**Unit 1 – Simple Financial Statements**

***Practical Worksheet 4***

|  |  |  |  |
| --- | --- | --- | --- |
| **Student Name:** | **SOLUTIONS!** | **CG:** |  |

1. Peter Parker, the owner of **Spiderman Enterprises**, has supplied the following trial balance:

**Spiderman Enterprises**

**Trial Balance**

**As at 30 June 2021**

|  |  |  |
| --- | --- | --- |
| **Account Name** | **Debit**  **$** | **Credit**  **$** |
| Accounts payable |  | 5,800 |
| Accounts receivable | 19,800 |  |
| Advertising | 2,700 |  |
| Bad debts | 500 |  |
| Capital – P Parker |  | 50,100 |
| Cash at bank | 11,000 |  |
| Cost of sales | 62,000 |  |
| Discount allowed | 900 |  |
| Discount received |  | 400 |
| Drawings | 16,000 |  |
| Electricity | 7,000 |  |
| Freight outwards | 5,100 |  |
| Interest expense | 1,700 |  |
| Interest income |  | 2,600 |
| Inventory | 25,000 |  |
| Loan from bank (repayable 2026) |  | 8,000 |
| Motor vehicles | 14,000 |  |
| Sales |  | 172,000 |
| Office equipment | 5,000 |  |
| Office salaries | 25,800 |  |
| Sales salaries | 39,400 |  |
| Telephone costs | 3,000 |  |
|  | $238,900 | $238,900 |
|  |  |  |

*Required:*

1. Prepare a fully classified income statement for the year ended 30 June 2021
2. Prepare a narrative balance sheet as at 30 June 2021

**Spiderman Enterprises**

**Income Statement**

**For year ended 30 June 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income** |  |  |  |
| Sales |  | 172,000 |  |
| *less* Discount Allowed |  | 900 |  |
|  |  |  | 171,100 |
| *less* **Cost of Sales** |  | 62,000 |  |
| *less* Discount Received |  | 400 | 61,600 |
| **Gross Profit** |  |  | 109,500 |
| *add* **Other Income** |  |  |  |
| Interest Income |  | 2,600 | 2,600 |
| **Total Income** |  |  | 112,100 |
| *less* **Expenses** |  |  |  |
| ***Selling & Distribution*** |  |  |  |
| Advertising | 2,700 |  |  |
| Bad Debts | 500 |  |  |
| Freight Outwards | 5,100 |  |  |
| Sales Salaries | 39,400 | 47,700 |  |
| ***General & Administrative*** |  |  |  |
| Office Salaries | 25,800 |  |  |
| Telephone Costs | 3,000 |  |  |
| Electricity | 7,000 | 35,800 |  |
| ***Financial*** |  |  |  |
| Interest Expense | 1700 | 1,700 | 85,200 |
| **Profit for the Period** |  |  | $26,900 |
|  |  |  |  |

**Spiderman Enterprises**

**Balance Sheet**

**As at 30 June 2021**

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 11,000 |
| Accounts Receivable | 19,800 |
| Inventory | 25,000 |
| **Non-Current Assets** |  |
| Motor Vehicles | 14,000 |
| Office Equipment | 5,000 |
| **Total Assets** | 74,800 |
| **Current Liabilities** |  |
| Accounts Payable | 5,800 |
| **Non-Current Liabilities** |  |
| Loan from Bank | 8,000 |
| **Total Liabilities** | 13,800 |
| ***Net Assets*** | $61,000 |
|  |  |
| **Equity** |  |
| Capital | 50,100 |
| *add* Profit | 26,900 |
|  | 77,000 |
| *less* Drawings | 16,000 |
| ***Total Equity*** | $61,000 |
|  |  |

1. Carol Danvers, the owner of **Captain Marvel Traders**, has supplied the following trial balance:

**Captain Marvel Traders**

**Trial Balance**

**As at 30 June 2022**

|  |  |  |
| --- | --- | --- |
| **Account Name** | **Debit**  **$** | **Credit**  **$** |
| Accounts payable |  | 9,109 |
| Accounts receivable | 5,140 |  |
| Advertising | 47,269 |  |
| Bad debts | 2,619 |  |
| Bank fees and charges | 250 |  |
| Bank overdraft |  | 19,330 |
| Capital – C Danver |  | 260,440 |
| Cartage outwards | 5,110 |  |
| Cost of sales | 52,559 |  |
| Discount allowed | 902 |  |
| Discount received |  | 1,459 |
| Drawings | 24,739 |  |
| Interest expense | 3,400 |  |
| Inventory | 48,000 |  |
| Land and buildings | 170,000 |  |
| Mortgage (repayable 2036) |  | 21,000 |
| Motor vehicle | 35,000 |  |
| Sales |  | 185,100 |
| Office equipment | 19,000 |  |
| Office salaries | 47,000 |  |
| Rates and taxes | 3,900 |  |
| Sales commission | 28,150 |  |
| Telephone costs | 3,400 |  |
|  | $496,438 | $496,438 |
|  |  |  |

*Required:*

1. Prepare a fully classified income statement for the year ended 30 June 2022
2. Prepare a narrative balance sheet as at 30 June 2022

**Captain Marvel Traders**

**Income Statement**

**For year ended 30 June 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income** |  |  |  |
| Sales |  | 185,100 |  |
| *less* Discount Expense |  | 902 |  |
|  |  |  | 184,198 |
| *less* **Cost of Sales** |  | 52,559 |  |
| *less* Discount Received |  | 1,459 | 51,100 |
| **Gross Profit** |  |  | 133,098 |
| *less* **Expenses** |  |  |  |
| ***Selling & Distribution*** |  |  |  |
| Bad Debts | 2,619 |  |  |
| Cartage Outwards | 5,110 |  |  |
| Sales Commission | 28,150 |  |  |
| Advertising | 47,269 | 83,148 |  |
| ***General & Administrative*** |  |  |  |
| Telephone Costs | 3,400 |  |  |
| Office Salaries | 47,000 |  |  |
| Rates & Taxes | 3,900 | 54,300 |  |
| ***Financial*** |  |  |  |
| Bank Fees and Charges | 250 |  |  |
| Interest Expense | 3,400 | 3,650 | 141,098 |
| **Loss for the Period** |  |  | ($8000) |
|  |  |  |  |

**Captain Marvel Traders**

**Balance Sheet**

**As at 30 June 2022**

|  |  |
| --- | --- |
| **Current Assets** |  |
| Accounts Receivable | 5,140 |
| Inventory | 48,000 |
| **Non-Current Assets** |  |
| Office Equipment | 19,000 |
| Motor Vehicle | 35,000 |
| Land & Buildings | 170,000 |
| **Total Assets** | 277,140 |
| **Current Liabilities** |  |
| Cash at Bank | 19,330 |
| Accounts Payable | 9,109 |
| **Non-Current Liabilities** |  |
| Mortgage Loan | 21,000 |
| **Total Liabilities** | 49,439 |
| ***Net Assets*** | $227,701 |
|  |  |
| **Equity** |  |
| Capital | 260,440 |
| *less* Loss | 8,000 |
|  | 252,440 |
| *less* Drawings | 24,739 |
| ***Total Equity*** | $227,701 |
|  |  |

1. Natasha Romanoff, the owner of **Black Widow Plumbers**, has supplied the following trial balance:

**Black Widow Plumbers**

**Trial Balance**

**As at 30 June 2023**

|  |  |  |
| --- | --- | --- |
| **Account Name** | **Debit**  **$** | **Credit**  **$** |
| Accounts payable |  | 5,000 |
| Accounts receivable | 4,000 |  |
| Capital – N Romanoff |  | 60,000 |
| Cash at bank | 10,000 |  |
| Drawings | 14,000 |  |
| Electricity | 3,000 |  |
| Fees |  | 127,000 |
| Loan (repayable in 2025) |  | 3,000 |
| Motor vehicles | 60,000 |  |
| Office equipment | 5,000 |  |
| Office salaries | 24,000 |  |
| Petrol and oil | 4,000 |  |
| Plumbing equipment | 8,000 |  |
| Plumbing materials used | 6,000 |  |
| Rent | 7,000 |  |
| Repairs to motor vehicles | 2,000 |  |
| Wages of plumbers | 48,000 |  |
|  | $195,000 | $195,000 |
|  |  |  |

*Required:*

1. Prepare a fully classified income statement for the year ended 30 June 2023 (classify operating expenses as *direct plumbing expenses, motor vehicle expenses* and *general and office expenses*)
2. Prepare a narrative balance sheet as at 30 June 2023

**Black Widow Plumbers**

**Income Statement**

**For year ended 30 June 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income** |  |  |  |
| Fees |  |  | 127,000 |
| *less* **Expenses** |  |  |  |
| ***Direct Plumbing Expenses*** |  |  |  |
| Wages of Plumbers | 48,000 |  |  |
| Plumbing Materials | 6,000 | 54,000 |  |
| ***Motor Vehicle Expenses*** |  |  |  |
| Petrol & Oil | 4,000 |  |  |
| Repairs to Motor Vehicles | 2,000 | 6,000 |  |
| ***General & Office Expenses*** |  |  |  |
| Rent | 7,000 |  |  |
| Office Salaries | 24,000 |  |  |
| Electricity | 3,000 | 34,000 | 94,000 |
| **Profit for the Period** |  |  | $33,000 |
|  |  |  |  |

**Black Widow Plumbers**

**Balance Sheet**

**As at 30 June 2023**

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 10,000 |
| Debtors | 4,000 |
| **Non-Current Assets** |  |
| Office Equipment | 5,000 |
| Plumbing Equipment | 8,000 |
| Motor Vehicles | 60,000 |
| **Total Assets** | 87,000 |
| **Current Liabilities** |  |
| Creditors | 5,000 |
| **Non-Current Liabilities** |  |
| Loan from West Coast Bank | 3,000 |
| **Total Liabilities** | 8,000 |
| ***Net Assets*** | $79,000 |
|  |  |
| **Equity** |  |
| Capital | 60,000 |
| *add* Profit | 33,000 |
|  | 93,000 |
| *less* Drawings | 14,000 |
| ***Total Equity*** | $79,000 |
|  |  |

1. Tony Stark, the owner of **Iron Man Cleaning Services**, has supplied the following trial balance:

**Iron Man Cleaning Services**

**Trial Balance**

**As at 30 June 2023**

|  |  |  |
| --- | --- | --- |
| **Account Name** | **Debit**  **$** | **Credit**  **$** |
| Accounts payable |  | 7,000 |
| Accounts receivable | 3,000 |  |
| Capital – T Stark |  | 60,000 |
| Cash at bank | 25,000 |  |
| Cleaning equipment | 16,000 |  |
| Cleaning materials | 9,000 |  |
| Drawings | 16,000 |  |
| Fees |  | 173,000 |
| Loan (repayable in 2028) |  | 15,000 |
| Motor vehicles | 58,000 |  |
| Office equipment | 13,000 |  |
| Office salaries | 27,000 |  |
| Petrol and oil | 5,000 |  |
| Plumbing equipment |  |  |
| Plumbing materials used |  |  |
| Rent of office | 11,000 |  |
| Repairs to motor vehicles | 4,000 |  |
| Telephone costs | 1,000 |  |
| Wages of cleaners | 67,000 |  |
|  | $255,000 | $255,000 |
|  |  |  |

*Required:*

1. Prepare a fully classified income statement for the year ended 30 June 2023 (classify operating expenses as *direct* *cleaning expenses, motor vehicle expenses* and *general and office expenses*)
2. Prepare a narrative balance sheet as at 30 June 2023

**Iron Man Cleaning Services**

**Income Statement**

**For year ended 30 June 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income** |  |  |  |
| Fees |  |  | 173,000 |
| *less* **Expenses** |  |  |  |
| ***Direct Cleaning Expenses*** |  |  |  |
| Cleaning Materials | 9,000 |  |  |
| Wages of Cleaners | 67,000 | 76,000 |  |
| ***Motor Vehicle Expenses*** |  |  |  |
| Repairs to Motor Vehicles | 4,000 |  |  |
| Petrol & Oil | 5,000 | 9,000 |  |
| ***General & Office Expenses*** |  |  |  |
| Rent of Office | 11,000 |  |  |
| Office Salaries | 27,000 |  |  |
| Telephone Costs | 1,000 | 39,000 | 124,000 |
| **Profit for the Period** |  |  | $49,000 |
|  |  |  |  |

**Iron Man Cleaning Services**

**Balance Sheet**

**As at 30 June 2023**

|  |  |
| --- | --- |
| **Current Assets** |  |
| Cash at Bank | 25,000 |
| Debtors | 3,000 |
| **Non-Current Assets** |  |
| Cleaning Equipment | 16,000 |
| Office Equipment | 13,000 |
| Motor Vehicles | 58,000 |
| **Total Assets** | 115,000 |
| **Current Liabilities** |  |
| Creditors | 7,000 |
| **Non-Current Liabilities** |  |
| Loan from Bank | 15,000 |
| **Total Liabilities** | 22,000 |
| ***Net Assets*** | $93,000 |
|  |  |
| **Equity** |  |
| Capital | 60,000 |
| *add* Profit | 49,000 |
|  | 109,000 |
| *less* Drawings | 16,000 |
| ***Total Equity*** | $93,000 |
|  |  |