Trading and Profit and Loss Account for the year ended 31 December 2005

Sales 240,000 Less: Cost of sales: Opening stock 42,744 Add: Purchases 131,568 174,312 Less: Closing stock 46,638 Cost of goods sold 127,674 Gross profit on sales 112,326

Add: Discounts received 5,292 Less: General expenses 1,308 Depreciation - Buildings (10% x 114,000) 11,400 Depreciation - Furniture and fittings (10% x 66,000) 6,600 Insurance (5,688 - 300) 5,388 Interest on debentures 2,400 Net profit before tax 100,920

Less: Corporation tax charge 20,000 Net profit after tax 80,920

Balance Sheet as at 31 December 2005

N$ Non-current assets Land at cost 54,000 Buildings at cost 114,000 Less: Depreciation - Buildings 18,000 96,000 Furniture/fittings at cost 66,000 Less: Depreciation - Furniture/fittings 30,000 36,000

Total non-current assets 186,000

Current assets Stock - 31 Dec 2005 46,638 Debtors 89,148 Cash in hand 696 Bank (overdrawn) (18,000) Prepaid insurance 300

Total current assets 118,782

Less: Current liabilities Creditors (18,900) Wages and salaries owing (840) Provision for doubtful debts (2,448) Returns inwards (1,116)

Total current liabilities (23,304)

Net current assets 95,478

Total assets less current liabilities 281,478

Financed by: 5% debentures 48,000 Ordinary shares 120,000 Retained earnings (Net profit after tax) 80,920 General reserve 54,558

Total equity and liabilities 303,478