

AVMA/3/100

**DUBLIN INSTITUTE OF TECHNOLOGY
BOLTON STREET, DUBLIN 1**

Degree in Aviation Technology

THIRD YEAR: SEMESTER 2

FINANCIAL MANAGEMENT

Brendan Meehan, B.Comm FCCA AITI

ASSIGNMENT - 2019

Assignment weighting is 20% of the total assessment of the module.

The directors of Irish Aviation Components Limited have recently been provided with its most recent accounts by its accountants. The company's objective of growing sales in the year has been achieved but the Board is disappointed with the overall results, in particular the decline in profits and the adverse movement in bank balances (now overdrawn).

The summarized results are set out below:

PROFIT AND LOSS ACCOUNT – YEAR END 31ST AUGUST 2018		
	2018	2017
	€	€
Sales	3,700,000	3,300,000
Cost of Sales	2,676,000	2,220,000
Gross Profit	1,024,000	1,080,000
Overhead Expenses	966,000	960,000
Net Profit	58,000	120,000
Balance on Profit & Loss b/fwd	290,000	170,000
Balance on Profit & Loss c/fwd	348,000	290,000

BALANCE SHEET AS AT 31 ST AUGUST 2018:					
	2018	2017		2018	2017
	€	€		€	€
SHARE CAPITAL	10,000	10,000	FIXED ASSETS	142,000	100,000
BAL ON P&L A/C	348,000	290,000			
TERM LOANS	40,000	62,000	CURRENT ASSETS:		
			Stocks	280,000	200,000
CURRENT LIABILITIES:			Debtors	320,000	250,000
Creditors	280,000	200,000	Bank	-	12,000
Bank Overdraft	64,000	-			
	<u>742,000</u>	<u>562,000</u>		<u>742,000</u>	<u>562,000</u>

The Directors would like an independent review to be undertaken of the company's accounts and you have been approached to carry out this review.

Please prepare a report on the results of the Company making reference to movements and changes in key financial statistics and ratios.