

Financials Demo

Balance Sheet

At December 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets	1,108,355	871,536
Noncurrent assets		
Property, plant and equipment		
Property, plant and equipment		
Machinery and equipment	656,142	656,142
Furniture and fixtures	432,287	331,315
Total property, plant and equipment	1,088,429	987,457
Property, plant and equipment - Accumulated depreciation and Impairment		
Leasehold improvements	-356,945	-282,671
Machinery and equipment	-237,257	-157,250
Total property, plant and equipment - accumulated depreciation and impairment	-594,202	-439,921
Total property, plant and equipment	494,227	547,536
Total noncurrent assets	494,227	547,536
Total assets	1,602,582	1,419,072
Liabilities and equity		
Liabilities		
Current liabilities		
Current portion of long term debt and capital leases		
Notes and loans payable, current		
Total notes and loans payable, current	10,000	10,000
Total current portion of long term debt and capital leases	10,000	10,000

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Statement of Income

For The Year Ended December 31, 2016

	2016	2015
	\$	\$
Revenue		
Sales revenue, goods	5,171,237	4,875,166
Total revenue	5,171,237	4,875,166
Cost of sales		
Direct materials	2,186,957	2,033,522
Direct labor	1,295,321	1,217,455
Direct overhead	25,972	24,879
Other costs	567,657	541,351
Total cost of sales	4,075,907	3,817,207
Gross profit	1,095,330	1,057,959
Operating expenses		
Operating costs and expenses		
Depreciation of property, plant and equipment	154,281	167,967
Total operating costs and expenses	154,281	167,967
Selling, general and administrative costs		
Interest and bank charges	19,471	19,279
Labor and related expenses		
Compensation of officers	334,923	302,217
Total labor and related expenses	334,923	302,217
Travel		
Meals and entertainment	12,579	15,978
Training	7,590	8,540

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Statement of Cash Flows

For The Year Ended December 31, 2016

	2016 \$	2015 \$
Operating activities		
Net income (loss)	230,620	234,794
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation, depletion and amortization	154,281	167,967
Decrease (increase) in working capital items		
Receivables	-63,192	-191,389
Inventories	-172,719	-636,811
Prepaid expense and other assets	-1,215	-41,957
Accounts payable and accrued expenses	-78,880	462,737
Accrued taxes payable	2,440	33,179
Cash flows from operating activities	698,467	777,002
Net cash increase (decrease) in cash and cash equivalents	698,467	777,002
Cash and cash equivalents, beginning of year	1,379	
Cash and cash equivalents, end of year	699,846	777,002

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Notes to the Financial Statements

For the year ended December 31, 2016

1. Significant accounting policies

a. Nature of business

Financials Demo (the company) is incorporated under the ... (i.e. name of regulatory act). The company's principal business is the ... (i.e. description of main business).

b. Impairment of long lived assets

Potential impairment of long-lived assets is reviewed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. Future cash flows are estimated based upon ... (i.e. describe basis). Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value, less costs to sell, and are no longer depreciated. The asset and liabilities of a disposed group of assets classified as held for sale are presented separately in the appropriate asset and liability sections of the balance sheet.

c. Deferred rent

Certain of the company's operating leases contain predetermined fixed escalations of minimum rentals during the original lease terms. The company recognizes the related rental expense on a straight-line basis over the life of the lease and records the difference between the amounts charged to operations and amounts paid as deferred rent. This amount is recorded as a deferred credit in the early years of the lease, when cash payments are generally lower than the straight-line rent expense, and reduced in the later years of the lease when payments begin to exceed the straight-line expense. The company also receives certain lease incentives in conjunction with entering into operating leases. These lease incentives are recorded as deferred rent at the beginning of the lease term and recognized as a reduction of rent expense over the lease term. Certain of the company's leases contain future contingent increases in rentals which are recorded in the period in which the contingent increase to the rentals occurs.

e. Financial Instruments

Fair value

Fair value is the amount that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value is an estimate, which is significantly affected by the assumptions and methods used in its determination. Estimation of fair value involves the use of subjective judgements and uncertainty. Fair value should not be interpreted as an amount which could be realized in immediate settlement of the instruments.

Fair values

The carrying values of assets and liabilities approximate their fair values. The fair value of assets and liabilities included in the balance sheet are not considered to be materially different from their carrying value.

Carrying amount and fair values

Information regarding those financial instruments with fair values not equal to their carrying value none of which are held for trading purposes, are as follows:

Description	2016	2015
	\$	\$

Interest, currency and credit risk

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Foreign currency exchange risk

The company does business in ... (i.e. name of country). At December 31, 2016 the company did not have significant exposure to foreign currency exchange risk.

Interest rate risk

The company's principal exposure to interest rate fluctuations is with respect to its short-term and long-term financing which bear interest at floating rates.

Interest rate risk

The company's exposure to interest rate risks is as follows: