

Task IM-4.27a: Preparing Financial Statements from a Trial Balance

BINNEVELD Ltd. is a South African surf shop located at Blouwberg. The company was established on 1.01.20X2. As at the 31.12.20X7, BINNEVELD Ltd. provides the accounts as below which is based on South African Rand ZAR and before adjustments:

D	Property, Plant, Equipment	C
	c/d	80,000.00
b/d	80,000.00	

D	Acc depr	C
c/d	20,000.00	
	b/d	20,000.00

D	Financial instruments	C
	c/d	35,000.00
b/d	35,000.00	

D	Inventories	C
	c/d	40,000.00
b/d	40,000.00	

D	Cash/Bank	C
	c/d	210.000,00
b/d	210.000,00	

D	Issued capital	C
c/d	100.000,00	
	b/d	100.000,00

D	Reserves	C
c/d	35.000,00	
	b/d	35.000,00

D	Retained earnings R/E	C
c/d	70.000,00	
	b/d	70.000,00

Interest bearing liabilities		Accounts payables A/P	
D	C	D	C
c/d		c/d	
190.000,00		67.000,00	
	b/d		b/d
	190.000,00		67.000,00

Revenue		Purchase	
D	C	D	C
c/d			c/d
600.000,00			300.000,00
	b/d	b/d	
	600.000,00	300.000,00	

Labour		Rent	
D	C	D	C
	c/d		c/d
	105.000,00		12.000,00
b/d		b/d	
105.000,00		12.000,00	

Administration	
D	C
	c/d
	300.000,00
b/d	
300.000,00	

Exhibit 1: Accounts before adjustments

As part of the adjustment you have to record depreciation to the extent of 20,000.00 ZAR. You further have to consider an interest payment of 3.5 %/a and a pay-off amount for the bank loan of 25,000.00 ZAR. Be aware that the bank loan is recorded in the Interest Bearing Liabilities account as well as in the Accounts Payables account! There is only one bank loan, no other interest bearing liabilities. In the next Accounting period, BINNEVELD Ltd. has to pay-off 24,000.00 ZAR of the bank loan. When the company determines the closing stock of inventories it records an amount of 30,000.00 ZAR. In case the company earns a profit, BINNEVELD Ltd. will declare a dividend of 0.50 ZAR/ordinary share. The company's shares nominal value is 1.00 ZAR/share. There are no preference shares. No changes in terms of reserves applies. Anything else will be transferred to the next Accounting period 20X8.

Required: Prepare a full set of financial statements which comprises a statement of financial position, a statement of profit and loss and other comprehensive income and a statement of changes in equity. VAT does not apply. *(No statement of cash flows is required!)*

BINNEVELD Ltd. ist ein südafrikanischer Surfshop in Blouwerberg. Das Unternehmen wurde am 1.01.20X2 gegründet. Zum 31.12.20X7, BINNEVELD Ltd. zeigt die unten stehenden Kontostände in südafrikanischen Rand ZAR bevor die Abschlussarbeiten stattgefunden haben.

DProperty, Plant, EquipmentC		DAcc deprC	
	c/d	c/d	
	80.000,00	20.000,00	
b/d	80.000,00		b/d
			80.000,00

DFinancial instrumentsC		DInventoriesC	
	c/d		c/d
	35.000,00		40.000,00
b/d	35.000,00	b/d	40.000,00

DCash/BankC		DIssued capitalC	
	c/d	c/d	
	210.000,00	100.000,00	
b/d	210.000,00		b/d
			100.000,00

DReservesC		DRetained earnings R/EC	
c/d	35.000,00	c/d	70.000,00
	b/d		b/d
	35.000,00		70.000,00

Interest bearing liabilities		Accounts payables A/P	
D	C	D	C
c/d	190.000,00	c/d	67.000,00
	b/d		b/d
	190.000,00		67.000,00

Revenue		Purchase		
D	C	D	C	
c/d	600.000,00		c/d	300.000,00
	b/d	b/d	300.000,00	
	600.000,00			

Labour		Rent		
D	C	D	C	
	c/d		c/d	12.000,00
	105.000,00			
b/d	105.000,00	b/d	12.000,00	

Administration		
D	C	
	c/d	300.000,00
b/d	300.000,00	

Exhibit 1: Accounts before adjustments

Im Rahmen der Abschlussarbeiten sollen Sie die Abschreibung in einer Höhe von 20.000,00 ZAR aufzeichnen. Weiter haben sie eine Zinszahlung von 3,5%/a und eine Tilgung für das Bankdarlehen von 25.000,00 ZAR zu berücksichtigen. Beachten Sie, dass das Bankdarlehen sowohl in dem Inter Bearing Liabilities und dem Accounts Payables account enthalten ist! Es gibt nu rein Bankdarlehen, sonst bestehen keine zinspflichtige Schulden. In der nächsten Abrechnungsperiode muss BINNEVELD Ltd. eine Tilgung von 24.000,00 ZAR auf das Bankdarlehen leisten. Bei der Inventur stellt das Unternehmen einen Schlussbestand von 30.000,00 ZAR Vorräge fest.

Falls das Unternehmen einen Gewinn erzielt, erklärt es eine Dividende von 0,50 ZAR/Aktie. Die Nennwerte der Stammaktien beträgt 1,00 ZAR/Aktie. Es gibt keine Vorzugsaktien. Es gibt keine Veränderung der Rücklagen. Alles Andere wird in die nächste Abrechnungsperiode 20X8 übertragen.

Gefragt: Erstellen Sie einen vollständigen Jahresabschluss, der eine Bilanz, einer Gewinn- und Verlustrechnung und eine Eigenkapitalveränderungsrechnung enthält. Die Umsatzsteuer spielt keine Rolle. (Es ist keine Kapitalflussrechnung gefragt!)

Solution:

It is recommended to record the adjustments in Bookkeeping entries. However, here, the adjustments are recorded by an MS-Excel solution as a delta-T/B: See below the trial balance and underneath thereof, the changes made for depreciation, bank loan payments and profit and loss calculation:

**Binneveld Ltd.'s
TRIAL BALANCE
as at 31.12.20X7**

Account	Debit entries	Credit entries
Property, Plant, Equipment	80.000,00	
Accumulated depreciation		20.000,00
Financial instruments	35.000,00	
Inventories	40.000,00	
Prepaid expenses	0,00	
Cash/Bank	210.000,00	
Issued capital		100.000,00
Reserves		35.000,00
Retained earnings		70.000,00
Interest bearing liabilities		190.000,00
Accounts payables		67.000,00
Tax liabilities		0,00
Revenue		600.000,00
Purchase	300.000,00	
Labour	105.000,00	
Rent	12.000,00	
Administration expenses	300.000,00	
Total:	1.082.000,00	1.082.000,00

**Binneveld Ltd.'s
Δ TRIAL BALANCE
as at 31.12.20X7**

Account	Debit entries	Credit entries
Property, Plant, Equipement		
Accumulated depreciation		20.000,00
Depreciation	20.000,00	20.000,00
Financial instruments		
Inventories	30.000,00	40.000,00
Prepaid expenses		
Cash/Bank		32.525,00
Issued capital		
Reserves		
Retained earnings	154.525,00	
Interest bearing liabilities	24.000,00	
Accounts payables	25.000,00	24.000,00
Tax liabilities		
Revenue	600.000,00	
Interest	7.525,00	7.525,00
Purchase		300.000,00
Labour		105.000,00
Rent		12.000,00
Administration expenses		300.000,00
Total:	861.050,00	861.050,00

Exhibit 2: Delta T/B

The T/B results from the calculations.

**Binneveld Ltd.'s
ADJUSTED TRIAL BALANCE
as at 31.12.20X7**

Account	Debit entries	Credit entries
Property, Plant, Equipment	80.000,00	0,00
Accumulated depreciation		40.000,00
Depreciation	20.000,00	20.000,00
Financial instruments	35.000,00	0,00
Inventories	70.000,00	40.000,00
Prepaid expenses	0,00	0,00
Cash/Bank	210.000,00	32.525,00
Issued capital	0,00	100.000,00
Reserves	0,00	35.000,00
Retained earnings	154.525,00	70.000,00
Interest bearing liabilities	24.000,00	190.000,00
Accounts payables	25.000,00	91.000,00
Tax liabilities	0,00	0,00
Revenue	600.000,00	600.000,00
Interest	7.525,00	7.525,00
Purchase	300.000,00	300.000,00
Labour	105.000,00	105.000,00
Rent	12.000,00	12.000,00
Administration expenses	300.000,00	300.000,00
Total:	1.943.050,00	1.943.050,00

Exhibit 3: Automatically prepared adjusted T/B

In exhibit 4, the adjusted T/B has been cleared that way that the debit and credit side are offset.

**Binneveld Ltd.'s
ADJUSTED TRIAL BALANCE
as at 31.12.20X7**

Account	Debit entries	Credit entries
Property, Plant, Equipement	80.000,00	0,00
Accumulated depreciation		40.000,00
Depreciation		
Financial instruments	35.000,00	
Inventories	30.000,00	
Prepaid expenses		
Cash/Bank	177.475,00	
Issued capital		100.000,00
Reserves		35.000,00
Retained earnings	84.525,00	
Interest bearing liabilities		166.000,00
Accounts payables		66.000,00
Tax liabilities		
Revenue		
Interest		
Purchase		
Labour		
Rent		
Administration expenses		
Total:	407.000,00	407.000,00

Exhibit 4: Adjusted T/B

See financial statements below:

Binneveld Ltd.'s
STATEMENT of FINANCIAL POSITION
as at 31.12.20X7

A			C, L
<i>Non-current assets</i>	[EUR]	<i>Equity</i>	[EUR]
P, P, E	40.000,00	Share capital	100.000,00
Intangibles		Reserves	35.000,00
Financial assets	35.000,00	Retained earnings	(84.525,00)
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	30.000,00	Interest bear liab	166.000,00
Accounts receivables		Accounts payables	66.000,00
Prepaid expenses		Provisions	
Cash/Bank	177.475,00	Tax liabilities	
Total assets	282.475,00	Total equity and liab.	282.475,00

Exhibit 5: Balance sheet

Binneveld Ltd.'s
STATEMENT of PROFIT & LOSS
and OTHER COMPREHENSIVE INCOME
for the year ended 31.12.20X7

	[EUR]
Revenue	600.000,00
Other income	
	<u>600.000,00</u>
Materials	(310.000,00)
Labour	(105.000,00)
Depreciation	(20.000,00)
Other expenses	<u>(312.000,00)</u>
Earnings before int. & taxes (EBIT)	(147.000,00)
Interest	<u>(7.525,00)</u>
Earnings before taxes (EBT)	(154.525,00)
Income tax expenses	0,00
Deferred taxes	
Earnings after taxes (EAT)	(154.525,00)

Exhibit 6: Income statement

Binneveld Ltd.'s
STATEMENT of CHANGES in EQUITY
as at 31.12.20X7

	Share capital	Reserves	Retained earnings	total
	[EUR]	[EUR]	[EUR]	[EUR]
as at 1.01.20X7	100.000,00	35.000,00	70.000,00	205.000,00
Profit 20X7			(154.525,00)	(154.525,00)
as at 31.12.20X0	100.000,00	35.000,00	(84.525,00)	50.475,00

Exhibit 7: Statement of changes in equity