

Ex.1  
P/L

Revenue	1,300
COS	(388)
<u>Gross profit</u>	<u>912</u>
Distribution costs	(246)
Administration costs	(161)
<u>Operating profit</u>	<u>505</u>
Interest paid	(8)
<u>Profit before tax</u>	<u>497</u>
Income tax expense	(145)
<u>Profit for the year</u>	<u>352</u>

building	5
plant	25
<u>total depreciation cha</u>	<u>30</u>

apportioned costs		
COS	60%	18
Distribution costs	20%	6
Administration costs	20%	6
		<u>30</u>

BS

PPE	182
Stock	250
AR	728
Bank	9
<u>Total assets</u>	<u>1,169</u>
Share capital	200
Retained earnings	616
LT loan	80
Warranties	75
AP	60
Tax liability	138
<u>Total equity and liabiliti</u>	<u>1,169</u>

Ex.2  
P/L

Revenue	2,165
COS	(1,389)
<u>Gross profit</u>	<u>776</u>
Distribution costs	(250)
Administration costs	(295)
<u>Operating profit</u>	<u>231</u>
Fin result	(9)
<u>Profit before tax</u>	<u>222</u>
Income tax expense	(165)
<u>Profit for the year</u>	<u>57</u>
<u>Other comprehensive p</u>	<u>100</u>
<u>Total profit for the year</u>	<u>157</u>

BS

PPE
Stock
AR
Bank
<u>Total assets</u>
Share capital
Retained earnings
Revaluation reserve
LT loan
AP
Tax liability
<u>Total equity and liab</u>

CE

	Share capit	Share prer	Revaluation	Retained e	Total	
706						
85	b/f balance	270	80	20	235	605
3	Total profit for the year			100	57	157
233	Dividends				(27)	(27)
<u>1,027</u>	<u>c/f balance</u>	<u>270</u>	<u>80</u>	<u>120</u>	<u>265</u>	<u>735</u>

350

265

120

100

27

165

1,027

Profit before tax	50,000
Adjustments for non-cash items	
Depreciation	14,000
Interest expense	2,000
Working capital changes	
Change in inventory	(5,000)
Change in AR	(8,000)
Change in AP	(6,000)
Cash generated from operations	47,000
Interest expense	(2,000)
Tax expense	(6,000)
<u>Cash flow from operating activities</u>	<u>39,000</u>
Purchase of PPE	(40,000)
<u>Cash flow from investing activities</u>	<u>(40,000)</u>
Issue of new shares	20,000
Share premium on issue of new shares	2,000
Repayment of bank loan	(10,000)
Tax liability for 2015	2,000
<u>Cash flow from financing activities</u>	<u>14,000</u>

Cash b/f	3,000
Cash flow f	13,000
Cash c/f	16,000
<i>check</i>	-