**Income statement**

West Cornwall Pasty Co. needs to set up an income statement to determine how profitable the business has been this year. Review over the following financial information and calculate the income statement for the business:

|  |
| --- |
| **Income statement** |
|  | £ | £ |
| Sales |  | 74 940 |
| Cost of Sales |  | 29 957.50 |
| **Gross profit** |  | **44 982.50** |
|  |  |  |
| **Expenses** |  |
| Wages | 8 850 |  |
| Rent | 11 500 |  |
| Advertising | 850 |  |
| Insurance | 1 475 |  |
| Vehicle | 5 450 |  |
| Telephone | 1 125 |  |
| Utilities | 6 850 |  |
| **Total Expenditure** |  | 36 100 |
|  |  |  |
| **Net Profit** |  | 8 882.50 |
|  |  |  |
| **Limited company data** |  |
| **Tax** | 6 000 |  |
| **Dividends** | 2 000 |  |
| **Retained Profit** |  | 882.50 |

**Sales for the pasty shop were as follows:**

**Workings Out Box:**

**Sales for Pasty Shop**

24,500 Meat and Potato Pies x £1.85 = £45 325

11,800 Sausage rolls x £1.30 = £15,340

4,000 Steak and Kidney Pies x £1.95 = £7 800

2,000 pizza slices x £2.75 = £5 500

1,500 packets of crisps x 65p = £975

**TOTAL = £74 940**

**Purchases of Pasty Shop**

300 boxes of frozen sausages x £35 each = £10 500

55 boxes of crisps x £10.50 each = £577.50

2000 packets of prepared dough x £3.75 each = £7 500

Meat for pies: £10,630

Toppings and tomato base: £750

**TOTAL = £29 957.50**

24,500 Meat and Potato Pies at £1.85

11,800 Sausage rolls at £1.30

4,000 Steak and Kidney Pies at £1.95

2,000 pizza slices at £2.75

1,500 packets of crisps at 65p

**Purchases for the pasty shop were as follows:**

300 boxes of frozen sausages at £35 each

55 boxes of crisps at £10.50 each

2000 packets of prepared dough at £3.75 each

Meat for pies: £10,630

Toppings and tomato base: £750

**Additional expenses for the takeaway:**

Wages - £8,850

Rent - £11,500

Advertising - £850

Insurance - £1,475

Vehicle - £5,450

Telephone - £1,125

Utilities - £6,850

The West Cornwall Pasty Co. is a soletrader and needs to obtain finance in order for the business to continue trading. Analyse **two** sources of finance that could help this business further expand

*(8 Marks)*

**Limited company data:**

Dividends - £2,000

Tax - £6,000