

## Solutions Chapter 15

### Exercise 15.1

#### Income statement

Sales	$12,000 * \$9 = \$108,000$
Cost of sales	$12,000 * \$4 = (\$48,000)$
Rent	$\$1,500 / 6 * 3 = (\$750)$
Overhead	$(\$55,000)$
<b>Profits</b>	<b>\$4,250</b>
Income Tax	$0.3 * \$4,250 = (\$1,275)$
<b>Net Profits</b>	<b>\$2,975</b>
Dividend	$\$1.25 * \$8,000 / 4 = \$2,500$
Retain	\$475

#### Cash Flow

Receipts	$\$108,000 * 1.2 + \$6,000 - \$16,200$	\$119,400
Purchase	$12,500 * \$4 * 1.2 * 0.8$	$(\$48,000)$
Payables		$(\$4,000)$
VAT	$\$3,000 - \$2,000$	$(\$1,000)$
Overhead	$\$54,000 * 0.9$	$(\$48,600)$
Furniture		$(\$1,500)$
Dividend	$2,000 * \$1.25$	$(\$2,500)$
<b>Net Cash Flow</b>		<b>\$13,800</b>

#### Balance sheet

Fixed	$\$6,000 - \$1,000 + \$1,500$	\$6,500
Inventory	$\$4,000 + \$500 * 4$	\$6,000
Receivables		\$16,200
VAT receivable	$12,500 * \$4 * 0.2$	\$10,000
Prepaid Rent	$\$1,500 - \$750$	\$750
Bank	$- \$4,500 + \$13,800$	\$9,300
<b>Total</b>		<b>\$48,750</b>
Com stock		\$8,000
Retained		\$475
VAT payable	$12,000 * \$9 * 0.2$	\$21,600
Trade Pay	$12,500 * \$4 * 1.2 * 0.2$	\$12,000
Cost payable	$0.1 * \$54,000$	\$5,400
Income tax payable		\$1,275
<b>Total</b>		<b>\$48,750</b>