**(32 marks)**

1. Prepare a fully ***classified*** Income Statement for the year ending 30 June 2018. **(14 marks)**

**The Pickled Pepper**

**Income Statement**

**for the year ending 30 June 2018**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales |  | 381,080 |  | **(1)** |
| Less Discount Allowed |  | 2,600 |  | **(1)** |
| *Net Sales* |  |  | 378,480 |  |
| Less: Cost of Sales | 214,000 | 214,000 |  | **(1)** |
| Less Discount Received |  | 3,000 |  | **(1)** |
| Total Cost of Sales |  |  | 211,000 |  |
| Gross Profit |  |  | 167,480 | **(1)** |
| ***Less: Operating Expenses*** |  |  |  |  |
| **Selling and Distribution** |  |  |  |  |
| Sales Staff Wages | 37,500 |  |  | **(1)** |
| Bad Debts | 800 |  |  | **(1)** |
| Advertising | 11,000 | 49,300 |  | **(1)** |
| **General and Administration** |  |  |  |  |
| Accounting and Bookkeeping Fees | 3,400 |  |  | **(1)** |
| Insurance | 6,000 |  |  | **(1)** |
| Office Staff Wages | 1,780 | 11,180 |  | **(1)** |
| **Financial** |  |  |  |  |
| Interest on Loan | 8,200 | 8,200 | 68,680 | **(1)** |
| Profit for the period **(1)** |  |  | **$98,800** | **(1)** |

1. Prepare a fully ***classified*** narrative Balance Sheet  **(18 marks)**

**The Pickled Pepper**

**Balance Sheet**

**as at 30 June 2018**

|  |  |  |
| --- | --- | --- |
| **Current Assets** | **$** |  |
| Accounts Receivable | 14,620 | **(1)** |
| Inventory | 22,240 | **(1)** |
| *Total Current Assets* | 37,060 |  |
| **Non-Current Assets** |  |  |
| Office Equipment | 28,000 | **(1)** |
| Restaurant Fixtures and Fittings | 100,000 | **(1)** |
| Restaurant Land and Building | 191,000 | **(1)** |
| *Total Non-Current Assets* | 319,000 |  |
| *Total Assets* | 356,060 |  |
| **Current Liabilities** |  |  |
| Bank Overdraft / Cash at Bank | 20,700 | **(1)** |
| Accounts Payable | 25,800 | **(1)** |
| GST Payable | 8,900 | **(1)** |
| *Total Current Liabilities* | 55,400 |  |
| **Non-Current Liabilities** |  |  |
| Loan - ABC Bank | 200,000 | **(1)** |
| *Total Non-Current Liabilities* | 200,000 |  |
| *Total Liabilities* | 255,400 |  |
| **Net Assets (1)** | **$100,660** | **(1)** |
| **Equity** |  |  |
| Capital | 35,860 | **(1)** |
| Add: Profit | 98,800 | **(1)** |
|  | 133,460 | **(1)** |
| Less: Drawings | 34,000 | **(1)** |
| **Total Equity (1)** | **$100,660** | **(2)** |