

Lecture 9

Company Accounts – Income Statement & Balance Sheet

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

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
Claim of Ordinary	
Retained earnings	50,000
Share premium	20,000
<u>Long-term liabilities</u>	
7% Debenture	<u>20,000</u>
	<u>200,000</u>

Shareholders