(ii) Cadden Ltd are applying for a grant from the Sustainable Energy Authority of Ireland (SEAI) to help fund the Solar Panels.

seai SUSTAINABLE ENERGY AUTHORITY OF IRELAND

Explain the term grant.

(c) Mount Rangers GAA Club prepare a cash flow budget each year.

(i) Using the following information **complete** the cash flow budget below:

Estimated Expenditure:

- Purchases; June €172, July €58, August€135
- New equipment; June €450
- Administration costs; June €20, July €26, August €18

Mount Rangers Cash Flow Budget				
Details	June €	July €	August €	Total (June-August) €
Receipts				
Grant	250	250	250	750
Fundraising	150	350	250	750
Total receipts	400	600	500	1,500
Payments				
Purchases				
New equipment				
Administration				
Total payments				
Net cash				
Opening cash	175			
Closing cash				

(ii) Based on your above cash flow budget, what advice would you give to the club regarding their closing cash position in June?

Advice:

Question 3 - 2023 Q17 (c)(i) **Marks: 6**

(c) Cupán Eco Ltd want to build a large extension to their premises.

(i) Recommend a suitable source of finance that Cupán Eco Ltd could use to fund the expansion. Give a reason for your answer.

Suitable source of finance:
Reason:

Solution Question 1 - 2022 Q17 (c)(ii)

(ii) Cadden Ltd are applying for a grant from the Sustainable Energy Authority of Ireland (SEAI) to help fund the Solar Panels.

SUSTAINABLE ENERGY AUTHORITY OF IRELAND

Explain the term grant. **(6m)**

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.

Solution Question 2 - 2023 Q16 (c)(i)(ii)

(c) Mount Rangers GAA Club prepare a cash flow budget each year.

(i) Using the following information **complete** the cash flow budget below:

Estimated Expenditure:

- Purchases; June €172, July €58, August€135
- New equipment; June €450
- Administration costs; June €20, July €26, August €18 **(25m)**

Mount Rangers Cash Flow Budget				
Details	June €	July €	August €	Total (June-August) €
Receipts				
Grant	250	250	250	750
Fundraising	150	350	250	750
Total receipts	400	600	500	1,500
Payments				
Purchases	172 **1m**	58 **1m**	135 **1m**	365 **1m**
New equipment	450 **1m**			450 **1m**
Administration	20 **1m**	26 **1m**	18 **1m**	64 **1m**
Total payments	642 **1m**	84 **1m**	153 **1m**	879 **1m**
Net cash	(242) **1m O.F**	516 **1m O.F**	347 **1m O.F**	621 **1m O.F**
Opening cash	**175**	(67) **1m O.F**	449 **1m O.F**	175 **1m**
Closing cash	(67) **1m O.F**	449 **1m O.F**	796 **1m O.F**	796 **1m**

(ii) Based on your above cash flow budget, what advice would you give to the club regarding their closing cash position in June? **(3m)**

Advice: Avoid a deficit at the end of June by staggering the payments for the new equipment over a number of months/ Get a bank overdraft/
Plan an additional fundraising initiative for June/ Apply for new grants/ shop around for better deals/
Delay/ Reduce/ Postpone payment for purchases in June/ Seek an appropriate credit period.

Solution Question 3 - 2023 Q17 (c)(i)

(c) Cupán Eco Ltd want to build a large extension to their premises.

(i) Recommend a suitable source of finance that Cupán Eco Ltd could use to fund the expansion. Give a reason for your answer.

Suitable source of finance: Long Term loan/ Grant / Shares/ Reserves **(2m)**
Reason: (4m) 1. Long-term Loan must have collateral/security and is over 5 years or no dilution of control.
2. Apply for a Grant, this is a source of finance that doesn't have to be repaid but comes with conditions.
3. Cupán Eco Ltd can raise €260,000 by issuing further shares. They would not have to pay interest on this source of finance.
4. Cupán Eco could use its own reserves/retained earnings to help fund the expansion project. No collateral/security needed & they do not have to get a loan to fund expansion.