

Jake's Bikes Trading and Profit & Loss Account 2009/10

SALES	<u>£51,499</u>
opening stock	£6,257
purchase of stock	£23,493
wages (other than Jake's)	£6,774
portion of Jake's wage (bike work)	£7,200 (1)
closing stock	-£9,579
COST OF SALES	<u>£34,145</u>
GROSS PROFIT	<u>£17,355</u>
LESS: OVERHEADS AND EXPENSES	
Travel	£12
Rent, rates, insurance	£5,091
Portion of Jake's wage (admin etc.)	£7,200 (1)
Repairs etc.	£152
Legal fees etc.	£135
Bank charges	£137
Office costs	£1,268
Other	£69
TOTAL EXPENSES	<u>£14,064</u>
NET TRADING PROFIT	<u>£3,291</u> (2)
LESS: OTHER OPERATING COSTS	
Reinvested in stock	£3,322 (2)
NET PROFIT OR LOSS	<u>-£32</u> (3)

Notes:

- (1) Jake spends roughly half his time on trading activities (talking to customers, building & servicing bikes, etc.), and half on other work (admin, accounts, ordering stock, website, business development etc.). Only half of his wage is therefore apportioned as a cost of trading; the other half is apportioned as an overhead. See also note (3) below.
- (2) A net profit was made, but it was entirely reinvested in new components, parts, and bikes: the value of goods in stock is higher at the end of the accounting period than at the start.
- (3) After the investment in stock is taken into account a small loss was made. This loss was effectively deducted from Jake's wage. Jake's gross annual wage for 2009/10 was therefore £14,368

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Jake's Bikes, Hamilton House, 80 Stokes Croft (back door via City Road), Bristol BS1 3QY

1st June 2010

- not VAT registered -

Proprietor: J. Voelcker