

Theme 11: Income Statement

In this theme we learned that the Income Statement records the revenue, costs and profit or loss of the business.

Worksheet

Task 1. – Insert the missing figures in the Income Statement

Sunshine Desserts is a private limited company that has a small retail chain which sells cakes. Its profit & loss account and balance sheet are set out below:

Sunshine Desserts - Profit and Loss Account for the year ended 30 June 2020

	£ 000's	£ 000's
Revenue/Turnover/Sales		500
(Less COGS)		
Opening stock	50	
Purchases	<u>550</u>	600
Less closing stock	<u>500</u>	
Materials used	?	
Sales salaries	<u>100</u>	
Direct costs/Variable costs/Cost of Goods Sold		<u>200</u>
Gross Profit		?
Indirect Costs/Fixed Costs/Expenses/Overheads:		
Heating and lighting	50	
Insurance	25	
Advertising	25	
Administration	50	
General salaries	<u>50</u>	
		<u>?</u>
Net profit (before tax)		?
Tax @ 20%		<u>20</u>
Net profit (after tax)		?

Task 2. – Prepare a Profit and Loss account for Badge Girl for last year

Badge Girl makes and sells badges. In the previous financial year, it had the following income and expenditure:

500 000 badges were sold at £1 each. Opening stock was worth £50 000, purchased stock £150 000 and closing stock £5000.

Expenses or overheads were £200 000 and there was no additional income but £55 000 was paid in interest. Corporation tax was £30 000 and dividends £10000.