**Financial Statements and their Relationships**

|  |  |  |  |
| --- | --- | --- | --- |
| Statement of Financial Performance-Year ended 31.03.09 | | | |
|  | $ | $ | $ |
| Revenue |  |  | 317,960 |
| Sales |  |  |  |
| (-) Less Cost of Sales |  |  |  |
| Opening Inventory | 28,906 |  |  |
| (+) Plus Purchases | 80,686 |  |  |
| (+) Cartage | 250 |  |  |
| (+) Customs | 300 | 110,142 |  |
| (-) Less Closing Inventory |  | 32,468 |  |
| **(-) Cost of Goods Sold** |  |  | **77,674** |
| (-) Gross Profit |  |  | 240,286 |
| (-) Less Expenses |  |  |  |
| Selling Expenses |  |  |  |
| Advertising | 7,437 |  |  |
| Sales staff salaries | 2,000 | 9,437 |  |
| Administrative Expenses |  |  |  |
| General Expenses | 8,694 |  |  |
| Insurance | 3,530 |  |  |
| Motor vehicle expenses | 4,712 |  |  |
| Office expenses | 1,033 |  |  |
| Printing and stationery | 2,374 |  |  |
| Rent | 20,400 |  |  |
| Repairs and maintenance | 4,051 |  |  |
| Telephone | 2,780 |  |  |
| Wages | 93,865 | 141,439 |  |
| Doubtful Debts | 143 |  |  |
| Interest | 3,105 | 3,284 |  |
|  |  |  | 154,124 |
| (=) Net Profit (Gross Profit-Expenses) | |  | 86,162 |

|  |  |
| --- | --- |
| Statement of Movements in Equity | |
|  | $ |
| Net profit for the period | 86,162 |
| (+) Plus contributions | 1,033 |
|  | 87,195 |
| (-) Less withdrawals | 58,760 |
| (=) Movements in equity for the period | 28,435 |
| (+) Plus equity at the start of the period | 25,302 |
| (=) Equity at the end of the period | 53,737 |

These two figures must be the same

|  |  |  |  |
| --- | --- | --- | --- |
| Statement of Financial Position as of 31.03.09 | | | |
|  | $ | $ | $ |
| Owner’s equity |  |  | 53,737 |
| As represented by: |  |  |  |
| Current Assets |  |  |  |
| Bank |  | 4.064 |  |
| Accounts receivable | 2,860 |  |  |
| (-) Less allowance for doubtful debts |  | 2,717 |  |
| Inventory |  | 32,468 |  |
| Prepaid expenses |  | 680 | 39,929 |
| (-) Less Current Liabilities |  |  |  |
| Accounts payable |  | 6,750 |  |
| Unearned revenue |  | 2,000 |  |
| Accrued expenses |  | 1,615 | 10,365 |
| (=) Working Capital |  |  | 29,564 |
| (+) Plus Non-current assets (NCA) |  |  |  |
| Computer |  | 3,800 |  |
| Beauty therapy equipment at cost | 44,000 |  |  |
| (-) Less accumulated depreciation | 10,000 |  |  |
| Motor vehicle | 52,000 |  |  |
| (-) Less accumulated depreciation | 23,522 | 28,478 | 66,278 |
| (-) Less Non-current liabilities (NCL) |  |  |  |
| Loan |  |  | 42,105 |
| **Net Assets** = (Working Capital + NCA – NCL) |  |  | 53,737 |