



## Amending Financial Statements

You could be asked to amend a Statement of Comprehensive Income and Statement of Financial Position. This worksheet contains a series of activities for you to undertake to test your knowledge and understanding of this topic.

*This first worksheet is just focusing on the impact that accruals and pre-payments will have on the income statement.*

Bee has produced the following Statement of Comprehensive Income for his trading year of 2016.

Statement of Comprehensive Income for the Year ending 6th April 2016		
	£	£
Sales		500,000
Less cost of goods sold		
Opening Inventory	40,000	
Purchases	150,000	
Closing Inventory	20,000	170,000
Gross Profit		330,000
Less Expenses		
Rent		26,000
Wages and Salaries		50,000
Utilities		6,000
Depreciation		5,000
Total Expenses		87,000
Revenue Income		0
Net Profit before tax		243,000

Bee has realised that a mistake has been made as rent is paid 1 month in advance at £2,000 per month. **Adjust this error on the statement above.**

Bee has also realised that £50,000 of inventory has been accounted for which is actually on 3 months credit and won't be paid for until June 2016. **Adjust this error on the statement above.**

Using these amendments complete the Statement of Comprehensive Income for Bee showing the correct Gross and Net Profit figures.





Bee has obtained the Statement of Comprehensive Income for the main competitor for the same trading period.

Statement of Comprehensive Income for the Year ending 6th April 2016		
	£	£
Sales		700,000
Less cost of goods sold		
Opening Inventory	300,000	
Purchases	100,000	
Closing Inventory	50,000	350,000
Gross Profit		350,000
Less Expenses		
Rent		70,000
Wages and Salaries		150,000
Utilities		12,000
Depreciation		24,000
Total Expenses		256,000
Revenue Income		0
Net Profit before tax		94,000

Bee has been informed that a mistake has been made as rent is paid on 3 months credit and £12,000 is still outstanding. **Adjust this error on the statement above.**

Bee has also been informed that £20,000 of inventory has been accounted for was actually in stock and wasn't actually purchased from a supplier. **Adjust this error on the statement above.**

Using these amendments complete the Statement of Comprehensive Income for Bee's rival showing the correct Gross and Net Profit figures.

Using the Statement of Comprehensive Income for both Bee and the rival evaluate which organisation is performing the best.

