

Christina Example

Trading as Christina's Consulting Service

ABN 12 345 678 901

Financial Statements - 30 June 2007

Christina Example
Income statement
For the year ended 30 June 2007

	2007	2006
	\$	\$
Add: Income		
Consulting fees	256,394	234,593
Interest received	59	47
	<u>256,453</u>	<u>234,640</u>
Less: Expenses		
Accounting fees	1,600	1,470
Advertising and promotion	4,932	4,512
Bank charges - general	142	125
Bank charges - merchant fees	387	249
Cleaning	128	106
Computer expenses	897	593
Conferences and seminars	350	290
Depreciation	15,158	18,271
Donations	200	200
Entertainment - deductible	624	392
Fines and penalties	70	-
Freight and cartage	148	234
General expenses	162	76
Insurance	2,634	2,401
Internet	936	892
Licences, permits and fees	420	395
Motor vehicle expenses	6,732	6,467
Postage	325	362
Printing and stationary	893	467
Subscriptions	210	205
Telephone	1,653	1,567
Travelling costs	5,369	4,735
Website costs	390	374
	<u>44,360</u>	<u>44,383</u>
Net profit before income tax expense	212,093	190,257
Income tax expense	<u>86,448</u>	<u>82,785</u>
Net profit after income tax expense	<u><u>125,645</u></u>	<u><u>107,472</u></u>

Christina Example
Balance sheet
As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	2	2,837	6,348
Trade and other receivables	3	24,576	22,493
Other	4	8,659	4,000
Total current assets		<u>36,072</u>	<u>32,841</u>
Non-current assets			
Property, plant and equipment	5	<u>49,683</u>	<u>61,531</u>
Total non-current assets		<u>49,683</u>	<u>61,531</u>
Total assets		<u>85,755</u>	<u>94,372</u>
Current liabilities			
Trade and other payables	6	27,877	24,419
Income tax	7	2,912	304
Total current liabilities		<u>30,789</u>	<u>24,723</u>
Total liabilities		<u>30,789</u>	<u>24,723</u>
Net assets		<u>54,966</u>	<u>69,649</u>
Equity			
Equity - owner	8	<u>54,966</u>	<u>69,649</u>
Total equity		<u>54,966</u>	<u>69,649</u>

Christina Example
Notes to the financial statements
30 June 2007

Note 1. Significant accounting policies

Basis of accounting

This is a special purpose financial report prepared for the business owner to enable compliance with the Income Tax Assessment Act 1936. The business owner has determined that the accounting policies adopted are appropriate to meet the needs of the business.

The financial report has been prepared in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views with the exception of the disclosure requirements in the following:

AASB 7	Financial Instruments: Disclosures
AASB 107	Cash Flow Statements
AASB 110	Events after the Balance Sheet Date
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 117	Leases
AASB 119	Employee Benefits
AASB 124	Related Party Disclosures
AASB 132	Financial Instruments: Presentation
AASB 139	Financial Instruments: Recognition and Measurement

In the opinion of the business owner, compliance with these standards would have placed unreasonable burden upon the business for a comparably minor benefit.

The financial report is prepared in accordance with the historical cost convention and do not take into account changing monetary values. The accrual and going concern basis have been adopted. Comparative information is reclassified where appropriate to enhance comparability.

The following is a summary of the significant accounting policies adopted in the preparation of these financial statements. Unless otherwise stated, these accounting policies are consistent with those of the previous year.

Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Revenue recognition

Other revenue is recognised when it is received or when the right to receive payment is established.

Receivables

All trade receivables are recognised at the amounts receivable as they are due for settlement by no more than 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 90 days overdue.

Depreciation of property, plant and equipment

Depreciation is calculated on a straight line and diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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Notes to the financial statements
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Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in BAS receivable or BAS payable.

Rounding of amounts

Amounts in the financial report have been rounded off to the nearest dollar.

Note 2. Current assets - cash and cash equivalents

	2007	2006
	\$	\$
Cash at bank	<u>2,837</u>	<u>6,348</u>

Note 3. Current assets - trade and other receivables

	2007	2006
	\$	\$
Trade receivables	<u>24,576</u>	<u>22,493</u>

Note 4. Current assets - other

	2007	2006
	\$	\$
Accrued income	8,000	3,400
Prepayments - insurance	<u>659</u>	<u>600</u>
	<u>8,659</u>	<u>4,000</u>

Christina Example
Notes to the financial statements
30 June 2007

Note 5. Non-current assets - property, plant and equipment

	2007	2006
	\$	\$
Plant and equipment - at cost	78,120	75,320
Less: Accumulated depreciation	(48,825)	(38,760)
	<u>29,295</u>	<u>36,560</u>
Motor vehicles - at cost	36,820	36,820
Less: Accumulated depreciation	(19,482)	(16,422)
	<u>17,338</u>	<u>20,398</u>
Office equipment - at cost	9,755	9,245
Less: Accumulated depreciation	(6,705)	(4,672)
	<u>3,050</u>	<u>4,573</u>
	<u><u>49,683</u></u>	<u><u>61,531</u></u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	61,531	77,079
Additions	3,310	2,723
Depreciation expense	(15,158)	(18,271)
	<u>49,683</u>	<u>61,531</u>

Note 6. Current liabilities - trade and other payables

	2007	2006
	\$	\$
Trade payables	1,452	678
BAS payable	26,425	23,741
	<u>27,877</u>	<u>24,419</u>

Note 7. Current liabilities - income tax

	2007	2006
	\$	\$
Provision for income tax	<u>2,912</u>	<u>304</u>

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Notes to the financial statements
30 June 2007

Note 8. Equity - owner

	2007	2006
	\$	\$
Christina Example		
Opening balance	69,649	94,851
Net profit after income tax expense	125,645	107,472
Drawings	(140,328)	(132,674)
	<u>54,966</u>	<u>69,649</u>
Closing balance	<u><u>54,966</u></u>	<u><u>69,649</u></u>

