FIN611 - SOLUTION of ASSIGNMENT # 2

Due Date: 21-1-2013

Extract from the Income Statement

	(Restated) 2012	2011	
Sales	424000	310000	
Cost of Sales	330000	174000	See Working
Gross profit	**94000**	**136000**	
Less: Operating Expenses	30000	16000	
Net Profit	**64000**	**120000**	

Statement of Change in Equity

	Restated 2012	2011
Retained Earninig at bigging	164000	84000
Adjustment in Opening Retained Profit		
Add: Understated Inventry for 2011	30000	
	194000	
Net Profir for the Year	64000	120000
Less: Divident Paid	*16000*	*10000*
Retained Earninig at the end	**242000**	**194000**

Statement of Retained Earnings(Extract)

	Restated
Opening Balance 2011	**84000**
Profit	120000
Drawings(Divident Paid)	*10000*
Opening Balance 2012	**194000**
Profit	64000
Drawings(Divident Paid)	*16000*
Balance at the End of 2012	**242000**

working

inventory was understated in 2007 that overstated the cost of sales so we will adjust that inventry:

2011

Cost of Sales:	204000
Less: Understated inventry	-30000
	174000

2012

Cost of Sales:	300000
Add: Understated inventry	30000
	330000

Paidup capital will not be included because its already included in capital
the amount given 24000already added because we are not given anyother information
about the share capial in last two years