

QUESTION

The following information is provided for the year ended 31 December 2018:

- Revenue: 1000
- Cost of sales: 600
- Administrative expenses: 100
- Depreciation: 50
- Finance income: 20
- Finance expense: 30
- Income tax expense: 40

Required: Calculate the profit before tax and the profit after tax.

SOLUTION

Particulars	Amount
Revenue	1000
Cost of sales	(600)
Administrative expenses	(100)
Depreciation	(50)
Finance income	20
Finance expense	(30)
Income tax expense	(40)
Profit before tax	100
Profit after tax	60

Profit before tax is calculated as follows:

$$1000 - 600 - 100 - 50 + 20 - 30 = 100$$

QUESTION



Profit after tax is calculated as follows:

$$1000 - 600 - 100 - 50 + 20 - 30 - 40 = 200$$