

**Example Company
Balance Sheet
December 31, 2019**

<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets		Current liabilities	
Cash	\$ 2,100	Notes payable	\$ 5,000
Petty cash	100	Accounts payable	35,900
Temporary investments	10,000	Wages payable	8,500
Accounts receivable - net	40,500	Interest payable	2,900
Inventory	31,000	Taxes payable	6,100
Supplies	3,800	Warranty liability	1,100
Prepaid insurance	1,500	Unearned revenues	1,500
Total current assets	89,000	Total current liabilities	61,000
Investments	36,000	Long-term liabilities	
Property, plant & equipment		Notes payable	20,000
Land	5,500	Bonds payable	400,000
Land improvements	6,500	Total long-term liabilities	420,000
Buildings	180,000		
Equipment	201,000	Total liabilities	481,000
Less: accum depreciation	(56,000)		
Prop, plant & equip - net	337,000		
Intangible assets		<u>STOCKHOLDERS' EQUITY</u>	
Goodwill	105,000	Common stock	110,000
Trade names	200,000	Retained earnings	220,000
Total intangible assets	305,000	Accum other comprehensive income	9,000
Other assets	3,000	Less: Treasury stock	(50,000)
Total assets	\$ 770,000	Total stockholders' equity	289,000
		Total liabilities & stockholders' equity	\$ 770,000

The notes to the sample balance sheet have been omitted.

**Example Corporation
Income Statement
For the year ended December 31, 2016**

Sales (all on credit)	\$500,000
Cost of goods sold	<u>380,000</u>
Gross profit	<u>120,000</u>
Operating expenses	
Selling expenses	35,000
Administrative expenses	<u>45,000</u>
Total operating expenses	<u>80,000</u>
Operating income	40,000
Interest expense	<u>12,000</u>
Income before taxes	28,000
Income tax expense	<u>5,000</u>
Net income after taxes	<u><u>\$ 23,000</u></u>

Exercise 1

From the following:

- prepare a balance sheet and calculate the share capital
- prepare an income statement
- calculate profit or loss.

Items:

- Accounts receivable CZK 245,000
- Goods 300,000 CZK
- Interest expense CZK 3,000
- Buildings 800,000 CZK
- Long-term bank loans CZK 340,000
- Wages payable CZK 230,000
- Selling expenses CZK 12,000
- Sales 950, 000 CZK
- Cash 45, 000 CZK
- Accounts payable CZK 270,000
- Bank accounts CZK 760,000
- Repairs CZK 25,000
- Equipment 56, 000 CZK
- Cost of goods sold 500, 000 CZK
- Depreciation CZK 40, 000
- Share capital = ????

Balance sheet in thousands of CZK			
<i>Assets</i>		<i>Liabilities</i>	
Total assets		Total liabilities	

Income statement in thousands of CZK			
<i>Expenses</i>	<i>CZK</i>	<i>Revenues</i>	<i>CZK</i>

Total Expenses		Total Revenues	
<i>Profit or loss</i>			

Exercise 2

Production costs are CZK 100, 000. The company produced 15, 000 products and sold 10,000 products. Total sales are CZK 150, 000.

- calculate the company's profit or loss, return on costs and return on sales

Exercise 3

Production costs are CZK 100, 000. The company produced 15, 000 products but sold only 10,000 products. Total sales are CZK 150, 000.

- calculate the company's profit or loss, return on costs and return on sales

Exercise 4

In the monitored period, the company incurred total costs of CZK 200 (material consumption 80, wages and insurance 50, depreciation 40, purchased services 30). At these costs, the company produced 20 products. During this period, the company sold 16 products at a market price of CZK 12 per piece (price without VAT).

- Calculate the company's profit or loss
- Calculate return on costs
- Calculate return on sales

Exercise 5

In the monitored period, the company produced 20 products. The company incurred total costs of CZK 200 (consumption of basic materials, wages and insurance of executives, depreciation

of production equipment, purchased services). The total cost of 24 products sold was CZK 240. The market price of one product is CZK 12.

- Calculate the company's profit or loss
- Calculate return on costs
- Calculate return on sales