

## BUSINESS AND MONEY, WHERE DOES IT COME FROM?

**Live your adventure** is a company dedicated to active tourism activities, created on January 1<sup>st</sup> 2011. These are some of their funding data:

- Initial investment was 70.000€.
- They got a capital grant of 10.000€.
- They got a loan of 50.000€ to be reimbursed in 4 years (same amount each year). Interest rate is 6%
- *Corporate capital cost* estimated in 2%

Balance sheet at December 31<sup>st</sup> 2011 includes:

Total Assets		Equity and Liabilities	
25.000	Building	Paid capital	20.000
40.000	Machines (6 machines)	Grant	10.000
17.000	Transport elements	Long term Loan	40.000
5.000	Raw material Stock	Short term Loan	10.000
10.000	Customers	Suppliers	15.000
3.000	Cash	Bill liabilities	5.000

**Complete the table:**

Year	Outstanding loan	Fianancial interest	Reimbursement	Pending Loan
1				
2				
3				
4				

**Apply formula and calculate:**

$$\text{Corporate capital cost} = \text{Paid capital} \times \%$$

$$\text{Corporate capital cost} = \underline{\hspace{2cm}} \times \underline{\hspace{1cm}} = \underline{\hspace{2cm}}$$

**Complete the table (loan-year 1):**

CONCEPT	COLLECTION	PAYMENT	INCOME	EXPENSE	PRODUCT	COST
Loan						
Financial interest						
Capital grant						
Corporate capital cost						