

THE UNIVERSITY OF THE SOUTH PACIFIC SCHOOL OF DISTANCE EDUCATION BACHELOR OF BUSINESS ADMINISTRATION FINANCIAL ACCOUNTING SEMESTER 1 2019

QUESTION 1: The following information relates to the operations of a company for the year ended 31 December 2019. The company's financial statements for the year ended 31 December 2019 are as follows:

Income Statement
For the year ended 31 December 2019

Revenue 1,000,000
Cost of sales (600,000)
Gross profit 400,000
Less: Selling expenses (100,000)
Administrative expenses (150,000)
Depreciation (50,000)
Interest expense (20,000)
Income tax expense (30,000)
Net profit 150,000

Balance Sheet
As at 31 December 2019

Assets
Cash 100,000
Accounts receivable 200,000
Inventory 150,000
Property, plant and equipment 500,000
Accumulated depreciation (100,000)
Total assets 850,000

Liabilities
Accounts payable 100,000
Bank loan 200,000
Total liabilities 300,000

Equity
Share capital 500,000
Retained earnings 250,000
Total equity 750,000

QUESTION 2: The following information relates to the operations of a company for the year ended 31 December 2019. The company's financial statements for the year ended 31 December 2019 are as follows:

Income Statement
For the year ended 31 December 2019

Revenue 1,200,000
Cost of sales (750,000)
Gross profit 450,000
Less: Selling expenses (120,000)
Administrative expenses (180,000)
Depreciation (60,000)
Interest expense (25,000)
Income tax expense (35,000)
Net profit 170,000

Balance Sheet
As at 31 December 2019

Assets
Cash 120,000
Accounts receivable 250,000
Inventory 180,000
Property, plant and equipment 600,000
Accumulated depreciation (120,000)
Total assets 1,030,000

Liabilities
Accounts payable 120,000
Bank loan 250,000
Total liabilities 370,000

Equity
Share capital 600,000
Retained earnings 260,000
Total equity 860,000