

# Published Accounts

## Chapter Notes

## INTRODUCTION

All companies by law must prepare company accounts and reports each year. These reports include the following

1. Directors Report
2. Auditors report
3. Relevant financial statements

When a company prepare accounts to be shown to its shareholder, they must follow the exact layout as laid out in the Companies amendment Act 1986.

NOTE - This layout must be learned off by heart

### The directors

Directors are appointed by the shareholders of a company. Shareholders own the business. The directors have the following responsibilities

1. Kee proper sets of accounts
2. Safeguard the assets of the business
3. Prepare annual financial statements
4. Select suitable accounting policies
5. State that the accounting standards have been followed
6. Ensure that 2 directors sign the financial statements
7. Present their report at the AGM

### The Directors Report

The directors report must have the following

1. Recommended dividends for payments
2. The amount to be transferred to reserves
3. Any changes in the business during the year
4. How the business preformed during the year
5. Any future developments
6. Any R & D activities
7. Any changes in fixed assets
8. The companies safeguard statement
9. Details of the directors shareholding and changes during the year

**STEP BY STEP APPROACH FOR ANSWERING THE PUBLISHED ACCOUNTS***Profit and Loss Account*

- Step 1 Calculate the Turnover Figure
- Step 2 Calculate the cost of sales
- Step 3 Calculate the distribution costs
- Step 4 Calculate the Administration costs
- Step 5 Calculate Other Operating Income
- Step 6 Any Exceptional Items
- Step 7 Calculate Investment Income Due
- Step 8 Calculate Debenture Interest Due

*Balance Sheet*

- Step 9 Calculate the Tangible Assets Total
- Step 10 Calculate Debtors Figures
- Step 11 Calculate Other Creditors
- Step 12 Calculate the Taxation Figure
- Step 13 Calculate the Revaluation Reserve

<b>PROFIT AND LOSS LAYOUT</b>
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**Profit and loss account or ABC Ltd for year ended 20xx**

1	Turnover	x	Sales - Returns
2	Less Cost of Sales	(-) x	See table below
3	Gross Profit (loss)	x	1-2
4	Distribution Costs	(-) x	See table below
		x	
5	Administration Costs	(-) x	See table below
		x	
6	Other Operating Income	(+) x	Rent / Royalties
7	Operating Profit	x	
8	Exceptional Items	(+) x	Sale of FA
9	Income from Financial assets	(+) x	Interest/dividend Received
		x	
10	Interest payable	(-) x	Loans, O/D, Debentures
11	Profit on ordinary activities before taxation	x	
12	Tax on ordinary Activities	(-) x	
13	Profit on ordinary Activities after taxation	x	
14	Dividends Paid	(-) x	
15	Profit retained for the year	x	
16	Profit (Loss) brought forward at 1/1/20xx	(+)/(-) x	
17	Profit (Loss) brought forward at 31/12/20xx	(+)/(-) x	

Cost of Sales	Distribution Costs	Administration Costs
Opening Stock	Selling Expenses	Administration Wages
Cost of manufacturing	Bad Debts / provision for bad	General Expenses
Purchases	debts	Rent and Rates
Purchases Returns	Advertising	Insurance
Carriage Inwards	Carriage Out	Directors' fees
Import Duty	Dep of Vans	Auditors' fees
Closing Stock	Commission Payable	Discount
Manufacturing Wages	Showroom Expenses	Dep Buildings
Dep of machinery	Delivery Vans Expenses	Dep Vehicles
	Dep of Showroom	

<b>BALANCE SHEET LAYOUT</b>
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**Balance Sheet for ABC Ltd as at 31/12/20xx**

<b>Fixed Assets</b>			
Tangible Assets			x
Intangible Assets			(+ ) x
Financial Assets			(+ ) x
			x
<b>Current Assets</b>			
Stock		x	
Debtors		(+ ) x	
Cash		(+ ) x	
Bank		(+ ) x	
Income Due		(+ ) x	
Expense Prepaid		(+ ) x	
		x	
<b>Less Creditors: amount due falling within one year</b>			
Creditors	x		
PAYE PRIS USC	(+ ) x		
Bank Overdraft	(+ ) x		
Income prepaid	(+ ) x		
Expense Due	(+ ) x	(- ) x	
Net Current Assets			(+ ) x
Total asset - Total Liabilities			x
<b>Creditors amounts due falling after more than 1 year</b>			
Debentures			x
Provision or Liabilities and charges			(+ ) x
			x
<b>Capital and Reserve</b>			
Called-up share capital		x	
Share premium		(+ ) x	
Revaluation Reserve		(+ ) x	
Other reserves		(+ ) x	
Profit and Loss 31.12.20xx		(+ ) x	(+ ) x
			x

**NOTES**

There are 12 Explanatory notes that you must know for this question. These include the following

1. Accounting policy notes on tangible fixed assets and stock
2. Operating profit note
3. Interest payable note
4. Dividend notes
5. Financial Assets notes
6. Debenture notes
7. Tangible Fixed assets note
8. Exceptional Item Note
9. Capital expenditure commitments note
10. Share capital Note
11. Contingent Liability or gain note

Remember

You must also know the layout of published accounts