Chapter 12

Final work: general principles, analytical review of financial statements, non-current assets and trade receivables
Learning objectives

• To explain the importance of planning the year-end examination on the basis of interim work and other information about the organization.

• To describe the kind of work carried out on or near the balance sheet date.

• To show how audit techniques discussed earlier can be applied during the final work on selected assets and related profit and loss account headings.

• To describe specific matters, including risk assessments, relating to audit of selected financial statement headings.

• To explain why the auditor analyses financial statements before and after performing detailed audit work.

• To describe the techniques employed by the auditor in analysing financial statements.
Planning final work

• At interim auditor forms conclusions about operation of systems and whether transactions processed are genuine, accurate and complete.

• Next stage is to plan final work needed to form an opinion on financial statements as a whole: include work auditors perform to prepare for final work, and detailed examination of selected assets and related income and expense.

• Amount of work auditor deems necessary on final balances will depend on two factors:

  1. Inherent and control risk related to balances.
  2. Significance of balances in the context of the truth and fairness of the financial statements.
Pre-final work

- On completion of interim, auditors aware of main problems facing entity and will have adapted audit plan in light of risks not anticipated during initial planning.

- Auditors address new circumstances and advise management. Typical agenda for discussions with management at this stage includes:
  - Matters arising from interim examination.
  - Preparation by management of inventory count instructions.
  - Timetable for preparation of year-end financial statements.
  - Accounting and reporting standards to be applied
  - New company/tax legislation and stock exchange requirements.
  - Auditing standards – if significant impact on audit work will discuss with management.
Balance sheet date work

• Certain classes of audit work only performed at the year-end:
  – Bank confirmations
  – Inventory count observation
  – Long-term construction contracts – stage of completion
  – Non-current assets in course of construction – stage of completion
  – Circularization of customers and suppliers
  – Letters to other professionals including:
    a) Surveyors
    b) Lawyers
    c) Actuaries
    d) Valuers
    e) Geologists
Bridging work between conclusion of interim work and balance sheet date

• Conclusions on operation of accounting and control systems – following tests of control.

• Conclusions on whether assets are being safeguarded and whether transactions and balances are genuine, accurate and complete – following substantive procedures.

• Discussion with management of the known problems and potential solutions – pre-final work.

• Auditors have amended audit plan for matters not in original plan. Discuss audit and company deadlines – pre-final work.

• Auditors have carried out certain audit procedures which can only be performed at that time, e.g. inventory count observation.

• Auditors have carried out analytical review of financial statements to put their work in context.
Analytical procedures

• Evaluations of financial information by analysis of plausible relationships in both financial and non-financial data. Analytical procedures also encompass investigations of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.

• Analytical procedures used by auditor at following stages:
  First – planning stage to pinpoint critical areas where audit risk high.
  Second – used as substantive procedures when responding to risk of material misstatement at assertion level.
  Third – just before end of audit to assist auditor when forming overall conclusion as to whether financial statements are consistent with auditor’s understanding of entity.

• Notes:
  1. The auditor has to be sure of the reliability of the figures used in performing analytical procedures.
  2. If auditors are using only analytical procedures as substantive tests rather than tests of detail, have to be quite sure that control risk is low.
Audit approach to analytical review

• Do the figures make sense? A question to direct audit effort.
• Audit approach to analytical review of data.
• The objective of analytical review at any stage where the auditor is searching for evidence is to direct audit effort towards the evidence needed to form audit conclusions.
• The auditor has to determine if changes revealed as a result of analytical procedures are the result of:
  – Errors
  – Changes in accounting practice
  – Changes in management policy
  – Changes in general commercial factors
  – Changes in commercial factors affecting client only
  – Fraud
Approach to analytical review, particularly in the examination room

• Only calculate ratios useful to you. Best approach:
  – Look at figures broadly, before calculating any ratios.
  – Then calculate selected ratios to see if your initial impression was valid. Leave the calculation of ratios until necessary. Be selective.
  – Many ratios interrelated – poor liquidity may not be grave if low gearing and good profitability make practical further injection of capital – interpret liquidity ratios in light of inventory turnover, of trade receivables collectability and trade payables payment period.
  – Analysis of financial statements is designed to direct audit effort and to prove that financial statements do, in fact, show a true and fair view of what they purport to show.
Kothari Limited analytical review

• **First** – broad matters of interest
  – The increase in sales from £m 3 000 to £m 4 600.
  – Strange developments affecting inventories.
  – Non-current assets have increased – indicator of expansion.

• **Second** – detailed review
  
  10 ratios calculated. Overdone? Ratios confirm first impression but also additional insights:
  – Increase in non-current assets exceeds that of sales – borne out by decrease in non-current assets turnover ratio.
  – Selling expenses have increased in relation to sales – what expense was included?
  – Acid test ratio appears high, but the company may still not have completed expansion. Reduced collectability of trade receivables.
  – Raw materials inventory and higher production cost seem reasonable in view of expansion. Finished inventory looks strange.
  – Gearing is higher, meaning higher interest charges in future years.
Analytical review – words of warning

1. The reliability of data is influenced by its source and nature and is dependent on the circumstances under which it is obtained. Accordingly, ... when determining whether data is reliable for purposes of designing substantive analytical procedures (consider) comparability of the information available. For example, broad industry data may need to be supplemented to be comparable to that of an entity that produces and sells specialized products. (ISA 520)

2. Ratios must be handled with great care. Auditors must take into account the circumstances of the entity and must be aware that disaggregated data will give more insight.
Case study 12.2 – Art Aid Limited

• When working this case students will have to think about an entity that is very different from a manufacturing concern.
### Table 12.1: Detailed final audit work: general matters (1)

<table>
<thead>
<tr>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td>Acquisitions of non-current assets are correctly calculated in accordance with relevant accounting principles and the proper capital/revenue decision. (Valuation)</td>
<td>All acquisitions are recorded, excluding any revenue items in the relevant non-current asset account. (Complete)</td>
</tr>
<tr>
<td>Acquisitions are properly authorized. (Occurrence)</td>
<td>Disposals have been correctly calculated. (Valuation)</td>
<td>All non-current assets owned by the company are recorded. (Complete)</td>
</tr>
<tr>
<td>Recorded acquisitions represent non-current assets that have been received or for which title has passed. (Occurrence)</td>
<td>Non-current assets reflect all matters affecting their underlying valuation (whether cost or revalued amount) in accordance with relevant accounting principles. (Valuation)</td>
<td>All disposals have been recorded. (Complete)</td>
</tr>
<tr>
<td>The recorded non-current assets physically exist. (Existence)</td>
<td></td>
<td>Non-current assets have been properly summarized for disclosure in the financial statements. (Classification)</td>
</tr>
<tr>
<td>The risks and benefits of holding the asset rests with the company. (Rights)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recorded non-current assets are used in the business. (Occurrence)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals of non-current assets represent the transfer of the risks and benefits (Rights) in them to third parties. Disposals have been properly authorized. (Occurrence)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Detailed final audit work: general matters (2)

#### Table 12.1 (continued)

<table>
<thead>
<tr>
<th></th>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Depreciation</strong></td>
<td>The depreciation charge is in respect of non-current assets in existence and for which the risks and benefits of ownership accrue to the company. (Existence and rights)</td>
<td>All disposals are recorded in the right period. (Cut-off)</td>
<td>All depreciation is recorded in the accounting records and costing records. (Complete)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Depreciation is correctly calculated using appropriate depreciation methods and useful lives. (Valuation)</td>
<td>The depreciation charge has properly entered the costing records and is included under appropriate headings in the profit and loss account. (Classification)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The accumulated depreciation serving to reduce the amount attributable to non-current assets is appropriate in the light of changed circumstances, if any. (Valuation)</td>
<td>Accumulated depreciation is properly summarized for disclosure in the financial statements. (Classification)</td>
</tr>
</tbody>
</table>
### Detailed final audit work: general matters (3) Table 12.1 (continued)

<table>
<thead>
<tr>
<th></th>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
</table>
| **Trade receivables** | Trade receivables represent amounts actually due to the company, taking into account:  
  - the actual performance of services for the customer or  
  - transfer of title in goods transferred to the customer.  
  - cash received or other genuine credit entry.  
  (The entity holds the rights to the recorded trade receivables) | Trade receivables reflect all matters affecting their underlying valuation (including changes in foreign currency exchange rates) in accordance with relevant accounting principles.  
  (Valuation)  
  Trade receivables represent amounts that are collectable.  
  (Provisions for bad and doubtful debts are appropriate)  
  (Valuation)  
  Trade receivables represent amounts due at the balance sheet date.  
  (Cut-off)                                                                 | All trade receivables are recorded.  
  (Complete)  
  All necessary disclosures about trade receivables have been made in the financial statements.  
  (Classification) |
| **Sales**             | The sales represent goods whose title has actually passed to a third party.  
  The terms on which the goods have been delivered have been authorized by responsible persons.  
  (Occurrence; right transferred to credit customer) | The sales transactions have been accurately calculated.  
  (Accuracy)  
  Sales have been recorded in the right period.  
  (Cut-off)                                                                 | All sales have been recorded in the accounting and costing records.  
  (Complete)  
  Sales have been appropriately disclosed in the financial statements.  
  (Classification) |
Detailed final audit work: general matters (4) Table 12.1 (continued)

<table>
<thead>
<tr>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables and accruals represent amounts actually due by the company,</td>
<td>Trade payables reflect all matters affecting their underlying valuation</td>
<td>All trade payables and accruals are properly recorded in the accounting</td>
</tr>
<tr>
<td>taking into account:</td>
<td>(including changes in foreign currency exchange rates) in accordance with</td>
<td>records. (Complete)</td>
</tr>
<tr>
<td>● the actual performance of services for the company or</td>
<td>relevant accounting principles. (Valuation)</td>
<td>Trade payables and accruals have been properly summarized for disclosure</td>
</tr>
<tr>
<td>● transfer of title in goods transferred to the company.</td>
<td></td>
<td>in the financial statements. (Classification)</td>
</tr>
<tr>
<td>● cash payments or other genuine debit entry. (Obligations)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Use with *The Audit Process: Principles, Practice and Cases, 6th edn*  
Detailed final audit work: general matters (5)

### Table 12.1 (continued)

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Though uncertain in timing and amount, there is a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. (Occurrence and obligation)</td>
<td>Reliable estimates based on a range of possible outcomes can be made of the present obligation as a result of the past event. (Valuation)</td>
<td>All provisions are properly and separately disclosed, including brief descriptions of their nature, and indications of the uncertainties about amounts and timing. (Complete and classification)</td>
</tr>
<tr>
<td></td>
<td>The past event is an obligating event, that is, it can be enforced by law or gives rise to a constructive obligation arising from valid expectations in other parties that the entity will discharge the obligation. (Occurrence and obligation)</td>
<td>The provision relates to the correct period. (Cut-off)</td>
<td>All contingent liabilities have been identified. (Complete)</td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>The events giving rise to the contingent liabilities have actually occurred. (Occurrence and obligations)</td>
<td>The possibility that an outflow of economic benefits will occur is remote or not probable has been reasonably assessed. (Valuation)</td>
<td>Contingent liabilities are properly disclosed in the financial statements, including brief description of nature, estimate of financial effect, indication of uncertainties, possibility of any reimbursement. (Classification)</td>
</tr>
</tbody>
</table>
### Detailed final audit work: general matters (6)

#### Table 12.1 (continued)

<table>
<thead>
<tr>
<th>Contingent assets</th>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The events giving rise to the contingent assets have actually occurred. (Occurrence and rights)</td>
<td>The decision that the inflow of economic benefits is probable, but not virtually certain is reasonably based. (Valuation) Estimates of financial effects are reasonably based. (Valuation)</td>
<td>All contingent assets have been identified. (Complete) Where it is probable that there will be an inflow of economic benefits, the contingent assets are properly disclosed in the financial statements, including brief description of their nature, and estimate of their financial effect. (Classification)</td>
</tr>
<tr>
<td>Purchases</td>
<td>Purchases represent goods which have been received or for which title has passed and services which have been received. (Occurrence and obligation) Purchases of goods and services are properly authorized. (Occurrence and entry into obligations)</td>
<td>Purchases of goods and services are correctly calculated. (Remember foreign currency) in accordance with nature of the transaction and relevant accounting principles. (Valuation)</td>
<td>All purchases of goods and services have been recorded and in the proper accounting and costing records. (Complete)</td>
</tr>
</tbody>
</table>
### Detailed final audit work: general matters (7)

#### Table 12.1 (continued)

<table>
<thead>
<tr>
<th></th>
<th><strong>Genuine (real)</strong></th>
<th><strong>Accurate</strong></th>
<th><strong>Complete</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>Inventories exist, are in good condition, and are owned by the company. (Existence and rights)</td>
<td>Inventories have been properly priced at cost to bring them to present condition and location (cost of materials and costs of conversion, including labour and overheads). (Valuation)</td>
<td>All inventories have been recorded in the underlying accounting records that are in agreement with the figure for inventories in the financial statements. (Complete)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inventories have been valued at the lower of cost determined above and net realizable value, and provisions have been made to take account of condition. (Valuation)</td>
<td>The policy for valuing inventories has been properly disclosed and disclosure has been made of sub-classifications required by the Companies Act 2006. (Classification)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inventories bear proper relationship to movements in the period. (Cut-off)</td>
<td></td>
</tr>
</tbody>
</table>
### Detailed final audit work: general matters (8)

Table 12.1 (continued)

<table>
<thead>
<tr>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production cost</strong></td>
<td>The production costs (of materials, labour and overheads) have been correctly calculated. (Valuation) Production cost has been properly allocated to inventories (see above) or to cost of sales in accordance with relevant accounting principles. (Valuation) All production costs have been allocated to the right period. (Cut-off)</td>
<td>All production costs have been identified and recorded in the appropriate accounting records. (Complete)</td>
</tr>
<tr>
<td>properly attributed to production cost. (Occurrence)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Detailed final audit work: general matters (9)

#### Table 12.1 (continued)

<table>
<thead>
<tr>
<th>Genuine (real)</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated accounts</strong></td>
<td><strong>Financial statements of undertakings over which dominant control is exercised are fully consolidated. (Rights)</strong></td>
<td><strong>The underlying financial statements of undertakings included in one form or another, in the consolidated financial statements have been properly prepared on a consistent basis throughout the group. (Valuation)</strong></td>
</tr>
<tr>
<td>Financial statements of undertakings over which significant control is exercised are accounted for on an equity basis. (Rights)</td>
<td>Financial statements of undertakings over which neither dominant nor significant influence is exercised are accounted for as investments. (Rights)</td>
<td>Consolidation adjustments (including those relating to foreign currency) are correctly calculated in accordance with relevant accounting standards. (Valuation)</td>
</tr>
<tr>
<td>Financial statements of undertakings over which neither dominant nor significant influence is exercised are accounted for as investments. (Rights)</td>
<td>Consolidation adjustments, including adjustments to fair value, are made on the basis of real transactions or occurrences. (Occurrence)</td>
<td>All consolidating adjustments have been made in the proper period. (Cut-off)</td>
</tr>
</tbody>
</table>
Meaning of ‘genuine’, ‘accurate’ and ‘complete’ – a reminder (see Table 6.2)

- **Genuine** means different things depending upon the kind of asset or liability or income/expense, but basically means that figures in financial statements are supported by real transactions and real assets, that something has happened or exists to support figures.

- **Accurate** means that figures in financial statements have been properly calculated, taking into account all relevant factors.

- **Complete** means that figures in financial statements include all relevant balances.
Detailed final audit work: general matters

- In approaching any asset or liability consider:
  1. Nature
  2. Management assertions made about them – these provide audit objectives
  3. Inherent risks associated with them
  4. Controls to reduce impact of inherent risk – for assets, controls to safeguard
  5. Income and expense items related to them
  6. Available audit evidence to support conclusions about them – using analytical substantive procedures and tests of detail
  7. Accounting rules governing their amount and disclosure in the financial statements
Inherent risks affecting tangible non-current assets

- Technological changes affecting the industry.
- Closure of part of the business.
- Difficulties in making estimates of useful lives.
- Revaluation of tangible non-current assets has taken place.
- Significant idle non-current assets.
- Significant non-current assets in the course of construction.
- Entity has capitalized some of its own costs of construction of non-current assets.
- Existence of moveable, high-value assets.
Controls to reduce the impact of inherent risk affecting non-current assets

• Apart from a satisfactory control environment generally, expect to see controls in the following areas, if control risk is to be minimized:
  – Acquisitions, revaluation and impairment of non-current assets.
  – Safeguarding non-current assets owned/held.
  – Disposals of non-current assets.
  – Maintenance and insurance of non-current assets.
  – Authorization of depreciation charges and accumulations.
Acquisitions of and safeguarding non-current assets

• Two important control documents:
  1. Non-current assets budgets
  2. Non-current assets register

• Other issues:
  – Capital/revenue decision – an important question at the acquisition stage.
  – Revaluation – controls over revaluation of non-current assets, such as selection of qualified valuer.
  – Impairment – need for identification of non-current assets that have suffered impairment through idleness or other factors.
Non-current assets recording system
Contents of non-current assets register

- Name
- Technical specifications
- Location
- Identification number
- Estimated useful life
- Depreciation method
- Depreciation per year
- Accumulated depreciation
- Maintenance record

- Notes on condition
- Manufacturer’s name
- Date of purchase
- Invoice number
- Asset budget number
- Cost
- Revalued amount and revaluation date
- Insured amount
- Note on whether owned or leased
- Residual value
Non-current assets – management assertions

• Management assertions, classified under the headings ‘genuine’, ‘accurate’ and ‘complete’ can be identified for all following areas:
  1. Acquisitions of non-current assets – 477
  2. Disposals of non-current assets – 481
  3. Non-current assets balances – 482
  4. Depreciation of non-current assets – 485

• These form the basis for auditor’s work by providing objectives.
Inherent risks affecting trade receivables and sales

- Large number of new customers.
- Significant changes in collectability of trade receivables.
- New products have been introduced.
- Competitors have introduced new product lines.
- The norm in the industry or commercial sector is for sales on a ‘sale or return’ basis.
- The company has history of above average returns of goods sold.
- New staff in sales, sales accounting and credit control section.
- Complicated computerized accounting system.
Sales and trade receivables: controls to reduce impact of inherent risk

• The entity to have a stated policy on title passing to third parties and when services rendered are deemed complete.

• Safeguarding procedures include:
  – Rapid billing of customers
  – Regular preparation of statements and reminder letters
  – Offer of cash discounts to encourage early payment
  – Approval of entries reducing stated amount of trade receivables’ balances
  – Ageing statement
Sales and trade receivables – analytical procedures

• The sales and trade receivables figures are affected by other transactions and bear direct relationships to other figures, such as:
  – Sales to trade receivables (days)
  – Gross profit to sales (GP%)
  – Sales expenses to sales
  – Sales to related support expenditure (e.g. expected claims)

• See Case study 12.5 (Sterndale), noting use of disaggregated information and further information required of management.
Sales and trade receivables – management assertions and audit work

- Valid sales figure good starting point for ensuring trade receivables are created on sound basis. At year-end further work is required on trade receivables balances:

1. Relationships between trade receivables/sales and other figures.
2. Is cut-off accurate?
3. Clearing entries: – claims for cash discount – credit notes for returned goods or claims by customers – write-offs
4. Accounting methods for determining sales and trade receivables acceptable and applied consistently?
5. Trade receivables re customers who exist and amounts owed?
6. Trade receivables represent amounts that will be collected?
7. Test for collectability? – review ageing statement and after date collections are two important tests.
8. Proper disclosure: trade receivables receivable in short, medium and long term?; trade receivables subject to encumbrances?
Trade receivables – management assertions

<table>
<thead>
<tr>
<th>Class of assertion</th>
<th>Assertions</th>
</tr>
</thead>
</table>
| Genuine            | Trade receivables represent amounts actually due to the company, taking into account:  
|                    | • the actual performance of services for the customer or  
|                    | • transfer of title in goods transferred to the customer.  
|                    | • cash received or other genuine credit entry.  
|                    | (The entity holds the rights to the recorded trade receivables) |
| Accurate           | Trade receivables reflect all matters affecting their underlying valuation (including changes in foreign currency exchange rates) in accordance with relevant accounting principles. (Valuation)  
|                    | Trade receivables represent amounts that are collectable (Provisions for bad and doubtful debts are appropriate). (Valuation)  
|                    | Trade receivables represent amounts due at the balance sheet date. (cut-off) |
| Complete           | All trade receivables are recorded. (Complete)  
|                    | All necessary disclosures about trade receivables have been made in the financial statements. (Classification) |
Financial assets (1)

• Two main methods used to value financial instruments, in this case financial assets:

1. The fair value method which results in changes in fair value being reflected in the profit and loss account, and the new fair value being shown on the balance sheet.

2. The amortized cost method which results in interest received being taken to the profit and loss account and the value of the financial asset measured by reference to expected future cash flows discounted at the original effective rate.
## Financial assets (2)

<table>
<thead>
<tr>
<th>Genuine</th>
<th>Accurate</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td><strong>Financial assets reflect all matters affecting their underlying valuation whether at fair value or at amortized cost in accordance with relevant accounting principles.</strong> (Valuation) Financial assets represent amounts that will be collectable at a future date. (Cut-off)</td>
<td><strong>All financial assets are recorded.</strong> (Complete) All necessary disclosures about financial assets have been made in the financial statements. (Classification)</td>
</tr>
<tr>
<td>Financial assets represent amounts actually owned by the company, taking into account:</td>
<td><strong>Interest receivable from the financial asset has been calculated according to the terms of the financial asset.</strong> (Valuation) Changes in fair value have been properly calculated. (Valuation)</td>
<td></td>
</tr>
<tr>
<td>• transfer of title in the asset to the company</td>
<td>Interest receivable and changes in fair values of financial assets have been reflected in the accounting records. All disclosures regarding interest on financial assets and changes in fair value of financial assets have been properly disclosed. (Classification)</td>
<td></td>
</tr>
<tr>
<td>• transfer of cash to a third party. (The entity holds the rights to the recorded financial assets)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest receivable and changes in fair value of financial assets</strong></td>
<td>Interest receivable and changes in fair value reflected in the profit and loss account represent changes that have actually occurred. (Occurrence)</td>
<td></td>
</tr>
</tbody>
</table>
Figure 12.1 Pykestone non-current assets recording
### Figure 12.2 Sterndale plc: analysis of sales and trade

#### Sales: Product Group 1 (Prices below £5)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>3,330,599</td>
<td>15%</td>
<td>766,966</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit</strong></td>
<td>18,870,333</td>
<td>85%</td>
<td>14,572,357</td>
<td>95%</td>
<td></td>
</tr>
</tbody>
</table>

#### Product Group 2 (Prices £5 to below £50)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>2,148,425</td>
<td>12%</td>
<td>973,254</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit</strong></td>
<td>15,755,117</td>
<td>88%</td>
<td>11,192,416</td>
<td>92%</td>
<td></td>
</tr>
</tbody>
</table>

#### Product Group 3 (Prices £50 to below £100)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>1,260,409</td>
<td>11%</td>
<td>476,048</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit</strong></td>
<td>10,197,058</td>
<td>89%</td>
<td>7,450,085</td>
<td>94%</td>
<td></td>
</tr>
</tbody>
</table>

#### Product Group 4 (Prices from £100 upwards)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>401,099</td>
<td>2%</td>
<td>174,551</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit</strong></td>
<td>17,280,541</td>
<td>99%</td>
<td>17,453,092</td>
<td>99%</td>
<td></td>
</tr>
</tbody>
</table>

#### Total Sales

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>71,614,188</td>
<td>100%</td>
<td>52,894,218</td>
<td>35.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit</strong></td>
<td>20,390,819</td>
<td>100%</td>
<td>20,390,819</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

#### Trade Receivables at 30th November

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zero balances</strong></td>
<td>950</td>
<td>15.1%</td>
<td>950</td>
<td>15.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit balances</strong></td>
<td>85</td>
<td>1.3%</td>
<td>900</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td><strong>£1 to £100</strong></td>
<td>4,836</td>
<td>76.7%</td>
<td>3,134,789</td>
<td>34.2%</td>
<td></td>
</tr>
<tr>
<td><strong>£100 to £1,000</strong></td>
<td>290</td>
<td>4.6%</td>
<td>1,812</td>
<td>23.0%</td>
<td></td>
</tr>
<tr>
<td><strong>£1,001 to £2,000</strong></td>
<td>78</td>
<td>1.2%</td>
<td>2,180</td>
<td>28.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Credit sales</strong></td>
<td>36</td>
<td>0.6%</td>
<td>1,168</td>
<td>16.2%</td>
<td></td>
</tr>
</tbody>
</table>

#### Days Collectibility

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>%</th>
<th>£</th>
<th>%</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total sales</strong></td>
<td>6,307</td>
<td>100.0%</td>
<td>9,171,234</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>