

THE UNIVERSITY OF THE SOUTH PACIFIC SCHOOL OF DISTANCE EDUCATION BACHELOR OF BUSINESS ADMINISTRATION FINANCIAL ACCOUNTING ASSIGNMENT

QUESTION 1: The following information relates to the operations of a company for the year ended 31 December 2018:

Revenue 1,200,000
Cost of sales 750,000
Gross profit 450,000
Less: Selling expenses 100,000
Less: Administrative expenses 150,000
Less: Depreciation 50,000
Less: Interest 20,000
Less: Income tax 30,000
Profit before income tax 100,000
Less: Income tax 30,000
Profit after income tax 70,000

Additional information:
- The company has a provision for doubtful debts of 5,000 at the end of the year.
- The company has a provision for bad debts of 2,000 at the end of the year.
- The company has a provision for inventory obsolescence of 10,000 at the end of the year.
- The company has a provision for depreciation of 50,000 at the end of the year.
- The company has a provision for interest of 20,000 at the end of the year.
- The company has a provision for income tax of 30,000 at the end of the year.

Required:
1. Prepare the Statement of Profit or Loss for the year ended 31 December 2018.
2. Prepare the Statement of Financial Position as at 31 December 2018.