



Profit and loss account for company X for the year ended 31st Dec 20xx

	\$m
1 Sales revenue (price sold x quantity sold)	500
2 Cost of goods sold (direct costs) (opening stock+purchases-closing stock)	150
3 Gross profit (1-2)	350
4 Expenses (indirect costs)	105
5 Net profit before interest and tax (3-4)	245
6 Interest	25
7 Net profit before tax (5 - 6)	220
8 Tax	100
9 Net profit after interest and tax (7 - 8)	120
10 Dividends	15
11 Retained profit (9-10)	105

Company X

Assets = liabilities + equity

Balance sheet as of 31st Dec 20xx



Fixed assets



\$m

1 fixed assets

50

2 accumulated depreciation

10

3 net fixed assets (1 - 2)

40



Current assets



4 cash

80

5 debtors (invoices of customers)

20

6 stock

15

7 total current assets (4+5+6)

115

Current liabilities

8 overdraft (withdrawal in excess)

3

9 creditors (invoices to pay to our suppliers)

18

10 short term loans (< = 12 months)

5

11 total current liabilities (8+9+10)

26

12 net current assets (working capital) (7-11)

89

13 total assets less current liabilities (capital employed) (3+7-11)

129

loan capital + share capital + accumulated retained profit (14+16+17)

Long-term liabilities (debt)



14 loan capital > 12 months

30

15 Net assets (3+7-11-14)=13-14

99

Financed by:

16 share capital (original capital invested)

66

17 accumulated retained profit (reserves, money to be reinvested in the business)

33

18 Equity (16+17) 15=18

99

Net Assets = Equity