Solutions

Business Name: Wizard Industries

INCOME STATEMENT for the year ended 30 June 2020

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  | 128 050 |  |
| Less Discount Allowed |  | 600 |  |
| Net Sales |  |  | 127 450 |
| Less cost of sales | 58 000 |  |  |
| Less Discount Received | 500 |  |  |
| Gross Profit |  |  | 69 950 |
| Add other income |  |  |  |
| Rental income |  |  | 5 400 |
| Gross income |  |  | 75 350 |
| Less other expenses |  |  |  |
| *Selling & distribution* |  |  |  |
| Advertising | 18 000 |  |  |
| Doubtful debts | 800 |  |  |
| Depreciation on delivery vehicle | 14 000 |  |  |
| Freight outwards | 3 000 | 35 800 |  |
| *General & Administration* |  |  |  |
| Rates | 4 000 |  |  |
| Stationery expense | 600 |  |  |
| Insurance expense | 2 700 | 7 300 |  |
| *Financial* |  |  |  |
| Interest expense | 1 000 | 1 000 | 44 100 |
| Profit for the period |  |  | 31 250 |
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Business Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

BALANCE SHEET as at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| --- | --- | --- |
| CURRENT ASSETS |  |  |
| Accounts Receivable | 9 000 |  |
| Less Allowance for doubtful debts | 1 800 | 7 200 |
| Inventory |  | 37 000 |
| Stationery asset |  | 400 |
| Prepaid insurance |  | 8 100 |
| *Total current assets* |  | 52 700 |
| NON-CURRENT ASSETS |  |  |
| Long term investment |  | 35 000 |
| Delivery vehicle | 70 000 |  |
| Less accumulated depreciation | 32 000 | 38 000 |
| *Total non-current assets* |  | 73 000 |
| *Total assets* |  | 125 700 |
| CURRENT LIABILITIES |  |  |
| Accrued interest expenses |  | 100 |
| Unearned rent income |  | 3 600 |
| Accounts payable |  | 8 000 |
| Bank overdraft |  | 6 000 |
| *Total current liabilities* |  | 17 700 |
| Loan from West Bank |  | 19 000 |
| *Total non-current liabilities* |  | 19 000 |
| *Total liabilities* |  | 36 700 |
| **Net assets** |  | **89 000** |
| EQUITY |  |  |
| Capital |  | 69 750 |
| Add profit |  | 31 250 |
|  |  | 101 000 |
| Less drawings |  | 12 000 |
| Total equity |  | **89 000** |
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