

Financial Statements

Balance Sheets



Income Statement

Money earned by a business

Balance Sheet

List of assets and liabilities

Cash Flow

Timing of money in the bank

What will we cover?

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	-R77,300.00
	>> Trade receivables/Debtors	R155,000.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R88,000.00
	Total	R165,700.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R92,300.00
	Total	R157,300.00

How to understand
balance sheets like this



What are Assets & Liabilities?

Assets



**Current
Asset**

Benefit is seen within 1 year (≤ 1 year)



**Non-current
Asset**

Benefit is seen over more than 1 year (> 1 year)



Liabilities



Current Liabilities

Repayable in less than 1 year (≤ 1 year)

Non-current Liabilities

Repayable in more than 1 year (> 1 year)



Balance Sheet

Blank Balance Sheet

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	R0.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R0.00
	Total	R0.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R0.00
	Total	R0.00
Equity	>> Stated Capital (share capital)	R0.00
	>> Retained earnings (year end)	R0.00
	>> Profit and Loss (running)	R0.00
	Total	R0.00

Total Assets

Current Assets
+
Non-Current Assets

Total Liabilities

Current Liabilities
+
Non-Current Liabilities

Total Shareholders' Equity

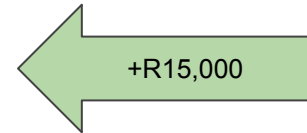
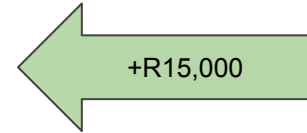
Share Capital
+
Retained Earnings

10 Transactions

Transaction	Description	Transaction Type	Date
1	Last year, the company made R25,000 profit, and chose to retain R15,000 cash in the business.	Cash	March 2019
2	Owner pays R50,000 into business	Cash	March 2019
3	Salaries of R35,000 are paid every month, for 12 months.	Cash	Every month
4	R12,000 of inventory is bought.	30% cash and 70% on credit (to be paid in March 2020)	April 2019
5	Sales of R220,000. Cost of sales R5,000.	Cash	April 2019
6	R8,000 laptop is bought	Cash	May 2019
7	Purchase a company car for R80,000	Cash	June 2019
8	Sales of R310,000. Cost of sales R7,000.	50% cash 50% on credit (to be paid in Jan 2020)	July 2019
9	Paid R1,200 for electricity	Cash	September 2019
10	Pay for new business cards and a website (R4,500)	Cash	October 2019

Transaction 1/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	R15,000.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R0.00
	Total	R15,000.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R0.00
	Total	R0.00
Equity		
	>> Stated Capital (share capital)	R0.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R0.00
	Total	R15,000.00

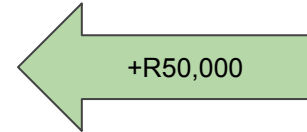
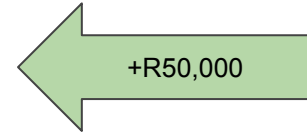


Transaction 1
Last year, the company made R25,000 profit, and chose to retain R15,000 in the business.
Cash
March 2019



Transaction 2/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	R65,000.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R0.00
	Total	R65,000.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R0.00
	Total	R0.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R0.00
	Total	R65,000.00



Transaction 2
Owner pays R50,000 into business
Cash
March 2019



Transaction 3/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	-R355,000.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R0.00
	Total	-R355,000.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R0.00
	Total	R0.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	-R420,000.00
	Total	-R355,000.00

-R35,000 x 12

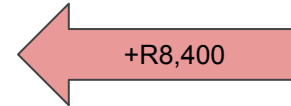
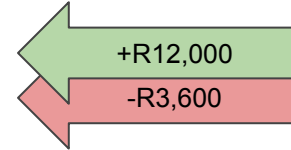
-R35,000 x 12

Transaction 3
Salaries of R35,000 are paid every month, for 12 months.
Cash
Every month



Transaction 4/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R12,000.00
	>> Cash in Bank	-R358,600.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R0.00
	Total	-R346,600.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	-R420,000.00
	Total	-R355,000.00

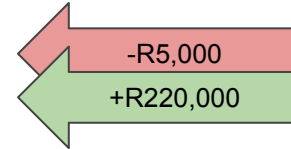


Transaction 4
R12,000 of inventory is bought.
30% cash and 70% on credit (to be paid in March 2020)
April 2019

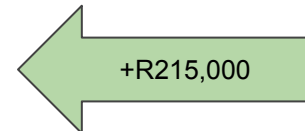


Transaction 5/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R7,000.00
	>> Cash in Bank	-R138,600.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R0.00
	Total	-R131,600.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	-R205,000.00
	Total	-R140,000.00

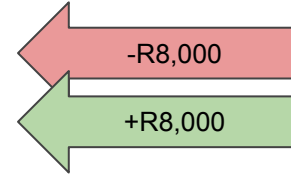


Transaction 5
Sales of R220,000. Cost of sales R5,000.
Cash
April 2019



Transaction 6/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R7,000.00
	>> Cash in Bank	-R146,600.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R8,000.00
	Total	-R131,600.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	-R205,000.00
	Total	-R140,000.00

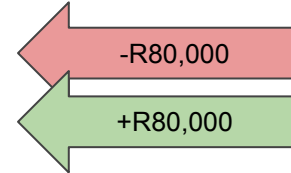


Transaction 6
R8,000 laptop is bought
Cash
May 2019



Transaction 7/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R7,000.00
	>> Cash in Bank	-R226,600.00
	>> Trade receivables/Debtors	R0.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R88,000.00
	Total	-R131,600.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	-R205,000.00
	Total	-R140,000.00

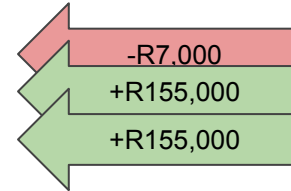


Transaction 7
Purchase a company car for R80,000
Cash
June 2019

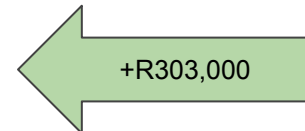


Transaction 8/10

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	-R71,600.00
	>> Trade receivables/Debtors	R155,000.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R88,000.00
	Total	R171,400.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R98,000.00
	Total	R163,000.00



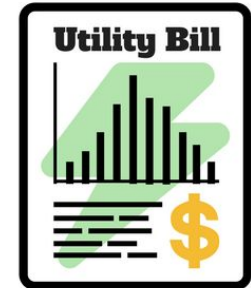
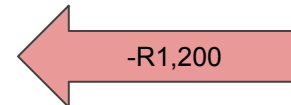
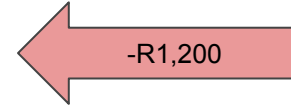
Transaction 8
Sales of R310,000. Cost of sales R7,000.
50% cash 50% on credit (to be paid in Jan 2020)
July 2019



Transaction 9/10

Transaction 9
Bought R1,200 of pre-paid electricity
Cash
September 2019

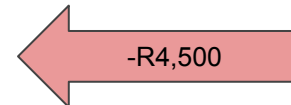
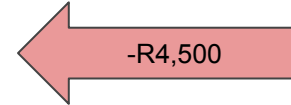
Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	-R72,800.00
	>> Trade receivables/Debtors	R155,000.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R88,000.00
	Total	R170,200.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R96,800.00
	Total	R161,800.00



Transaction 10/10

Transaction 10
Pay for new business cards and a website (R4,500)
Cash
October 2019

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	-R77,300.00
	>> Trade receivables/Debtors	R155,000.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R88,000.00
	Total	R165,700.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity		
	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R92,300.00
	Total	R157,300.00





What does this show us?

What does this show us?

Assets		
Current assets (<= 1 year of benefit)	>> Inventory	R0.00
	>> Cash in Bank	-R77,300.00
	>> Trade receivables/Debtors	R155,000.00
Non-current assets (> 1 year of benefit)	>> Property, plant and equipment	R88,000.00
	Total	R165,700.00
Liabilities		
Non-current liabilities (repayable > 1 year)	>> Long-term debt	R0.00
Current liabilities (repayable <= 1 year)	>> Trade payables/creditors	R8,400.00
	Total	R8,400.00
Equity	>> Stated Capital (share capital)	R50,000.00
	>> Retained earnings (year end)	R15,000.00
	>> Profit and Loss (running)	R92,300.00
	Total	R157,300.00

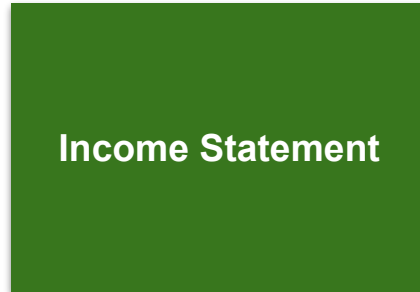
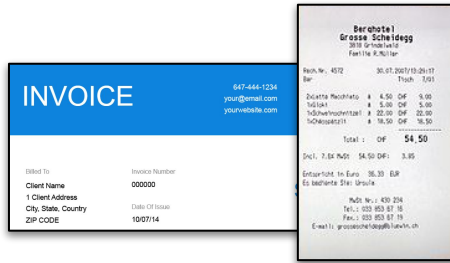
Income Statement (1st Mar 2019 - 28th Feb 2020)

Gross Income (Revenue and Gains)	
Sales	R530,000
Interest	R0
Total	R530,000

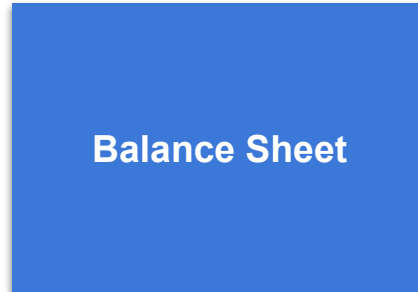
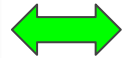
Expenses and Losses	
Cost of goods (inventory)	R12,000
Office supplies	R0
Salaries	R420,000
Advertising	R4,500
Utilities	R1,200
Interest	R0
Total	R437,700

Net Income (Profit)	R92,300
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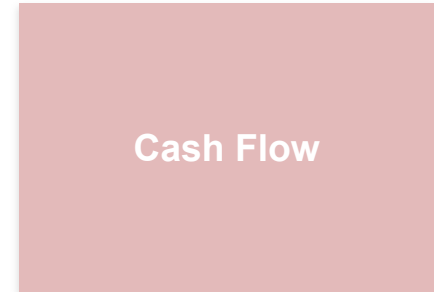




Money earned by a business



List of assets and liabilities



Timing of money in the bank