

MODULE 03: FINANCIAL ANALYSIS

Lecture Title 03: FINANCIAL STATEMENTS

Lecturer: Antoine P. Portelli

Date: 13 January 2024



**Undergraduate Diploma in
Business Administration**

What we covered in Lecture 02

- Accounting Terms
- The Accounting Equation
- The Trial Balance



Accounting Terms

- Fixed Assets
- Investments
- Current Assets
- Long-Term Liabilities
- Current Liabilities
- Capital / Equity
- Retained Earnings



Accounting Terms

- Revenues / Sales
- Cost of Sales
- Opening Stock, Purchases, Closing Stock
- Operating Expenses
- Administrative Expenses
- Financial Expenses
- Depreciation
- Taxation



The Accounting Equation



- $ASSETS = CAPITAL + LIABILITIES$
- $Net\ Current\ Assets = Current\ Assets - Current\ Liabilities$

Today's Agenda



Trial Balance



Income Statement



Balance Sheet



Cashflow
Statement

Trial Balance

Trial balance for George's Catering on the 31 st of May 2010			
	FOLIO	DEBIT \$	CREDIT \$
Baking equipment	100	12,000	
Debtors	101	0	
Bank	102	14,800	
Capital	300		15,000
Drawings	301	500	
Loan	200		1,000
Creditors	201		0
Services rendered	400		15,500
Salaries	500	4,000	
Telephone expense	501	200	
		<u>31,500</u>	<u>31,500</u>

Income Statement

GEORGE'S CATERING		
INCOME STATEMENT		
FOR THE PERIOD ENDED 31 MAY 2010		
		€
<u>REVENUE</u>		
Services Rendered		15,500
TOTAL REVENUE		15,500
<u>EXPENSES</u>		
Salaries	4,000	
Telephone Expense	200	
TOTAL EXPENSES		4,200
<u>NET PROFIT</u>		11,300



Balance Sheet

GEORGE'S CATERING		
BALANCE SHEET		
AS AT 31 MAY 2010		
		€
<u>FIXED ASSETS</u>		
<u>TOTAL FIXED ASSETS</u>		
<u>CURRENT ASSETS</u>		
<u>TOTAL CURRENT ASSETS</u>		
<u>TOTAL ASSETS</u>		
REPRESENTED BY:		
<u>CAPITAL</u>		
<u>TOTAL CAPITAL</u>		
<u>CURRENT LIABILITIES</u>		
<u>TOTAL CURRENT LIABILITIES</u>		
<u>TOTAL CAPITAL & LIABILITIES</u>		



Balance Sheet - worked

Undergraduate Diploma in
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GEORGE'S CATERING		
BALANCE SHEET		
AS AT 31 MAY 2010		
	€	€
FIXED ASSETS		
Baking Equipment		<u>12,000</u>
TOTAL FIXED ASSETS		<u>12,000</u>
CURRENT ASSETS		
Debtors	-	
Bank	<u>14,800</u>	
TOTAL CURRENT ASSETS		<u>14,800</u>
TOTAL ASSETS		<u>26,800</u>
REPRESENTED BY:		
CAPITAL		
Capital	15,000	
Less Drawings	- 500	
Add Profits	<u>11,300</u>	
TOTAL CAPITAL		<u>25,800</u>
CURRENT LIABILITIES		
Loan	1,000	
Creditors	-	
		<u>1,000</u>
TOTAL CURRENT LIABILITIES		<u>1,000</u>
TOTAL CAPITAL & LIABILITIES		<u>26,800</u>





The Trial Balance

Post-closing trial balance:

- It is done after the period is closed
- Groups all the Nominal Ledger Accounts
- It is usually asked for by the auditors when they begin an audit



Financial Statements



International Accounting Standards

- A complete set of financial statements comprises:
 - a statement of financial position,
 - a statement of profit or loss and other comprehensive income,
 - a statement of changes in equity;
 - a statement of cash flows.



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International Accounting Standards

IAS 1 Presentation of Financial Statements

- Was reissued in September 2007 and applies to annual periods beginning on or after 1 January 2009
- It prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods as well as with the financial statements of other entities.
- Sets out the overall requirements for the presentation of financial statements, guidelines for their structure, minimum requirements for their content and certain overriding concepts such as the going concern, the accrual basis of accounting and the current/non-current distinction



International Accounting Standards

IAS 7 Statement of Cash Flows

- requires an entity to present a statement of cash flows using either the 'direct' or the 'indirect' method
- to provide information on the historical changes in cash and cash equivalents
- by classifying cash flows into operating activities, investing activities or financing activities



Financial Accounts

- The financial accounts are
- Legally required
- Focused on history (reports on the prior period)
- Are reported in a specific format
- Their rules are prescribed by standards
- Are defined to be reported annually, semi-annually, quarterly or even monthly
- Are mostly of monetary nature



Statutory financial statements

- Income Statement
- Statement of Financial Position
- Cashflow Statement
- Audited Financial Statements
- Tax Returns
- VAT Returns



Income statement ... or profit & loss a/c ?

- Provides information on the results of the business activity for the particular period
- **Revenue**: Turnover; Sales of Goods; Provision of Services; Other Income
- **Cost of Sales**: Opening/Closing Stock; Purchases; Manufacturing Costs
- **GROSS PROFIT**
- **Expenses**: Marketing; Administration; Financial
- **Depreciation**
- **NET PROFIT** before TAX



The Income Statement

- The Income Statement is also called Profit and loss account
- A business determines whether it would have made a profit or loss for a particular period of time, normally one year
- Has a pre-set format
- May have comparative figures for previous period



The Income Statement

<i>Income Statement for the year ended 31st December 2015</i>		
	€	€
Sales		6,700
<i>Less Cost of Sales:</i>		
Opening Stock	300	
Add Purchases	4,260	
	4,560	
Less Closing Stock	-550	-4,010
<i>Gross Profit</i>		2,690
<i>Less Expenses:</i>		
Wages	520	
Water & Electricity	190	
Rent	240	
General Expenses	70	
Carriage Outwards	110	-1,130
<i>Net Profit</i>		1,560



Income Statement

INCOME STATEMENTS

	Notes	Year ended 31 January			
		Group		Company	
		2022	2021	2022	2021
		€'000	€'000	€'000	€'000
Revenue	4	91,768	73,056	49,321	41,391
Cost of sales	23	(57,359)	(47,004)	(26,591)	(23,028)
Gross profit		34,409	26,052	22,730	18,363
Selling and distribution costs	23	(10,655)	(8,512)	(7,497)	(6,689)
Administrative expenses	23	(10,308)	(11,427)	(5,740)	(6,910)
Operating profit		13,446	5,873	9,493	4,764
Finance income	26	-	-	35	25
Finance costs	27	(1,282)	(1,246)	(957)	(975)
Profit before tax		12,164	4,427	8,571	3,814
Tax income/(expense)	28	264	(1,094)	1,500	(934)
Profit for the year		12,428	3,333	10,071	2,880
Basic and diluted earnings per share for the year attributable to shareholders	30	€0.4143	€0.1111		

Statement of Comprehensive Income

STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 January			
	Group		Company	
	2022	2021	2022	2021
Note	€'000	€'000	€'000	€'000
Profit for the year	12,428	1,133	10,071	2,080
Other comprehensive income:				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Cash flow hedges net of deferred tax	16	98	106	98
Other comprehensive income for the year	106	98	106	98
Total comprehensive income for the year attributable to equity shareholders	12,534	1,431	10,177	2,978

The notes on pages 65 to 95 are an integral part of these consolidated financial statements.



Balance sheet... or statement of financial position !

- Provides a SNAP SHOT of the status and position of the Business Organisation at a PARTICULAR moment in time, e.g. 31 December 2021
- 3 main sections:
 - ASSETS
 - LIABILITIES
 - EQUITY / RETAINED EARNINGS



WHAT ARE ASSETS ?

What the business possesses

- Fixed Assets
 - Tangible / Intangible
- Current Assets
 - Stock
 - Receivables (or Debtors)
 - Cash in Hand
 - Bank holdings



...and liabilities ?

- What the business owes
- LONG-TERM LIABILITIES
- Bank Loans (due over 1 year)
- CURRENT LIABILITIES
- Payables (or Creditors)
- Accruals
- Bank Overdrafts
- Statutory Dues (Tax/VAT/FSS)



Assets minus liabilities = equity

Value of what the business possesses

LESS

Value of what the business owes to others

RESULTS IN

Net Value of Business

EQUITY (SHARE CAPITAL)

Retained Earnings (past profits)



Samples of Financial Statements

G20 P.L.C
Financial Statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

Notes	2021 €	2020 €
ASSETS		
Non-current assets		
Investment in Gold 8	4,130,882	3,960,766
Deferred Tax	78,600	-
Total current assets	4,209,482	3,960,766
Current assets		
Financial assets at fair value through profit or loss	148,827	315,199
Prepayments and deferred income	6,679	11,679
Cash at bank and in hand	2,145	6,791
Accrued income	87,600	-
Total current assets	245,151	333,669
Total assets	4,454,633	4,294,435
EQUITY AND LIABILITIES		
EQUITY		
Share capital 13	48,500	48,500
Accumulated losses	88,779	(87,818)
Total equity	118,200	(39,318)
LIABILITIES		
Current liabilities		
Other payables 11	85,948	200,270
Total current liabilities	85,948	200,270
Non-current liabilities		
Derivatives 13	3,008,806	3,300,000
Derivative financial liabilities 14	1,248,302	1,268,232
Total non-current liabilities	4,257,108	4,568,232
Total liabilities	4,343,056	4,768,410
Total equity and liabilities	4,454,633	4,729,092

The accompanying notes are an integral part of these financial statements. The financial statements on pages 13-25 were audited and signed by the Board of Directors on 15 November 2021.

Angela Todd
Director

Robert Galbraith
Director

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G20 P.L.C
Financial Statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

Notes	2021 €	2020 €
ASSETS		
Non-current assets		
Investment in Gold 8	4,130,882	3,960,766
Deferred Tax	78,600	-
Total current assets	4,209,482	3,960,766
Current assets		
Financial assets at fair value through profit or loss 7	148,827	315,199
Prepayments and deferred income	6,679	11,679
Cash at bank and in hand 9	2,145	6,791
Accrued income	87,600	-
Total current assets	245,151	333,669
Total assets	4,454,633	4,294,435



Samples of Financial Statements

G&G P.L.C.
Financial Statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Mills	2021 €	2020 €
ASSETS			
Non-current assets			
Investment in fixed	8	4,130,887	3,748,784
Deferred Tax		70,650	-
Total non-current assets		4,201,537	3,748,784
Current assets			
Financial assets at fair value through profit or loss	7	140,827	215,120
Prepayments and deferred income		8,876	11,871
Cash at bank and in hand	9	2,145	6,791
Accrue Income		67,590	-
Total current assets		219,438	333,682
Total assets		4,420,975	4,082,466
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	46,588	46,588
Accumulated losses		68,778	(87,563)
Total equity		115,366	(40,975)
LIABILITIES			
Current liability			
Other payables	11	98,348	269,078
Total current liabilities		98,348	269,078
Non-current liabilities			
Borrowings	13	3,000,000	3,000,000
Derivative financial liabilities	14	1,340,982	1,066,332
Total non-current liabilities		4,340,982	4,066,332
Total liabilities		4,439,330	4,335,410
Total equity and liabilities		4,454,693	4,294,438

The accompanying notes are an integral part of these financial statements. The financial statements on pages 4 to 20 were authorized and signed by the board of directors on 14 September 2022.

Antonio Rossi
Director

Ettore Spinoccia
Director

EQUITY AND LIABILITIES

EQUITY

Share capital	10	46,588	46,588
Accumulated losses		68,778	(87,563)
Total equity		115,366	(40,975)

LIABILITIES

Current liability

Other payables	11	98,348	269,078
Total current liabilities		98,348	269,078

Non-current liabilities

Borrowings	13	3,000,000	3,000,000
Derivative financial liabilities	14	1,340,982	1,066,332
Total non-current liabilities		4,340,982	4,066,332
Total liabilities		4,439,330	4,335,410
Total equity and liabilities		4,454,693	4,294,438

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Antonio Rossi
Director

Ettore Spinoccia
Director

Samples of Financial Statements

G2G P.L.C
Financial Statements for the year ended 31 December 2021

Profit or loss and other comprehensive income
for the year ended 31 December 2021

	Notes	2021 €	2020 €
Interest Income	4	258,908	171,409
Administrative expenses	6	(42,725)	(31,629)
Operating profit		216,183	139,780
Net fair value movements on investment in gold	8	170,116	467,755
Net fair value movements on financial instruments at fair value through profit or loss	7/ 12	(173,622)	(474,725)
Finance costs		(135,000)	(135,000)
Profit for the year		77,677	(2,190)
Income tax credit/ (expense)		78,660	-
Total comprehensive profit for the year		156,337	(2,190)

The accompanying notes are an integral part of these financial statements.

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G2G P.L.C

Financial Statements for the year ended 31 December 2021

Profit or loss and other comprehensive income
for the year ended 31 December 2021

	Notes	2021 €	2020 €
Interest Income	4	258,908	171,409
Administrative expenses	6	(42,725)	(31,629)
Operating profit		216,183	139,780
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Net fair value movements on financial instruments at fair value through profit or loss	7/ 12	(173,622)	(474,725)
Finance costs		(135,000)	(135,000)
Profit for the year		77,677	(2,190)
Income tax credit/ (expense)		78,660	-
Total comprehensive profit for the year		156,337	(2,190)



Statement of Financial Position

STATEMENTS OF FINANCIAL POSITION

ASSETS

	Notes	As at 31 January			
		Group		Company	
		2022	2021	2022	2021
		€'000	€'000	€'000	€'000
Non-current assets					
Property, plant and equipment	5	125,939	121,944	118,448	111,863
Right-of-use assets	6	8,254	8,326	885	987
Intangible assets	7	2,352	604	1,729	-
Investments in subsidiaries	8	-	-	8,702	9,202
Deferred tax assets	20	7,486	7,565	8,398	8,455
Trade and other receivables	10	596	895	896	865
Total non-current assets		145,727	138,504	139,159	132,572
Current assets					
Inventories	9	16,341	13,752	8,351	6,263
Trade and other receivables	10	23,139	19,630	22,282	24,827
Current tax assets		5	5	-	-
Cash and cash equivalents	11	15,720	17,148	3,057	2,664
Total current assets		55,205	50,535	33,690	33,754
Total assets		200,932	189,039	172,848	166,326



Statement of Financial Position

EQUITY AND LIABILITIES

	Notes	As at 31 January			
		Group		Company	
		2022	2021	2022	2021
		€'000	€'000	€'000	€'000
Capital and reserves attributable to owners of the Company					
Share capital	12	8,000	8,000	8,000	8,000
Revaluation and other reserves	14, 15	49,409	49,409	46,137	46,137
Hedging reserve	16	(100)	(306)	(100)	(306)
Retained earnings		70,879	81,451	86,564	59,493
Total equity		129,188	139,654	121,601	114,424
Non-current liabilities					
Trade and other payables	22	2,648	2,802	2,648	2,802
Lease liabilities	19	6,811	4,594	191	349
Derivative financial instruments	17	45	156	45	156
Borrowings	18	24,081	33,328	24,081	33,329
Provisions for other liabilities and charges	21	2	25	2	25
Total non-current liabilities		33,587	40,705	26,967	36,660
Current liabilities					
Trade and other payables	22	32,905	21,940	32,462	14,517
Lease liabilities	19	1,479	1,253	149	143
Current tax liabilities		1,751	904	-	-
Derivative financial instruments	17	110	161	110	161
Borrowings	18	1,903	2,411	1,550	2,411
Provisions for other liabilities and charges	21	9	11	9	11
Total current liabilities		38,157	26,680	24,280	17,243
Total liabilities		71,744	67,385	51,247	53,903
Total equity and liabilities		200,932	197,039	172,848	168,327

[No Title]



Statement of Changes in Equity

STATEMENTS OF CHANGES IN EQUITY

GROUP

	Notes	Share capital €'000	Hedging reserve €'000	Reserves and other reserves €'000	Retained earnings €'000	Total equity €'000
Balance at 1 February 2020		9,000	(304)	48,409	58,718	116,223
Comprehensive income						
Profit for the year		-	-	-	3,333	3,333
Other comprehensive income:						
Cash flow hedges net of deferred tax	35	-	38	-	-	38
Total other comprehensive income		-	38	-	-	38
Total comprehensive income		-	38	-	3,333	3,437
Balance at 31 January 2021		9,000	(266)	48,409	61,451	119,614
Balance at 1 February 2021		9,000	(206)	48,600	57,451	119,654
Comprehensive income						
Profit for the year		-	-	-	12,426	12,426
Other comprehensive income:						
Cash flow hedges net of deferred tax	35	-	106	-	-	106
Total other comprehensive income		-	106	-	-	106
Total comprehensive income		-	106	-	12,426	12,534
Transactions with owners						
Dividends paid	13	-	-	-	(1,000)	(1,000)
Total transactions with owners		-	-	-	(1,000)	(1,000)
Balance at 31 January 2022		9,000	(100)	48,409	70,879	129,188

Company Announcements



COMPANY ANNOUNCEMENT

Condensed Interim Financial Statements 2022

Date of Announcement: 08 July 2022
Reference No: 220200

The information in Company Announcements issued by APS Bank plc to the "Bank" constitutes the Capital Markets Disclosures issued by the Market Conducts Division, London.

Chair

The Board of Directors of APS Bank plc on 07 July 2022 approved the attached Condensed Interim Financial Statements for the period ended 30 June 2022.

As the leading bank experiencing strong growth in customer connectivity, enhanced user experience, digital services, new revenue streams, and enhanced focus on risk management, APS Bank plc is pleased to report strong performance for the period ended 30 June 2022. The Board is pleased to report that the Bank's performance has exceeded expectations for the period ended 30 June 2022, with strong growth in revenue, profit, and customer connectivity.

The following is an extract from the Condensed Interim Financial Statements for the period ended 30 June 2022:

	Six Month		The Year	
	Jun 22	Jun 21	Jun 22	Jun 21
Profit before tax of year	1.4	12.2	1.6	11.2
Pre-tax income of year	1.0	9.2	1.0	8.8
Operating income before tax adjustments of year	1.0	9.2	1.0	8.8
Operating income of year	0.9	8.9	1.0	8.8
Net impairment income gain of year	0.1	0.3	0.1	0.1
Income tax	0.2	0.1	0.1	0.1
Capital income before tax	1.1	1.1	1.1	1.1
Capital income of year	1.1	1.1	1.1	1.1
Capital income of year	1.1	1.1	1.1	1.1
Operating income of year	1.0	8.9	1.0	8.8
Operating income of year	1.0	8.9	1.0	8.8
Operating income of year	1.0	8.9	1.0	8.8

Approved on behalf of APS Bank plc, 08 July 2022, London, United Kingdom. Reference No: 220200.

Approved on behalf of APS Bank plc, 08 July 2022, London, United Kingdom. Reference No: 220200.



Financial Performance

For the six months ended 30 June 2022, APS Bank reported £1.1 million profit before tax on the Group level (2021: £12.2 million) and £1.0 million profit after tax on the Bank level (2021: £8.8 million).

The Group's revenue remains largely driven by net interest income which grew to £1.0 million for the period ended 30 June 2022, higher than the comparable figure of £0.9 million for 2021. Despite the high interest rate conditions which prevailed, the growth in the lending book drove the period's net interest income, and to a lesser extent of the consolidated bank, overall performance for the period. Interest income remained around the same level of £1.0 million, reflecting the institution's ability to adjust rates in line with the market and to benefit from higher deposit facilities.

Net fee and commission income grew by £0.1 million (2021: £0.1 million), reflecting £0.1 million. This growth is driven by general business activity in loans, payments and cards and a wider customer base which provides our sources of revenue generation.

Net fee and commission income remains strong, reflecting the strong performance of the Bank's fee and commission income. This was largely due to the strong financial stability and strong fee income profile which supports the institution's performance in the long term. These results reflect the performance of our loans and equity income, £0.6 million and commission, which has increased by double digit figures over the last 12 months. Other operating income from business operations amounted to £0.5 million, increasing by £1.1 million over the comparison period.

Operating expenses for the six months ended 30 June 2022 were £13.9 million, up by £2.0 million (13.9% in 2021). This comparison includes a higher amount of £1.2 million in relation to the Group's contribution to the UK's economy, which has been largely offset through the strong performance of the Bank's operations. This has been largely offset by the strong performance of the Bank's operations, which has been largely offset by the strong performance of the Bank's operations, which has been largely offset by the strong performance of the Bank's operations.

Our impairment charge remained at £0.1 million, as compared with £0.1 million for the 2021 period. This is due to the strong performance of the Bank's operations, which has been largely offset by the strong performance of the Bank's operations, which has been largely offset by the strong performance of the Bank's operations.

Financial Position

Total assets stood at £10.5 billion at the reporting period, further expanding by £0.1 billion to £10.6 billion in the period. This growth was largely driven by the increase in the Bank's lending book which rose to £12.1 billion from £11.2 billion. Strong lending in retail customers remained a focus during the period, allowing the Bank's strong market position in this segment. The liquidity ratio also grew significantly during the six months under review, with the liquidity ratio increasing from 100% to 101% at the reporting period. This is due to the strong performance of the Bank's operations, which has been largely offset by the strong performance of the Bank's operations, which has been largely offset by the strong performance of the Bank's operations.



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Financial Position

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Profitability

Profitability



Financial Items:

Sales, Purchases, Expenses Paid, Incomes Received.



Non-Financial
Items:

Depreciation,
Revaluations, Accruals,
Prepayments, Provisions.



Both have a direct affect on the
business profitability. Why?



Importance of Profitability



Profitability represents the main measure of success within an organisation

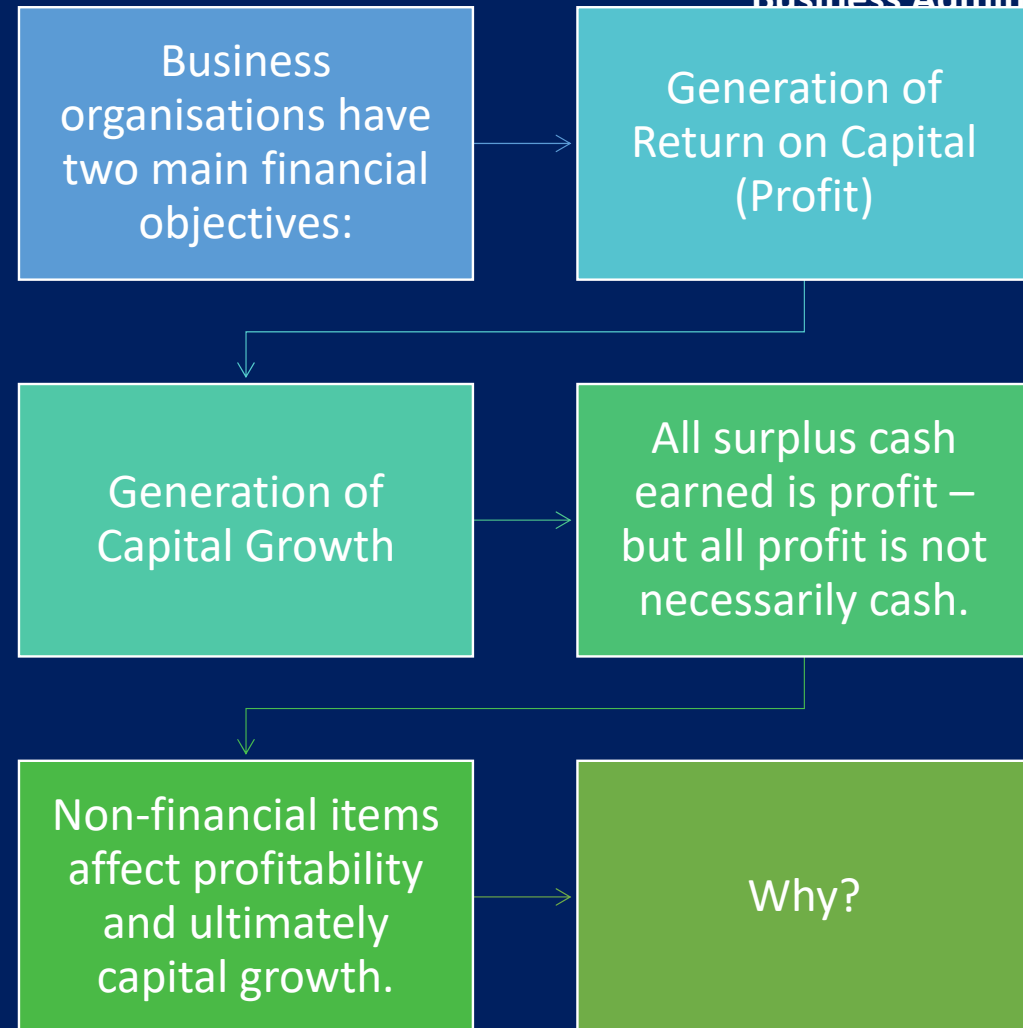


Hence owners or shareholders will decide whether the business is sufficiently profitable for them to retain their investment



This decision is based upon the owners' cost of capital

Cash vs Profit



Cashflow Statement

Cash

comprises cash
(notes and coins) in
hand;
and deposits in
banks or similar
institutions that are
available on
demand.

Cash equivalents – short term

highly liquid
investments that are
readily convertible to
known amounts of
cash and which are
subject to an
insignificant risk of
changes in value.



Class Work



Building Financial Statements

- Trial Balance sample
- Identify which Accounts go in the Income Statement
- Mark those Accounts which go into the Balance Sheet
- Build an Income Statement
- Prepare the Balance Sheet



NAXXAR RETAIL COMPANY LIMITED

TRIAL BALANCE

AS AT 31 DECEMBER 2022

	DR	CR
	€	€
Accounting Fees	2,800	
Accruals		2,306
Bank Balances	1,134	
Bank Charges	921	
Bank Loans (over 12 months repayments)		26,000
Buildings	58,000	
Closing Stock		19,445
Creditors		3,250
Debtors	11,810	
Insurance	305	
Investments in Shares of Other Companies	15,000	
Legal Fees	5,500	
Motor Expenses	1,960	
Motor Vans	3,500	
Opening Stock	24,330	
Prepayments	1,200	
Purchases - Foreign	14,420	
Purchases - Local	16,550	
Rent	1,560	
Retained Earnings		35,521
Salaries and Wages	4,850	
Sales - Clothing & Accessories		55,400
Sales - Shoes		26,645
Share Capital		20,000
Shop Fixtures	3,960	
Stock at End of Year	19,445	
Sundry Expenses	806	
Water & Electricity expenses	516	
	188,567	188,567

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	DR	CR	CLASSIFY	
	€	€	Income Statement	Balance Sheet
Accounting Fees	2,800			
Accruals		2,306		
Bank Balances	1,134			
Bank Charges	921			
Bank Loans (over 12 months repayments)		26,000		
Buildings	58,000			
Closing Stock		19,445		
Creditors		3,250		
Debtors	11,810			
Insurance	305			
Investments in Shares of Other Companies	15,000			
Legal Fees	5,500			
Motor Expenses	1,960			
Motor Vans	3,500			
Opening Stock	24,330			
Prepayments	1,200			
Purchases - Foreign	14,420			
Purchases - Local	16,550			
Rent	1,560			
Retained Earnings		35,521		
Salaries and Wages	4,850			
Sales - Clothing & Accessories		55,400		
Sales - Shoes		26,645		
Share Capital		20,000		
Shop Fixtures	3,960			
Stock at End of Year	19,445			
Sundry Expenses	806			
Water & Electricity expenses	516			
	188,567	188,567		



NAXXAR RETAIL COMPANY LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

		€
<u>REVENUE</u>		
TOTAL REVENUE		
<u>COST OF SALES</u>		
<u>COST OF GOODS SOLD</u>		
<u>GROSS PROFIT</u>		
<u>EXPENSES</u>		
<u>TOTAL EXPENSES</u>		
<u>NET PROFIT / (LOSS)</u>		

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NAXXAR RETAIL COMPANY LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2022

		€
FIXED ASSETS		
TOTAL FIXED ASSETS		
INVESTMENTS		
CURRENT ASSETS		
TOTAL CURRENT ASSETS		
TOTAL ASSETS		
REPRESENTED BY:		
EQUITY		
TOTAL EQUITY		
LONG-TERM LIABILITIES		
CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES		
TOTAL EQUITY & LIABILITIES		

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NAXXAR RETAIL COMPANY LIMITED		
INCOME STATEMENT		
FOR THE YEAR ENDED 31 DECEMBER 2022		
		€
REVENUE		
Sales - Clothing & Accessories		55,400
Sales - Shoes		26,645
TOTAL REVENUE		82,045
<u>COST OF SALES</u>		
Opening Stock		24,331
Purchases - Foreign		14,420
Purchases - Local		16,551
Closing Stock		- 19,445
<u>COST OF GOODS SOLD</u>		35,857
<u>GROSS PROFIT</u>		46,188
<u>EXPENSES</u>		
Accounting Fees		2,800
Bank Charges		921
Insurance		305
Legal Fees		5,500
Motor Expenses		1,960
Rent		1,560
Salaries and Wages		4,850
Sundry Expenses		806
Water & Electricity expenses		516
<u>TOTAL EXPENSES</u>		19,218
<u>NET PROFIT / (LOSS)</u>		26,970

WORKED EXAMPLE



NAXXAR RETAIL COMPANY LIMITED		
BALANCE SHEET		
AS AT 31 DECEMBER 2022		
		€
<u>FIXED ASSETS</u>		
Buildings		58,000
Shop Fixtures		3,960
Motor Vans		3,500
<u>TOTAL FIXED ASSETS</u>		65,460
<u>INVESTMENTS</u>		
Investments in Shares of Other Companies		15,000
<u>CURRENT ASSETS</u>		
Stock at End of Year		19,445
Debtors		11,810
Prepayments		1,200
Bank Balances		1,134
<u>TOTAL CURRENT ASSETS</u>		33,589
<u>TOTAL ASSETS</u>		114,049
REPRESENTED BY:		
<u>EQUITY</u>		
Share Capital		20,000
Retained Earnings		35,521
Profit for the Year		26,972
<u>TOTAL EQUITY</u>		82,493
<u>LONG-TERM LIABILITIES</u>		
Bank Loans (over 12 months repayments)		26,000
<u>CURRENT LIABILITIES</u>		
Creditors		3,250
Accruals		2,306
<u>TOTAL CURRENT LIABILITIES</u>		5,556
<u>TOTAL EQUITY & LIABILITIES</u>		114,049

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**WORKED
EXAMPLE**



Classification of Cash

- The statement of cash flows presents three classifications of cash flows:
 - Operating activities
 - Investing activities
 - Financing activities



Cash from Operating Activities

- Net inflow or outflow from trading operations, after tax and cash paid to meeting financing costs.
- Equal to the sum of cash receipts from trade receivables, and cash receipts from cash sales where relevant, less sums paid to buy inventories, rent, wages etc.



Cash from Investing Activities

Includes:

- Cash payments made to acquire additional non-current assets.
- Cash receipts from disposal of non-current assets.
- Cash receipts from financial investments made outside the business (e.g. interest on loans).



Cash from Financing Activities

Includes:

- Long-term financing of the business
- e.g. borrowings and finance from share issues
- Repayment or redemption of finance as well as raising finance.



Cash Flow Statement Format

Cash flows from **OPERATING** activities

PLUS or **MINUS**

Cash flows from **INVESTING** activities

PLUS or **MINUS**

Cash flows from **FINANCING** activities

EQUALS

NET increase (or decrease) in **cash equivalents** over the period



Statement of Cash Flows

STATEMENTS OF CASH FLOWS

Year ended 31 January

		Group		Company	
	Notes	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Cash flows from operating activities					
Cash generated from operations	31	27,224	26,403	28,853	10,718
Interest received		-	-	35	2
Interest paid on lease liabilities		(288)	(222)	(75)	(27)
Interest paid on borrowings		(3,033)	(1,022)	(348)	(348)
Income tax paid		(288)	(58)	-	-
Net cash generated from operating activities		23,615	24,944	28,455	9,720
Cash flows from investing activities					
Purchase of property, plant and equipment		(12,676)	(8,178)	(9,026)	(8,026)
Proceeds from disposal of property, plant and equipment		78	55	43	(22)
Additions to investments in subsidiaries		-	-	(500)	-
Investment income: gains received		-	2,030	-	2,030
Additions to intangibles		(987)	(35)	(800)	-
Net cash used in investing activities		(13,585)	(7,568)	(10,383)	(4,018)
Cash flows from financing activities					
Proceeds from borrowings		-	2,700	-	2,700
Repayments of current and non-current borrowings		(10,883)	(2,977)	(10,283)	(2,897)
Principal payments of lease liabilities		(1,525)	(1,779)	(2,083)	(148)
Dividends paid		(3,000)	-	(3,000)	-
Net cash used in financing activities		(14,208)	(2,056)	(15,366)	(345)
Net movement in cash and cash equivalents		(1,778)	5,320	279	2,967
Cash and cash equivalents at beginning of year		17,148	7,798	2,684	(293)
Cash and cash equivalents at end of year	31	15,370	13,118	2,963	2,664

The notes on pages 25 to 28 are an integral part of these consolidated financial statements.

