



PROFESSIONAL  
AWARDS

## **Fundamental Case Study (FCS): Advance Information**

**Exam title:** Fundamental Case Study (FCS)

**Exam code:** FCS A/2026

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# The Inkwell Company Ltd

This document reflects information available as at 1 January 2026.

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## 1 Introduction

The Inkwell Company Ltd (Inkwell) is a UK-based stationery retailer.

### Industry information

The stationery industry in the UK is economically important and well established. Stationery products are sold by:

- large and small stores located in towns and cities across the UK
- large online retailers
- small and medium-sized companies, like Inkwell, selling online to businesses and consumers, either using their own websites or online marketplaces.

Businesses and educational establishments buy large quantities of stationery, despite the increase in screen-based communication devices. Journaling and scrapbooking are popular leisure activities for individuals.

There is increased demand for sustainable stationery such as recycled paper and biodegradable pens. Many stationery manufacturers and retailers actively support environmental causes and seek to ensure sustainable practices throughout their supply chain.

Most stationery is produced by large manufacturers, although some high-quality products are produced by smaller, more specialised companies.

### Company history

Inkwell was established in 2005 by Robin Cuyper, who remains the Chief Executive Officer (CEO). Inkwell initially focussed on sourcing and selling premium stationery items, many of which were imported from specialist suppliers, and which were not otherwise on sale in the UK. Inkwell quickly expanded the business to supply a large and diverse range of products, which it sources from manufacturers located both in the UK and internationally.

### Your role and key people

You are an accountancy trainee at Inkwell and a student member of ICAEW. You report to Amit Menon, the financial accountant, who reports to Cristina Zavala, the finance director. As part of your role, you help in the preparation of accounting information and you provide support to Inkwell's directors when required.

Amit has been in post for several years; Cristina was appointed in July 2024. Amit and Cristina are both ICAEW Chartered Accountants.

Linda Smith is the marketing and sales director and Dale Flanagan is the procurement director.

## **2 Business activities**

### Introduction

Inkwell sells stationery items such as pens, paper and journals. It also sells accessories such as wallets, portfolios and cases for tablets and e-readers. Inkwell considers its key strength to be its commitment to quality, with a premium product range sourced from manufacturers that work to high standards of expertise, performance and reliability. Inkwell has a well-established reputation for selling unusual products, and products from brands that are not usually available in the UK.

In 2025 it entered into an agreement to have its products sold on the website of a large international online retailer, Orinoco.

### Procurement and inventory management

Dale Flanagan, procurement director, has overall responsibility for procurement and supply chain management. Inkwell purchases products from approximately 200 different UK and international suppliers. Inkwell has a credit account with its suppliers and generally pays them 30 to 60 days after the purchase date.

Although the majority of products are bought in, Inkwell has a small manufacturing plant to make some of the more specialist items it finds difficult to source on the open market.

Inkwell has previously stored all inventories in its own warehouse prior to despatch to customers. However by 31 December 2025, 30% of its inventory is now held by Orinoco. Orinoco stocks the products of thousands of organisations across its warehouses in the UK and its warehouses operate 24 hours a day, 365 days a year.

### Sales

Most sales are made online via Inkwell's website, which has 3,000 different products for sale. If products are available in inventories, they are despatched from the warehouse immediately or on the next working day. Inkwell uses either standard mail or next-day courier, depending on the order value and the customer's preferred delivery option. Couriers use a combination of road and air transport.

Inkwell also makes sales via Orinoco's website. It has real time access to sales and inventory levels and Orinoco settles any revenue dues less commission at the end of each month.

Consumers pay using debit or credit cards. Sales to businesses are made on credit.

### Extract from website

"Inkwell prides itself on its strong ethical culture and respect for the environment. It fully supports the UN's sustainability goals, and it runs its business to support the three pillars of sustainability.

Inkwell also has respect for the rule of law and is fully compliant with all relevant legislation, including the Bribery Act 2010."

### 3 Financial statements extracts

The Inkwell Company Ltd:

#### Statement of profit or loss for the year ended 31 December 2024

	£
Revenue	13,804,359
Cost of sales	<u>(7,370,364)</u>
Gross profit	6,433,995
Administrative expenses	(2,354,325)
Distribution costs	<u>(3,059,651)</u>
<b>Profit from operations</b>	1,020,019
Finance costs	<u>(103,355)</u>
<b>Profit before tax</b>	916,664
Income tax	<u>(174,166)</u>
<b>Profit for the period</b>	<u>742,498</u>

**The Inkwell Company Ltd:**

**Statement of financial position as at 31 December 2024**

	£	£
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		487,690
Property, plant and equipment		2,513,460
		<hr/> 3,001,150
<b>Current assets</b>		
Inventories	2,466,761	
Trade and other receivables	603,133	
Cash and cash equivalents	1,266,887	
	<hr/>	4,336,781
<b>Total assets</b>		<hr/> <hr/> 7,337,931
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital (£1 shares)		1,000,000
Retained earnings		2,488,414
Total equity		<hr/> 3,488,414
<b>Non-current liabilities</b>		
Long-term borrowings		1,960,336
<b>Current liabilities</b>		
Short-term borrowings	81,935	
Trade and other payables	1,720,163	
Income tax payable	87,083	
	<hr/>	1,889,181
<b>Total equity and liabilities</b>		<hr/> <hr/> 7,337,931

## 4 Accounting information

### General information

Inkwell's financial statements are prepared in accordance with IFRS® Standards. Assets, liabilities, equity, income and expenses are recognised and measured in accordance with the principles in the Conceptual Framework for Financial Reporting and the appropriate standards.

### Property, plant and equipment

Property, plant and equipment (PPE) consists of land, buildings, equipment and vehicles. PPE is measured at historical cost less accumulated depreciation and impairments.

### Trade and other receivables

Trade and other receivables as at 31 December 2024 consisted of:

	£
Trade receivables	563,660
Allowance for receivables (1%)	<u>(5,637)</u>
	558,023
Prepayments	<u>45,110</u>
Trade and other receivables	<u>603,133</u>

Trade receivables are recognised when the sale has been made and it is appropriate to recognise revenue.

A trade receivable which is not expected to be collected is written off as an irrecoverable debt. The remaining trade receivables are tested for impairment at the end of each reporting period. Inkwell maintains an allowance of 1% of trade receivables, which reflects the board's estimate of trade receivables that will not be collected.

### Borrowings

Borrowings relate to a loan from Concordance Bank plc (Concordance). The loan is secured by a fixed charge on Inkwell's land and buildings and a floating charge over Inkwell's other assets.

### Trade and other payables

Trade and other payables as at 31 December 2024 consisted of:

	£
Trade payables	1,682,263
Accruals	<u>37,900</u>
Trade and other payables	<u>1,720,163</u>

## **5 Statutory audit**

Renton and Hargreaves LLP (RH) has audited Inkwel's financial statements since 2022. RH's audit manager recently contacted Cristina and Robin to confirm details for the final audit visit, scheduled for March 2026.

RH identified the following risk areas for Inkwel's audit:

- Inventory – specifically that held at the warehouses of Orinoco
- Sales and receivables

The current audit engagement partner, Chuang Guo, has just been offered a role as a part time non-executive director (NED) at Inkwel and if accepted, the role would commence on 1 January 2027.

RH plans to use audit data analytics to verify those items in the financial statements which are assessed as being at high risk of misstatement.

## 6 Current issues and new developments

### New product launch

In December 2025, Inkwell launched a major new product line, the GOAT which is expected to become a significant revenue earner for the company. The GOAT is a leather-bound personal organiser which has a calendar, a list of contacts and to do lists which are filled in manually using a fountain pen which comes as part of the set. The idea is to appeal to the retro market as a throwback to the 1980s “Filofax”. The GOAT is manufactured in Inkwell’s production facility. The personal organisers are designed to be long lasting and durable.

The following variances have been prepared by the finance department for the month of December 2025.

	£
Leather price	1,000 F
Leather usage	600 A
Labour rate	200 A
Labour efficiency	350 A
Variable overhead (total)	400 F
Fixed overhead expenditure	500 A
Sales volume	400 A
Sales price	1,425 F

Note: F = favourable, A = adverse

A standard cost card has also been produced based on output of 1,000 GOATs and fixed overheads of £8,000 per month.

	£
Sales price	60.00
Leather (0.2 m <sup>2</sup> )	(10.00)
Labour (2 hours)	(30.00)
Variable overhead	(8.00)
Contribution	12.00

Inkwell is hoping to add more products to the GOAT range, but it has experienced shortages in the supply of leather in 2026. Adding more products would involve expanding its production facility and it is looking at exploring green finance for this purpose.

**This is the end of the advance information document.**