets

STEP 1 List all Fixed Assets	<table><tr><th colspan="4">Statement of Financial Position Hoodie Hub Ltd on 31/12/26</th></tr><tr><td></td><td>Cost</td><td>Dep</td><td>N.B.V.</td></tr><tr><td>Fixed Assets</td><td>€</td><td>€</td><td>€</td></tr><tr><td>Buildings</td><td>200,000</td><td></td><td></td></tr><tr><td>Vehicles</td><td>20,000</td><td></td><td></td></tr><tr><td>Total Fixed Assets</td><td></td><td></td><td></td></tr></table>	Statement of Financial Position Hoodie Hub Ltd on 31/12/26					Cost	Dep	N.B.V.	Fixed Assets	€	€	€	Buildings	200,000			Vehicles	20,000			Total Fixed Assets				Add in the cost of the fixed assets owned by the business
Statement of Financial Position Hoodie Hub Ltd on 31/12/26																										
	Cost	Dep	N.B.V.																							
Fixed Assets	€	€	€																							
Buildings	200,000																									
Vehicles	20,000																									
Total Fixed Assets																										
STEP 2 Calculate Depreciation	<table><tr><th colspan="4">Statement of Financial Position Hoodie Hub Ltd on 31/12/26</th></tr><tr><td></td><td>Cost</td><td>Dep</td><td>N.B.V.</td></tr><tr><td>Fixed Assets</td><td>€</td><td>€</td><td>€</td></tr><tr><td>Buildings</td><td>200,000</td><td>2,000</td><td></td></tr><tr><td>Vehicles</td><td>20,000</td><td>4,000</td><td></td></tr><tr><td>Total Fixed Assets</td><td></td><td></td><td></td></tr></table>	Statement of Financial Position Hoodie Hub Ltd on 31/12/26					Cost	Dep	N.B.V.	Fixed Assets	€	€	€	Buildings	200,000	2,000		Vehicles	20,000	4,000		Total Fixed Assets				Cost of asset x by the percentage depreciated = Depreciation
Statement of Financial Position Hoodie Hub Ltd on 31/12/26																										
	Cost	Dep	N.B.V.																							
Fixed Assets	€	€	€																							
Buildings	200,000	2,000																								
Vehicles	20,000	4,000																								
Total Fixed Assets																										
STEP 3 Calculate Net Book Value	<table><tr><th colspan="4">Statement of Financial Position Hoodie Hub Ltd on 31/12/26</th></tr><tr><td></td><td>Cost</td><td>Dep</td><td>N.B.V.</td></tr><tr><td>Fixed Assets</td><td>€</td><td>€</td><td>€</td></tr><tr><td>Buildings</td><td>200,000</td><td>2,000</td><td>198,000</td></tr><tr><td>Vehicles</td><td>20,000</td><td>4,000</td><td>16,000</td></tr><tr><td>Total Fixed Assets</td><td></td><td></td><td></td></tr></table>	Statement of Financial Position Hoodie Hub Ltd on 31/12/26					Cost	Dep	N.B.V.	Fixed Assets	€	€	€	Buildings	200,000	2,000	198,000	Vehicles	20,000	4,000	16,000	Total Fixed Assets				Cost - Depreciation = Net Book Value
Statement of Financial Position Hoodie Hub Ltd on 31/12/26																										
	Cost	Dep	N.B.V.																							
Fixed Assets	€	€	€																							
Buildings	200,000	2,000	198,000																							
Vehicles	20,000	4,000	16,000																							
Total Fixed Assets																										
STEP 4 Calculate Total Fixed Assets	<table><tr><th colspan="4">Statement of Financial Position Hoodie Hub Ltd on 31/12/26</th></tr><tr><td></td><td>Cost</td><td>Dep</td><td>N.B.V.</td></tr><tr><td>Fixed Assets</td><td>€</td><td>€</td><td>€</td></tr><tr><td>Buildings</td><td>200,000</td><td>2,000</td><td>198,000</td></tr><tr><td>Vehicles</td><td>20,000</td><td>4,000</td><td>16,000</td></tr><tr><td>Total Fixed Assets</td><td>220,000</td><td>6,000</td><td>214,000</td></tr></table>	Statement of Financial Position Hoodie Hub Ltd on 31/12/26					Cost	Dep	N.B.V.	Fixed Assets	€	€	€	Buildings	200,000	2,000	198,000	Vehicles	20,000	4,000	16,000	Total Fixed Assets	220,000	6,000	214,000	Add the values from each column to calculate Total Fixed Assets
Statement of Financial Position Hoodie Hub Ltd on 31/12/26																										
	Cost	Dep	N.B.V.																							
Fixed Assets	€	€	€																							
Buildings	200,000	2,000	198,000																							
Vehicles	20,000	4,000	16,000																							
Total Fixed Assets	220,000	6,000	214,000																							

Fixed Assets and Depreciation

Depreciation is the fall in value of a fixed asset over time. It is treated as an expense in the Income Statement, and the value of fixed assets need to be adjusted for it in the Statement Of Financial Position.

Formulae needed:

$$\text{Depreciation} = \text{Cost} \times \text{Depreciation \%}$$

$$\text{Net Book Value (NBV)} = \text{Cost} - \text{Depreciation}$$

Q40 Fill in the unshaded areas to complete the Statement of Financial Position (extract) below.

Fixed Assets	Cost €	Depreciation €	Net Book Value €
Buildings	550,000	11,000	
Equipment	92,000		82,800
Total Fixed Assets		20,200	621,800

Workings (if required):



STRAND 2 CHAPTER 26: Final Accounts

Q41 Fill in the unshaded areas to complete the Statement of Financial Position (extract) below.

Fixed Assets	Cost €	Depreciation €	Net Book Value €
Buildings	320,000		316,800
Vehicles		9,000	36,000
Total Fixed Assets	365,000	12,200	

Workings (if required):

Q42 Fill in the unshaded areas to complete the Statement of Financial Position (extract) below.

Fixed Assets	Cost €	Depreciation €	Net Book Value €
Buildings		5,600	274,400
Machinery	40,000	10,000	
Total Fixed Assets	320,000		304,400

Workings (if required):

Q43 Fill in the unshaded areas to complete the Statement of Financial Position (extract) below.

Fixed Assets	Cost €	Depreciation €	Net Book Value €
Buildings	400,000	4,000	
Equipment	60,000		48,000
Vehicles	50,000	7,500	42,500
Total Fixed Assets		23,500	486,500

Workings (if required):



Q44. Kelly Ltd

Fixed Assets	Cost	Dep	N.B.V.
	€	€	€
Buildings	400,000		
Equipment	50,000		

Buildings: 2%

Equipment: 20%

Q45. O'Brien Ltd

Fixed Assets	Cost	Dep	N.B.V.
	€	€	€
Buildings	550,000		
Vehicles	92,000		

Buildings: 1%

Vehicles: 15%

Q46. Walsh Ltd

Fixed Assets	Cost	Dep	N.B.V.
	€	€	€
Buildings	320,000		
Equipment	75,000		

Buildings: 2%

Equipment: 10%

Q47. Byrne Ltd

Fixed Assets	Cost	Dep	N.B.V.
	€	€	€
Buildings	280,000		
Vehicles	65,000		

Buildings: no depreciation

Vehicles: 20%



The Statement of Financial Position - E. Working Capital

Steps To Calculate Working Capital and Total Net Assets

STEP 1 Calculate Current Assets	Current Assets				Add up all Current Assets the business owns
	Cash	3,000			
	Debtors	16,900			
	Closing Stock 31/12/22	30,000	49,900		
STEP 2 Calculate Current Liabilities	Current Assets				Add up all Current Liabilities the business owes
	Cash	3,000			
	Debtors	16,900			
	Closing Stock 31/12/22	30,000	49,900		
	Current Liabilities				
	Creditors	16,300			
STEP 3 Calculate Working Capital	Current Assets				Current Assets Minus Current Liabilities = Working Capital
	Cash	3,000			
	Debtors	16,900			
	Closing Stock 31/12/22	30,000	49,900		
	Current Liabilities				
	Creditors	16,300			
STEP 4 Calculate Total Net Assets	Bank Overdraft	4,100	20,400		Total Fixed Assets plus Working Capital = Total Net Assets
	Working Capital			29,500	
	Total Fixed Assets	220,000	6,000	214,000	
	Current Assets				
	Cash	3,000			
	Debtors	16,900			
	Closing Stock 31/12/22	30,000	49,900		
	Current Liabilities				
	Creditors	16,300			
	Bank Overdraft	4,100	20,400		
	Working Capital			29,500	
	Total Net Assets			243,500	

Q48 Complete the partially filled account below

Statement of Financial Position of South Ltd as at 31/12/2026			
Current Assets	€	€	€
Cash	5,100		
Debtors	28,000		
Closing Stock 31/12	11,300		
Current Liabilities/Creditors falling due within 1 year			
Creditors	14,800		
Bank Overdraft	5,150		
Working Capital			



Q49 Complete the partially filled account below

Statement of Financial Position of TARA Ltd as at 31/12/2026			
Current Assets	€	€	€
Cash	4,700		
Debtors	31,000		
Closing Stock 31/12	14,750		
Current Liabilities/Creditors falling due within 1 year			
Creditors	11,800		
Bank Overdraft	4,800		
Working Capital			

Q50 Complete the partially filled account below

Statement of Financial Position of Werblik Ltd as at 31/12/2026			
Current Assets	€	€	€
Cash	3,600		
Debtors	21,000		
Closing Stock 31/12	9,400		
Current Liabilities/Creditors falling due within 1 year			
Creditors	12,250		
Bank Overdraft	5,200		
Working Capital			

Q51 Complete the partially filled account below

Statement of Financial Position of Perri Ltd as at 31/12/2026			
Current Assets	€	€	€
Cash	2,500		
Debtors	19,150		
Closing Stock 31/12	8,100		
Current Liabilities/Creditors falling due within 1 year			
Creditors	24,000		
Bank Overdraft	8,500		
Working Capital			



Use the details for the Trial Balance extract below to complete the State of Financial Position information:

Q52

Trial Balance		
	€	€
Cash	4,000	
Debtors	21,000	
Creditors		14,000
Bank overdraft		3,000
The following information is also provided:		
Stock 31/12/26	€25,000	

Statement of Financial Position Fizzy Ltd at 31/12/2026			
Current Assets	€	€	€
Current Liabilities/Creditors falling due within 1 year			
Working Capital			

Q53

Trial Balance		
	€	€
Cash	6,000	
Debtors	8,000	
Creditors		18,000
Bank overdraft		7,500
The following information is also provided:		
Stock 31/12/26	€6,500	

Statement of Financial Position Fuzzy Ltd at 31/12/2026			
Current Assets	€	€	€
Current Liabilities/Creditors falling due within 1 year			
Working Capital			



The Statement of Financial Position - F. Capital Employed

Steps To Calculate Capital Employed

STEP 1 Share Capital	<table> <tr> <th>Financed by</th><th>Authorised</th><th>Issued</th></tr> <tr> <td>Share Capital €1 Ordinary Shares</td><td>200,000</td><td>100,000</td></tr> </table>	Financed by	Authorised	Issued	Share Capital €1 Ordinary Shares	200,000	100,000	Authorised and issued share capital come from the Trial Balance									
Financed by	Authorised	Issued															
Share Capital €1 Ordinary Shares	200,000	100,000															
STEP 2 P&L Balance	<table> <tr> <th>Financed by</th><th>Authorised</th><th>Issued</th></tr> <tr> <td>Share Capital €1 Ordinary Shares</td><td>200,000</td><td>100,000</td></tr> <tr> <td>Profit & Loss Balance 31/12/22</td><td></td><td>43,500</td></tr> </table>	Financed by	Authorised	Issued	Share Capital €1 Ordinary Shares	200,000	100,000	Profit & Loss Balance 31/12/22		43,500	The P&L Balance 31/12 comes from the Income Statement						
Financed by	Authorised	Issued															
Share Capital €1 Ordinary Shares	200,000	100,000															
Profit & Loss Balance 31/12/22		43,500															
STEP 3 Add Long-term loans	<table> <tr> <th>Financed by</th><th>Authorised</th><th>Issued</th></tr> <tr> <td>Share Capital €1 Ordinary Shares</td><td>200,000</td><td>100,000</td></tr> <tr> <td>Profit & Loss Balance 31/12/22</td><td></td><td>43,500</td></tr> <tr> <td>8 year loan</td><td></td><td>100,000</td></tr> </table>	Financed by	Authorised	Issued	Share Capital €1 Ordinary Shares	200,000	100,000	Profit & Loss Balance 31/12/22		43,500	8 year loan		100,000	Look for any loan that is 5+ years			
Financed by	Authorised	Issued															
Share Capital €1 Ordinary Shares	200,000	100,000															
Profit & Loss Balance 31/12/22		43,500															
8 year loan		100,000															
STEP 4 Calculate Capital Employed	<table> <tr> <th>Financed by</th><th>Authorised</th><th>Issued</th></tr> <tr> <td>Share Capital €1 Ordinary Shares</td><td>200,000</td><td>100,000</td></tr> <tr> <td>Profit & Loss Balance 31/12/22</td><td></td><td>43,500</td></tr> <tr> <td>8 year loan</td><td></td><td>100,000</td></tr> <tr> <td>Capital Employed</td><td></td><td>243,500</td></tr> </table>	Financed by	Authorised	Issued	Share Capital €1 Ordinary Shares	200,000	100,000	Profit & Loss Balance 31/12/22		43,500	8 year loan		100,000	Capital Employed		243,500	Issued Share Capital + P&L Balance 31/12 + Long-term Loan = Capital Employed
Financed by	Authorised	Issued															
Share Capital €1 Ordinary Shares	200,000	100,000															
Profit & Loss Balance 31/12/22		43,500															
8 year loan		100,000															
Capital Employed		243,500															

Use the information provided to complete the Statement of Financial Position

Q54

Trial Balance of Trossard Ltd as at 31/12/2028

	€	€
Profit and loss balance 01/01/28		51,600
7yr loan		34,000
Issued share capital		300,000

P&L Balance from the Income Statement on 31/12 €12,000

The Authorised share capital of €1 ordinary shares €400,000

Financed by	Authorised	Issued
Share Capital €1 Ordinary Shares	400,000	
Profit & Loss Balance 31/12/28		
7yr loan		
Capital Employed		

Q55

Trial Balance of Power Ltd as at 31/12/2028

	€	€
Profit and loss balance 01/01/28		51,600
8yr loan		150,000
Issued share capital		380,000

P&L Balance from the Income Statement on 31/12 €12,000

The Authorised share capital of €1 ordinary shares €400,000

Financed by		
Capital Employed		



Q56 Use the trial balance below to complete the partially completed Final Accounts for Quinny Ltd on the next page

The following trial balance was taken from the books of Quinny Ltd, on 31/12/2026. The Authorised Share Capital is 400000 €1 ordinary shares.		
	€	€
Sales		420,000
Purchases	218,000	
Carriage inwards	27,500	
Stock 01/01/26	10,000	
Bad Debt	11,500	
Advertising	27,600	
Wages	89,000	
Light & heat	8,000	
Buildings	300,000	
Vehicles	60,000	
Cash	4,000	
Dividends paid	12,000	
Debtors	21,000	
Creditors		14,000
Bank overdraft		3,000
Profit and loss balance 01/01/26		51,600
Issued share capital		300,000
Total	788,600	788,600

The following information is also provided:

Stock 31/12/26	€18,000
Depreciation on Buildings	2%
Depreciation on Vehicles	15%

Depreciation on Buildings

Depreciation on Vehicles

Calculate depreciation by multiplying the value of the asset by the percentage given



Income Statement of Quinny Ltd for the year ended 31/12/2026			
	€	€	€
Sales			420,000
Less cost of sales			
Add Opening Stock			
Purchases		218,000	
Carriage inwards			
Less Closing Stock			
Cost of Sales			
Gross Profit			
Less Expenses			
Bad Debt			
Advertising		27,600	
Wages			
Light & heat			
Depreciation on Buildings		6,000	
Depreciation on Vehicles			
Total Expenses			
Net Profit			
Less Dividend Paid			
Add Profit and Loss Balance 01/01/26			
Profit and Loss Balance 31/12/26			

Statement of Financial Position of Quinny Ltd as at 31/12/2026			
	Cost	Dep	N.B.V.
	€	€	€
Fixed Assets			
Buildings	300,000	6,000	294,000
Vehicles			
Current Assets			
Cash			
Debtors	21,000		
Closing Stock 31/12/26			
Current Liabilities/Creditors amounts falling due within 1 year			
Creditors			
Bank Overdraft			
Working Capital			
Total Net Assets			371,000
Financed by	Authorised	Issued	
Share Capital €1 Ordinary Shares	400,000		
Profit & Loss Balance 31/12/26			
Capital Employed			371,000



Q57 Use the trial balance below to complete the Final Accounts for Quinny Ltd on the next page, using the shaded areas to insert the relevant figures

The following trial balance was taken from the books of Blitz Ltd, on 31/12/2026. The Authorised Share Capital is 300000 €1 ordinary shares.		
	€	€
Sales		380,000
Purchases	174,500	
Carriage inwards	25,000	
Stock 01/01/26	12,000	
Insurance	9,000	
Marketing	19,000	
Salaries	89,000	
Electricity	11,000	
Buildings	200,000	
Equipment	75,000	
Cash	3,500	
Dividends paid	15,000	
Debtors	19,500	
Creditors		14,000
Bank overdraft		4,500
Profit and loss balance 01/01/26		54,000
Issued share capital		200,000
Total	652,500	652,500

The following information is also provided:

Stock 31/12/26	€18,000
Depreciation on Buildings	2%
Depreciation on Equipment	15%

Depreciation on Buildings

Depreciation on Equipment

Calculate depreciation by multiplying the value of the asset by the percentage given



Income Statement of Blitz Ltd for the year ended 31/12/2026			
	€	€	€
Sales			
Less cost of sales			
Add Opening Stock			
Purchases			
Carriage inwards			
Less Closing Stock			
Cost of Sales			
Gross Profit			
Less Expenses			
Insurance			
Marketing			
Salaries			
Electricity			
Depreciation on Buildings			
Depreciation on Equipment			
Total Expenses			
Net Profit			
Less Dividend Paid			
Add Profit and Loss Balance 01/01/26			
Profit and Loss Balance 31/12/26			

Statement of Financial Position of Blitz Ltd as at 31/12/2026			
	Cost	Dep	N.B.V.
	€	€	€
Fixed Assets			
Buildings			
Equipment			
Current Assets			
Cash			
Debtors			
Closing Stock 31/12/26			
Current Liabilities/Creditors amounts falling due within 1 year			
Creditors			
Bank Overdraft			
Working Capital			
Total Net Assets			
Financed by	Authorised	Issued	
Share Capital €1 Ordinary Shares			
Profit & Loss Balance 31/12/26			
Capital Employed			



Q58 Use the trial balance below to complete the Final Accounts for JCB Ltd on the following page

The following trial balance was taken from the books of Blitz Ltd, on 31/12/2026. The Authorised Share Capital is 300000 €1 ordinary shares.

	€	€
Sales		380,000
Purchases	174,500	
Carriage inwards	25,000	
Stock 01/01/26	12,000	
Insurance	9,000	
Marketing	19,000	
Salaries	89,000	
Electricity	11,000	
Buildings	200,000	
Equipment	75,000	
Cash	3,500	
Dividends paid	15,000	
Debtors	19,500	
Creditors		14,000
Bank overdraft		4,500
Profit and loss balance 01/01/26		54,000
Issued share capital		200,000
Total	652,500	652,500

The following information is also provided:

Stock 31/12/26	€18,000
Depreciation on Buildings	2%
Depreciation on Equipment	15%

Depreciation on Buildings

Depreciation on Equipment

Calculate depreciation by multiplying the value of the asset by the percentage given



[illegible]

Statement of Financial Position of Blitz Ltd as at 31/12/2026			
	€	€	€
Fixed Assets			
Current Assets			
Current Liabilities/Creditors amounts falling due within 1 year			
Working Capital			
Total Net Assets			
Financed by			
Capital Employed			



Q59 Use the trial balance below to complete the Final Accounts for JCB Ltd on the following page

The following trial balance was taken from the books of JCB Ltd, on 31/12/2026. The Authorised Share Capital is 500000 €1 ordinary shares.		
	€	€
Sales		588,400
Purchases	267,500	
Custom Duties	40,000	
Stock 01/01/26	12,000	
Insurance	9,000	
Marketing	19,000	
Wages	112,000	
Electricity	18,000	
Buildings	400,000	
Vehicles	100,000	
Cash	3,500	
Dividends paid	30,000	
Debtors	19,500	
Creditors		18,500
Bank overdraft		5,600
Profit and loss balance 01/01/26		68,000
Issued share capital		350,000
Total	1,030,500	1,030,500

The following information is also provided:

Stock 31/12/26	€32,000
Depreciation on Buildings	2%
Depreciation on Vehicles	15%

Depreciation on Buildings

Depreciation on Vehicles

Calculate depreciation by multiplying the value of the asset by the percentage given



[illegible][illegible]

STRAND 2 CHAPTER 26: Final Accounts

Q60 State whether the following statements are True or False

Statement	TRUE	FALSE
Buildings are a fixed asset.		
Closing stock is a fixed asset.		
Debtors are a current asset.		
A bank overdraft is a current liability.		

Q61 Tick the items below that are fixed assets:

Cash in hand	Closing stock
Buildings	Vehicles
Debtors	Bank overdraft

Q62 Tick the items below that are current assets:

Buildings	Creditors
Cash in hand	Closing stock
Equipment	Vehicles
Debtors	Cash in bank

Q63 Brennan's Bakery is a small business that supplies bread and pastries to cafes and shops across Dublin. The table below shows the working capital position for the business.

	2026	2027
Current Assets	€60,000	€60,000
Current Liabilities	€30,000	€55,000
Working Capital	€30,000	

(i) Calculate working capital for 2027 for Brennan's Bakery. Show your workings.

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(ii) Is trend in working capital from 2026 to 2027 a good or bad trend for Brennan's Bakery?

Give a reason for your answer.

Good / Bad (circle one). Reason:

(iii) Recommend what action Brennan's Bakery could take to improve their working capital.



STRAND 2 CHAPTER 26: Final Accounts

Q64 The share capital for two businesses looking to expand are given below. Both are in a position where they want to spend €150,000 on an extension for the premises to increase their sales.

	Turkey Ltd	Beef Ltd
Authorised Share Capital	€500,000	€500,000
Issued Share Capital	€300,000	€450,000

(i) Calculate the amount of share capital both can still issue. Show your workings.

Turkey Ltd

Beef Ltd

(ii) Explain an alternative source of finance a business could use to fund expansion

(iii) In the case of using a long-term loan, what might a financial institution look for from a business before issuing a long-term loan?

