

Sample Company  
Financial Statements

	Note	2018	2019	2020-thru Jun	2018	2019	2020 - to date
<b><i>Balance sheet</i></b>							
Cash in banks		355,434	849,022	787,290	15.4%	29.7%	26.5%
Accounts receivable		425,000	468,000	561,000	18.4%	16.4%	18.9%
Inventory		400,000	450,000	500,000	17.3%	15.7%	16.8%
Other current assets	(1)	10,000	15,000	20,000	0.4%	0.5%	0.7%
Total current assets		<u>1,190,434</u>	<u>1,782,022</u>	<u>1,868,290</u>	<u>51.5%</u>	<u>62.3%</u>	<u>62.9%</u>
Fixed assets, net	(2)	1,020,000	980,000	965,000	44.1%	34.2%	32.5%
Security deposits		100,000	100,000	135,000	4.3%	3.5%	4.5%
Total assets		<u><u>2,310,434</u></u>	<u><u>2,862,022</u></u>	<u><u>2,968,290</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>
Accounts payable		80,000	75,000	95,000	3.5%	2.6%	3.2%
Loans payable		24,000	24,000	24,000	1.0%	0.8%	0.8%
Other current liabilities	(3)	85,000	90,000	110,000	3.7%	3.1%	3.7%
Total current liabilities		<u>189,000</u>	<u>189,000</u>	<u>229,000</u>	<u>8.2%</u>	<u>6.6%</u>	<u>7.7%</u>
Loans payable - long-term		100,000	76,000	52,000	4.3%	2.7%	1.8%
Total liabilities		<u>289,000</u>	<u>265,000</u>	<u>281,000</u>	<u>12.5%</u>	<u>9.3%</u>	<u>9.5%</u>
Equity:							
Retained earnings		21,434	97,022	187,290	0.9%	3.4%	6.3%
Investment		2,000,000	2,500,000	2,500,000	86.6%	87.4%	84.2%
Total equity		<u>2,021,434</u>	<u>2,597,022</u>	<u>2,687,290</u>	<u>87.5%</u>	<u>90.7%</u>	<u>90.5%</u>
Total liabilities and equity		<u><u>2,310,434</u></u>	<u><u>2,862,022</u></u>	<u><u>2,968,290</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>

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<b><i>Profit and loss</i></b>							
Sales	(4)	2,550,000	2,805,000	1,683,000	100.0%	100.0%	100.0%
Cost of goods sold	(5)	1,921,500	1,967,400	1,153,950	75.4%	70.1%	68.6%
Gross profit		628,500	837,600	529,050	24.6%	29.9%	31.4%
		24.6%	29.9%	31.4%			
Research and development	(6)	215,000	240,800	134,848	8.4%	8.6%	8.0%
Sales and marketing	(7)	170,000	190,400	106,624	6.7%	6.8%	6.3%
General and administrative	(8)	210,000	232,800	139,168	8.2%	8.3%	8.3%
Total operating expenses		595,000	664,000	380,640	23.3%	23.7%	22.6%
Operating income		33,500	173,600	148,410	1.3%	6.2%	8.8%
Finance expense	(9)	8,650	9,688	5,426	0.3%	0.3%	0.3%
Other expenses	(10)	10,000	11,200	6,272	0.4%	0.4%	0.4%
Income before taxes		14,850	152,712	136,712	0.6%	5.4%	8.1%
Income taxes	(11)	(6,584)	77,124	46,444	-0.3%	2.7%	2.8%
Net income		21,434	75,588	90,268	0.8%	2.7%	5.4%
EBIDTA		103,500	242,400	222,138	4.1%	8.6%	13.2%

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<u>Note</u>	<u>2018</u>	<u>2019</u>	<u>2020-thru Jun</u>	<u>2018</u>	<u>2019</u>	<u>2020 - to date</u>
<i>Statement of changes in equity</i>						
<i>Retained earnings</i>						
Opening balance	-	21,434	97,022			
Net income (loss)	21,434	75,588	90,268			
Closing balance	<u>21,434</u>	<u>97,022</u>	<u>187,290</u>			
<i>Investment</i>						
Opening balance	2,000,000	2,000,000	2,500,000			
Investment	-	500,000	-			
Closing balance	<u>2,000,000</u>	<u>2,500,000</u>	<u>2,500,000</u>			
Equity balance	<u><u>2,021,434</u></u>	<u><u>2,597,022</u></u>	<u><u>2,687,290</u></u>			

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Note	2018	2019	2020-thru Jun	2018	2019	2020 - to date
<b><i>Statement of cash flows</i></b>						
Net income	21,434	75,588	90,268			
Reconciliations	(590,000)	(18,000)	(28,000)			
Cash flows - operating activities	<u>(568,566)</u>	<u>57,588</u>	<u>62,268</u>			
Purchase of fixed assets	(1,100,000)	(40,000)	(65,000)			
Cash flows - investing activities	<u>(1,100,000)</u>	<u>(40,000)</u>	<u>(65,000)</u>			
Loans payable	124,000	(24,000)	(24,000)			
Security deposits	(100,000)	-	(35,000)			
Investment - equity	2,000,000	500,000	-			
Cash flows - financing activities	<u>2,024,000</u>	<u>476,000</u>	<u>(59,000)</u>			
Changes during period	355,434	493,588	(61,732)			
Cash and equivalents - beginning of period	-	355,434	849,022			
Cash and equivalents - end of period	<u>355,434</u>	<u>849,022</u>	<u>787,290</u>			
Reconciliations -						
Depreciation expense	80,000	80,000	80,000			
Accounts receivable	(425,000)	(43,000)	(93,000)			
Inventory	(400,000)	(50,000)	(50,000)			
Other current assets	(10,000)	(5,000)	(5,000)			
Accounts payable	80,000	(5,000)	20,000			
Other current liabilities	85,000	5,000	20,000			
	<u>(590,000)</u>	<u>(18,000)</u>	<u>(28,000)</u>			

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Note	2018	2019	2020-thru Jun	2018	2019	2020 - to date
<b>(1) Other current assets</b>						
Prepaid Rent Expense	3,500	3,500	4,200			
Employee Loan	4,000	4,000	4,000			
	<u>7,500</u>	<u>7,500</u>	<u>8,200</u>			
<b>(2) Fixed assets</b>						
Cost:						
Furniture and fixtures	75,000	80,000	85,000			
Machinery and equipment	720,000	745,000	770,000			
Leasehold improvements	240,000	240,000	255,000			
Computer and related	65,000	75,000	95,000			
	<u>1,100,000</u>	<u>1,140,000</u>	<u>1,205,000</u>			
Accumulated depreciation	80,000	160,000	240,000			
Fixed assets, net	<u>1,020,000</u>	<u>980,000</u>	<u>965,000</u>			
<b>(3) Other current liabilities</b>						
Salaries and related payable	40,000	45,000	50,000			
Credit cards payable	30,000	30,000	45,000			
Accrued expenses	10,000	10,000	10,000			
Other current liabilities	5,000	5,000	5,000			
	<u>85,000</u>	<u>90,000</u>	<u>110,000</u>			
<b>(4) Sales</b>						
Type I	1,650,000	1,815,000	1,089,000			
Type II	200,000	220,000	132,000			
Type III	700,000	770,000	462,000			
Total sales	<u>2,550,000</u>	<u>2,805,000</u>	<u>1,683,000</u>			
<i>Sales by division</i>						
Division A	841,500	925,650	555,390			
Division B	765,000	841,500	504,900			
Division C	943,500	1,037,850	622,710			
Total sales	<u>2,550,000</u>	<u>2,805,000</u>	<u>1,683,000</u>			

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	<u>Note</u>	<u>2018</u>	<u>2019</u>	<u>2020-thru Jun</u>	<u>2018</u>	<u>2019</u>	<u>2020 - to date</u>
<b>(5) Cost of goods sold</b>							
Salaries and related		744,600	762,960	437,580			
Materials		651,525	667,590	382,883			
Warehouse supplies		372,300	381,480	218,790			
Depreciation expense		60,000	60,000	60,000			
Other direct costs		93,075	95,370	54,698			
Total cost of goods sold		<u>1,921,500</u>	<u>1,967,400</u>	<u>1,153,950</u>			
<b>(6) Research and development</b>							
Salaries and related		150,000	168,000	94,080			
Supplies		35,000	39,200	21,952			
Office expense		20,000	22,400	12,544			
Other R&D expenses		10,000	11,200	6,272			
Total R&D expenses		<u>215,000</u>	<u>240,800</u>	<u>134,848</u>			
<b>(7) Sales and marketing</b>							
Salaries and related		50,000	56,000	31,360			
Contractors		20,000	22,400	12,544			
Advertising		65,000	72,800	40,768			
Office expense		15,000	16,800	9,408			
Other marketing expenses		20,000	22,400	12,544			
Total Sales and Marketing expenses		<u>170,000</u>	<u>190,400</u>	<u>106,624</u>			
<b>(8) General and administrative expenses</b>							
Salaries and related		75,000	84,000	47,040			
Contractors		20,000	22,400	12,544			
Professional fees		55,000	61,600	34,496			
Office expense		30,000	33,600	18,816			
Depreciation expense		20,000	20,000	20,000			
Other G&A expenses		10,000	11,200	6,272			
Total Sales and Marketing expenses		<u>210,000</u>	<u>232,800</u>	<u>139,168</u>			
<b>(9) Finance expenses</b>							
Bank fees		950	1,064	596			
Loan interest		6,500	7,280	4,077			
Exchange differences		1,200	1,344	753			
Total finance expenses		<u>8,650</u>	<u>9,688</u>	<u>5,426</u>			

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<b>(10) <i>Other expenses</i></b>							
Bad-debt - prior year write-off		10,000	11,200	6,272			
Total Other expenses		<u>10,000</u>	<u>11,200</u>	<u>6,272</u>			
<b>(11) <i>Tax expense</i></b>							
Current year taxes		3,416	35,124.00	31,444			
Prior year taxes		-	27,000				
Deferred taxes		(10,000)	15,000	15,000			
Total tax expense		<u>(6,584)</u>	<u>77,124</u>	<u>46,444</u>			