

You are the Audit Senior of ABC PLC for the 2023/24 Financial Year and the Management has provided the drafted financial statements for 2023/24 Financial Year with the previous year comparatives

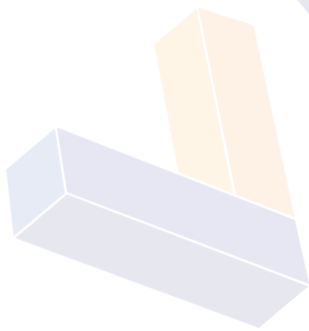
STATEMENT OF FINANCIAL POSITION				
		2023/24	2022/23	
		In Rs "000"	In Rs "000"	
Non Current Assets				
	Property, Plant and Equipments	15,000	16,000	
		15,000	16,000	
Current Assets				
	Inventories	5,200	3,800	
	Trade Debtors	15,200	3,100	
	Bank Balance	2,700	5,400	
	Cash Balance	100	700	
		23,200	13,000	
TOTAL ASSETS		38,200	29,000	
EQUITY AND LIABILITIES				
Equity				
	Stated Capital & Reserves	30,000	22,000	
		30,000	22,000	
Non-Current Liabilities				
	Term Loans	4,000	4,000	
		4,000	4,000	
Current Liabilities				
	Trade Payable	3,100	3,000	
	Bank Overdraft	1,100	-	
		4,200	3,000	
TOTAL EQUITY AND LIABILITIES		38,200	29,000	

STATEMENT OF PROFIT OR LOSS				
		2023/24	2022/23	
		In Rs "000"	In Rs "000"	
Sales - Cash Sals		14,630	17,400	
Sales - Credit Sales		45,370	30,600	
		60,000	48,000	
Less - Cost of Sales				
	Opening Stock	3,800	4,200	
	Purchases	49,400	38,000	
		53,200	42,200	
	Closing Stocks	(5,200)	(3,800)	
Cost of Sales		48,000	38,400	
Gross Profit		12,000	9,600	
Less:				
	Administration Expenses	(1,100)	(1,200)	
	Depreciation	(1,000)	(800)	
	Selling and Distribution	(5,200)	(1,200)	
	Finance Expenses	(700)	(400)	
Net Profit		4,000	6,000	

The following information are obtained from the discussion had with Management

- a) In 2023/24, the Company offered a 5% discount for all Sales
- b) For 2022/23, the Company granted a two weeks as the Credit Period and in 2023/24 it has been increased to four weeks
- c) Purchasing Cost remain as it is for both financial years
- d) Based on the discount provided, it is assumed that the Closing Stock for 2023/24 is equal to 3 weeks purchases
- e) The Company has not paid any Sales Commission for both years

As the Senior Auditor of ABC PLC Audit, you are required to identify 05 areas where your special attention needed to be devoted to. (Please assume 52 weeks for each year for calculation purpose).



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