

PENANG SANGAM HIGH SCHOOL

P. O BOX 44, RAKIRAKI

LESSON NOTES Week 12

SUBJECT: ACCOUNTING

YEAR/LEVEL: 13

Strand 3: COMPANY ACCOUNTING

Sub-strand 3.3: Annual Accounts of Companies

Content Learning Outcome: Prepare the required final accounts for company business.

Greetings to all my students, this week (week 12) we will continue with our coverage on same sub-strand on final accounts prepared by companies. As some final accounts prepared by companies are new to you we will try attempting many activities so that you learn the formats and concepts taught.

Recap of Lesson Notes:

**FORMAT OF THE PROFIT AND LOSS APPROPRIATION STATEMENT**

..... Company Limited Profit and Loss Appropriation Statement for the year ended .....		
	\$	\$
Balance	x	
<b>Add</b> Net Profit <b>after</b> tax	x	xxx
<b>Less</b> Final Dividend ( <i>Paid-up capital x dividend rate</i> ) – <i>Interim dividend</i>	x	
<i>Interim Dividend (Pick from trial balance)</i>	x	
<i>General Reserve (Pick from adjustments)</i>	x	xxx
Balance (Retained Earnings)		<b>xxx</b>

Note:

1. Opening Balance of this statement will be given in the question (Trial Balance).
  2. Net Profit after tax comes from the statement of financial performance.
  3. Final dividend = (Paid-up Capital x dividend rate) – interim dividend
  4. Paid-up Capital = Authorised capital – unissued capital- uncalled capital – unpaid/calls due/arrears
  5. Interim dividend will be given in the question (Trial Balance).
  6. Only take **transfers** to general reserve in this statement (will be given in the question under **additional information**).
  7. The closing balance of the Profit and Loss Appropriation Statement will be transferred to Statement of financial position under **Reserves**.
- (Now using the guide given above attempt the following activities)**

Activity 1 (Ref: MOE Text Year 13 Accounting Pg. 114 Act. 3.3.3)

The following information relates to Blooming Company Ltd.

Trial Balance (extract) of Blooming Company Ltd as at 31 <sup>st</sup> October 2017		
	Dr (\$)	Cr (\$)
Issued Capital 150 000 @ \$2 per share		300 000
Paid Up Capital 150 000 @ \$1.50 per share		225 000
General Reserves		35 000
Cash at Bank	9 000	
Profit and Loss Appropriation (01/10/2016)		19 000
Interim Dividend	5 700	

**Additional Information**

1. Transfer \$4 000 to general reserves.
2. Final dividend was declared at 10% of paid up capital.
3. Net Income/Profit **after** tax is \$22 500.
4. Income tax for the year \$3 200.

**Required:**

Prepare the **Profit and Loss Appropriation Statement** of Blooming Company Ltd for the ended 31<sup>st</sup> October 2017.

(**Note:** Net profit after tax is already given in the question so just use the format given in the example and prepare the statement required)

**Activity 2 (Ref: Year 13 Accounting External Examination Paper Q.3 Part C)**

The following information relates to J. Fokisi Company Ltd.

Trial Balance (extract) of J. Fokisi Company Ltd as at 31st March 2019.		
	Dr (\$)	Cr (\$)
Issued Capital 150 000 @ \$2 per share		300 000
Paid Up Capital 150 000 @ \$1.50 per share		225 000
General Reserves		35 000
Cash at Bank	9 000	
Profit and Loss Appropriation (01/03/18)		19 000
Interim Dividend	5 700	

**Additional Information:**

1. Transfer \$4 000 to general reserves.
2. Final dividend was declared at 10% of paid up capital.
3. Net Income after tax is \$22 500.
4. Income tax for the year \$3 000.

**Required**

Use the information given above to prepare the **Profit and Loss Appropriation Statement** of J. Fokisi Company Ltd for the year ended 31st March 2019.

**(Solutions of these activities will be provided in the next set of worksheet for verification, Best wishes for week 12 studies, take care and Stay Safe)**