

Trading & profit & loss account
for the year ending 31.12.20X6

| | | |
|--------------------------------------|---------|----------|
| | € | € |
| Revenue (Turnover/Sales) | | 18,462 |
| Cost of sales | | |
| Opening stock | Nil | |
| Purchases | 14,629 | |
| Closing stock | (2,548) | (12,081) |
| Gross profit | | 6,381 |
| Operating expenses | | |
| Salaries | (2,150) | |
| Motor expenses | (520) | |
| Rent expenses | (670) | |
| Insurance costs | (111) | |
| General expenses | (105) | (3,556) |
| Net profit | | 2,825 |
| Dividends paid | | (895) |
| Net profit retained for year | | 1,930 |
| Retained profit at 1/1/20X6 | | Nil |
| Retained profit at 31/12/20X6 | | 1,930 |

Balance Sheet at 31.12.20X6

| | | |
|---------------------------------------|---|--------------|
| | € | € |
| Fixed Assets | | |
| Premises | | 1,500 |
| Motor vehicles | | <u>1,200</u> |
| | | <u>2,700</u> |
| Current Assets | | |
| Stock | | 2,548 |
| Debtors | | 1,950 |
| Bank | | 1,654 |
| Cash | | <u>40</u> |
| | | <u>6,192</u> |
| Total Assets | | <u>8,892</u> |
| Equity | | |
| Share capital | | 5,424 |
| Retained earnings | | <u>1,930</u> |
| | | 7,354 |
| Current Liabilities | | |
| Creditors | | <u>1,538</u> |
| Equity and Current Liabilities | | <u>8,892</u> |

φ The income statement and balance sheet are not compliant with the requirements of international accounting standards which require completion of a statement of changes in equity in which dividends and movements on retained earnings/profits is recorded. Statements of changes in equity are covered in Section 7 of the notes for the module.

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