

Olive A/S, incorporated with an authorised capital consisting of one million ordinary shares of €1 each, employs 64 persons, of whom 42 work at the factory and the rest at the head office. The trial balance extracted from its books as at 30 September 20X4 is as follows:

	€000	€000
Land and buildings (cost €600,000)	520	—
Plant and machinery (cost €840,000)	680	—
Proceeds on disposal of plant and machinery	—	180
Fixtures and equipment (cost €120,000)	94	—
Sales	—	3,460
Carriage inwards	162	—
Share premium account	—	150
Advertising	112	—
Inventory on 1 Oct 20X3	211	—
Heating and lighting	80	—
Prepayments	115	—
Salaries	820	—
Trade investments at cost	248	—
Dividend received (net) on 9 Sept 20X4	—	45
Directors' emoluments	180	—
Pension cost	100	—
Audit fees and expense	65	—
Retained earnings b/f	—	601
Sales commission	92	—
Stationery	28	—
Development cost	425	—
Formation expenses	120	—
Receivables and payables	584	296
Interim dividend paid on 4 Mar 20X4	60	—
12% debentures issued on 1 Apr 20X4	—	500
Debenture interest paid on 1 Jul 20X4	15	—
Purchases	925	—
Income tax on year to 30 Sept 20X3	—	128
Other administration expenses	128	—
Bad debts	158	—
Cash and bank balance	38	—
Ordinary shares of €1 fully called	—	600
	<u>5,960</u>	<u>5,960</u>

You are informed as follows:

- As at 1 October 20X3 land and buildings were revalued at €900,000. A third of the cost as well as all the valuation is regarded as attributable to the land. Directors have decided to report this asset at valuation.
- New fixtures were acquired on 1 January 20X4 for €40,000; a machine acquired on 1 October 20X1 for €240,000 was disposed of on 1 July 20X4 for €180,000, being replaced on the same date by another acquired for €320,000.

- (c) Depreciation for the year is to be calculated on the straight-line basis as follows:  
 Buildings: 2% p.a.  
 Plant and machinery: 10% p.a.  
 Fixtures and equipment: 10% p.a.
- (d) Inventory, including raw materials and work in progress on 30 September 20X4, has been valued at cost at €364,000.
- (e) Prepayments are made up as follows:

	€000
Amount paid in advance for a machine	60
Amount paid in advance for purchasing raw materials	40
Prepaid rent	<u>15</u>
	<u>€115</u>

- (f) In March 20X3 a customer had filed legal action claiming damages at €240,000. When accounts for the year ended 30 September 20X3 were finalised, a provision of €90,000 was made in respect of this claim. This claim was settled out of court in April 20X4 at €150,000 and the amount of the underprovision adjusted against the profit balance brought forward from previous years.
- (g) The following allocations have been agreed upon:

	<i>Factory</i>	<i>Administration</i>
Depreciation of buildings	60%	40%
Salaries other than to directors	55%	45%
Heating and lighting	80%	20%

- (h) Pension cost of the company is calculated at 10% of the emoluments and salaries.
- (i) Income tax on 20X3 profit has been agreed at €140,000 and that for 20X4 estimated at €185,000.
- (j) Directors wish to write off the formation expenses as far as possible without reducing the amount of profits available for distribution.

**Required:**

Prepare for publication:

- (a) The statement of comprehensive income of the company for the year ended 30 September 20X4,
- (b) the statement of financial position as at that date along with as many notes (other than the one on accounting policy) as can be provided on the basis of the information made available, and
- (c) the statement of changes in equity.