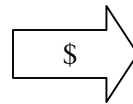


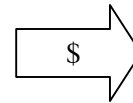
Week 9 : Company Accounts – Income Statement & Balance Sheet

	\$
Turnover	100,000
(-) Cost of sales	<u>(20,000)</u>
Gross Profit	80,000
(-) Distribution Costs	(10,000)
(-) Administrative Costs	(10,000)
(+) Other Operating Income	<u>10,000</u>
Operating Profit	70,000
(-) Finance Cost	<u>(10,000)</u>
Profit after Interest before Tax	60,000
(-) Taxation	<u>(5,000)</u>
Profit after Interest and Tax	55,000
Ordinary Dividend – Interim (1,000)	
- Final <u>(1,000)</u>	(2,000)
Preference Dividend	<u>(800)</u>
Retained Profit for the year	52,200
Retained Earnings brought forward	<u>(2,200)</u>
Retained Earnings carried forward	<u>50,000</u>

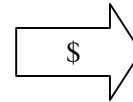
Income Statement



For Debenture Holders



For Ordinary Shareholders



For Preference Shareholders

Week 9 : Company Accounts – Income Statement & Balance Sheet

Balance Sheet

	\$
Fixed Assets	100,000
Current Assets	<u>100,000</u>
	<u>200,000</u>
<u>Authorized share capital</u>	
200,000 ordinary shares of \$1 each	200,000
10,000 8% preference share of \$1 each	<u>10,000</u>
	<u>210,000</u>
<u>Issued & paid-up capital</u>	
100,000 ordinary shares of \$1 each	100,000
10,000 8% preference share of \$1 each	<u>10,000</u>
	110,000
Retained earnings	50,000
Share premium	20,000
<u>Long-term liabilities</u>	
7% Debenture	<u>20,000</u>
	<u>200,000</u>

Claim of Ordinary Shareholders

Remember that Authorized Share Capital is only the maximum share a company can issue!! Investment from the public is in **Issued and Paid-up Share Capital!!**