This is a typical income statement for a public limited company (plc). It is in a simplified form to benefit understanding.

|  |  |  |
| --- | --- | --- |
|  | **2015 ($000)** | **2014 ($000)** |
| Sales Revenue  Cost of Sales  **Gross profit** | 1250  900  350 | 1300  900  400 |
| Expenses including interest paid | 155 | 160 |
| **Net profit** | 195 | 240 |
| Corporation Tax | 35 | 40 |
| **Profit after Tax** | 160 | 240 |
| Dividends | 120 | 130 |
| **Retained profit for the year** | 40 | 70 |

* *Income statement for* ***Misr Engineering PLC*** *for the year ending 31/03/2015*

**Activity 23.4: Misr Engineering PL’s retained profit**

1. Using the same pattern as the typical income statement previously, calculate the retained profit of Misr plc for the year ending 31/03/2015 from the following data (which is not in the correct order)

|  |  |
| --- | --- |
|  | **2015 ($000)** |
| Sales Revenue | 280 |
| Operating Expenses | 30 |
| Cost of Sales | 100 |
| Tax Paid | 40 |
| Dividends | 25 |
| Interest Paid | 15 |

1. Explain why retained profit is important to Misr Plc’s future success.

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|  |  |  |
| --- | --- | --- |
|  | **2015 ($000)** | **2014 ($000)** |
| Sales Revenue  Cost of Sales  **Gross profit** |  | 1300  900  400 |
| Expenses including interest paid |  | 160 |
| **Net profit** |  | 240 |
| Corporation Tax |  | 40 |
| **Profit after Tax** |  | 240 |
| Dividends |  | 130 |
| **Retained profit for the year** |  | 70 |