

**Task A4.35: Preparing Financial Statements**

FORMAN PLC is a British online trading business for headsets. The company is registered for VAT returns.

<b>FORMAN PLC's</b> <b>STATEMENT of FINANCIAL POSITION</b> <b>as at 1.01.20X3</b>			
A			C, L
<i>Non-current assets</i>	[GBP]	<i>Equity</i>	[GBP]
P, P, E	30,000.00	Share capital	10,000.00
Intangibles		Reserves	10,000.00
Financial assets		Retained earnings	49,000.00
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	56,000.00	Long-term Liab. IBL	9,000.00
Accounts receivables	5,000.00	Short-term Liab. A/P	1,000.00
Prepaid expenses	1,000.00	Provisions	
Cash/Bank	8,000.00	Tax liabilities	21,000.00
<b>Total assets</b>	<b>100,000.00</b>	<b>Total equity and liab.</b>	<b>100,000.00</b>

**Exhibit 1:** Balance sheet

FORMAN PLC pays the income tax liabilities as disclosed on the balance sheet as at 1.01.20X3 in January 20X3.

Based on the profit earned in 20X2 (40,000.00 GBP), the company declares a dividend of 0.40 GBP/share. The dividend is paid in June 20X3. The shares' nominal value is 1.00 GBP/share. The remainder of the retained earnings is added to earnings reserves.

At the beginning of the Accounting period 20X3, there are 560 headsets at 100.00 GBP/u on stock. The next purchases of 5,000 headsets (in 20X3) are at 105.00 GBP/u (net amount). The company returns 15 headsets bought in 20X3 to its supplier. FORMAN PLC receives a voucher in return.

FORMAN PLC sells 4,800 headsets at 200.00 GBP/u (net selling price). 20% of the headset sales are on credit, the remainder is paid on cash instantly.

Rent is prepaid one month in advance and was initially 1,000.00 GBP/m. Rent increases by 300.00 GBP/m and is amounting to 1,300.00 GBP/m from 1.10.20X3 onwards (with regard to the expenses). The payment terms do not change with the rent increase (1 month payment in advance). Rent is not subjected to VAT.

Depreciation on P, P, E is amounting to 2,000.00 GBP in 20X3.

The company pays-off 1,000.00 GBP of the bank loan in 20X3. The pay-off in 20X4 is to the same amount. The bank loan's interest is 250.00 GBP in 20X3.

Labour is amounting to 170,000.00 GBP in 20X3.

FORMAN PLC provides the (incomplete!) Trading account as below:

Trading account-20X3 T/A				D	C
INV	56,000.00	REV	960,000.00		
PUR	525,000.00	R.O.	1,575.00		
	.		.		
	.		.		
	.		.		

Exhibit 2: Trading account

**Required:** Prepare a full set of financial statements (balance sheet, income statement, statement of cash flows (direct method) and statement of changes in equity).

FORMAN PLC ist ein britischer Internethändler für Kopfhörer. Das Unternehmen ist vorsteuerabzugsberechtigt.

**FORMAN PLC's  
STATEMENT of FINANCIAL POSITION  
as at 1.01.20X3**

A		C, L	
<i>Non-current assets</i>	[GBP]	<i>Equity</i>	[GBP]
P, P, E	30,000.00	Share capital	10,000.00
Intangibles		Reserves	10,000.00
Financial assets		Retained earnings	49,000.00
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	56,000.00	Long-term Liab. IBL	9,000.00
Accounts receivables	5,000.00	Short-term Liab. A/P	1,000.00
Prepaid expenses	1,000.00	Provisions	
Cash/Bank	8,000.00	Tax liabilities	21,000.00
<b>Total assets</b>	<b>100,000.00</b>	<b>Total equity and liab.</b>	<b>100,000.00</b>

Exhibit 1: Bilanz

FORMAN PLC zahlt die ausgewiesene Einkommensteuerschuld, die in der Bilanz zum 1.01.20X3 ausgewiesen ist, im Januar.

pays the income taxes as disclosed on the balance sheet in January 20X3.

Basierend auf dem Ergebnis von 20X2 (i.H.v. 49.000,00 GBP) erklärt FORMAN PLC eine Dividende von 0,40 GBP/Aktie. Die Dividende wird im Juni 20X3 ausgeschüttet. Der Nennwert der Aktien beträgt 1,00 GBP/Aktie. Der Rest wird den Gewinnrücklagen zugeführt.

Zu Beginn des Geschäftsjahres 20X3 befinden sich 560 Kopfhörer zu 100,00 GBP/Stück am Lager. Die nachfolgenden Einkäufe von 5.000 Kopfhörern (in 20X3) sind zu einem Einkaufswert von 105,00 GBP/Stück (netto). Das Unternehmen schickt 15 Kopfhörer, die in 20X3 gekauft wurden, an seinen Lieferanten zurück. FORMAN PLC erhält im Gegenzug eine Gutschrift.

FORMAN PLC verkauft 4,800 Kopfhörer zu 200.00 GBP/u (Nettoverkaufswert). 20% der Kopfhörerverkäufe sind auf Rechnung, der Rest wird sofort bezahlt.

Die Miete wird einen Monat im Voraus bezahlt. Sie war ursprünglich 1.000,00 GBP/m. Die Miete steigt um 300,00 GBP/m und beträgt 1,300.00 GBP/m beginnend mit dem 1.10.20X3 (bezogen auf den Aufwand). Die Zahlungsbedingungen ändern sich nicht durch die Mieterhöhung. (1 Monat im Voraus). Miete ist nicht umsatzsteuerrelevant.

Die Abschreibungen auf das Anlagevermögen betragen 2.000,00 GBP in 20X3.

Das Unternehmen tilgt 1.000,00 GBP der Bankschulden in 20X3. Die Tilgung in 20X4 ist genau so hoch.

Die Zinsen auf das Bankdarlehen betragen 250.00 GBP in 20X3.

Der Lohnaufwand beträgt 170.000,00 GBP in 20X3.

FORMAN PLC weist ein (unvollständig!) Trading Account wie untenstehend aus:

D                      Trading account-20X3 T/A                      C			
INV	56,000.00	REV	960,000.00
PUR	525,000.00	R.O.	1,575.00
	. . .		. . .
	<hr/>		<hr/>
	<hr/>		<hr/>

**Exhibit 2:** Trading account

**Gefordert:** Erstellen Sie einen kompletten Jahresabschluss nach IFRS. (Bilanz, Gewinn- und Verlustrechnung, Kapitalflussrechnung (direkte Methode) und Eigenkapitalveränderungsrechnung).

**Solution:**

D		P, P, E	C
OV	50,000.00	c/d	50,000.00
b/d	50,000.00		

D		Acc depr	C
c/d	22,000.00	OV	20,000.00
	22,000.00	(14)	2,000.00
			22,000.00
		b/d	22,000.00

D		Inventories	C
OV	56,000.00	INV	56,000.00
INV	78,225.00	c/d	78,225.00
	134,225.00		134,225.00
b/d	78,225.00		

D		Accounts receivables A/R	C
OV	5,000.00	c/d	237,290.00
(11)	1,890.00		237,290.00
(12)	230,400.00		
	237,290.00		
b/d	237,290.00		

D		Prepaid expenses PRE	C
OV	1,000.00	(5)	1,000.00
(7)	1,300.00	c/d	1,300.00
	2,300.00		2,300.00
b/d	1,300.00		

D		Cash/Bank C/B	C
OV	8,000.00	(3)	21,000.00
(12)	921,600.00	(4)	4,000.00
		(6)	13,200.00
		(8)	250.00
		(9)	1,000.00
		(10)	630,000.00
		(13)	170,000.00
		c/d	90,150.00
	929,600.00		929,600.00
b/d	90,150.00		

Exhibit 3: Accounts

D		Issued capital	C
c/d	10,000.00	OV	10,000.00
		b/d	10,000.00

D		Reserves RES	C
c/d	55,000.00	OV	10,000.00
	55,000.00	(2)	45,000.00
			55,000.00
		b/d	55,000.00

D		Retained earnings R/E	C
(1)	4,000.00	OV	49,000.00
(2)	45,000.00	R/E	191,555.00
c/d	191,555.00		
	240,555.00		240,555.00
		b/d	191,555.00

D		Long-term liabilities	C
(15)	1,000.00	OV	9,000.00
c/d	8,000.00		
	9,000.00		9,000.00
		b/d	8,000.00

D		Short-term liabilities	C
(4)	4,000.00	OV	1,000.00
(9)	1,000.00	(1)	4,000.00
c/d	1,000.00	(15)	1,000.00
	6,000.00		6,000.00
		b/d	1,000.00

D		Tax liabilities ITL	C
(3)	21,000.00	OV	21,000.00
c/d	82,095.00	ITL	82,095.00
		b/d	82,095.00

D		Rent-20X3	C
(5)	1,000.00	(7)	1,300.00
(6)	13,200.00	c/d	12,900.00
	14,200.00		14,200.00
b/d	12,900.00	P&L	12,900.00

D		Interest-20X3	C
(8)	250.00	P&L	250.00

D		Purchase	C
(10)	525,000.00	PUR	525,000.00

D		Value added tax VAT	C
(10)	105,000.00	(11)	315.00
c/d	87,315.00	(12)	192,000.00
	192,315.00		192,315.00
		b/d	87,315.00

D		Returns outwards R.O.	C
R.O.	1,575.00	(11)	1,575.00

D		Sales REV	C
T/A	960,000.00	(12)	960,000.00

Exhibit 3: Accounts (continued)

Labour-20X3 LAB		
(13)	170,000.00	P&L <u><u>170,000.00</u></u>

Trading account-20X3 T/A		
INV	56,000.00	REV      960,000.00
PUR	525,000.00	R.O.        1,575.00
GP	<u>458,800.00</u>	INV <u>78,225.00</u>
	<u><u>1,039,800.00</u></u>	
P&L	458,800.00	b/d <u><u>458,800.00</u></u>

  

Profit and Loss-20X3		
DPR	2,000.00	T/A      458,800.00
LAB	170,000.00	
INT	250.00	
RNT	12,900.00	
EBT	<u>273,650.00</u>	
	<u><u>458,800.00</u></u>	
ITL	82,095.00	b/d <u><u>273,650.00</u></u>
R/E	<u>191,555.00</u>	
	<u><u>273,650.00</u></u>	

Depreciation-20X3		
(14)	<u><u>2,000.00</u></u>	P&L <u><u>2,000.00</u></u>

**Exhibit 3: Accounts (continued)**

**Forman PLC's**  
**STATEMENT of FINANCIAL POSITION**  
**as at 31.12.20X3**

as at 31.12.20X3				C, L
A				
<i>Non-current assets</i>	[GBP]	<i>Equity</i>	[GBP]	
P, P, E	28,000.00	Share capital	10,000.00	
Intangibles		Reserves	55,000.00	
Financial assets		Retained earnings	191,555.00	
<i>Current assets</i>		<i>Liabilities</i>		
Inventory	78,225.00	Long-term Liab. IBL	8,000.00	
Accounts receivables	237,290.00	Short-term Liab. A/P	88,315.00	
Prepaid expenses	1,300.00	Provisions		
Cash/Bank	90,150.00	Tax liabilities	82,095.00	
<b>Total assets</b>	<b>434,965.00</b>	<b>Total equity and liab.</b>	<b>434,965.00</b>	

### Exhibit 4: Balance sheet

**Forman PLC's**  
**STATEMENT of PROFIT & LOSS**  
**and OTHER COMPREHENSIVE INCOME**  
**for the year ended 31.12.20X3**

	[EUR]
Revenue	960,000.00
Other income	0.00
	<u>960,000.00</u>
Materials	(501,200.00)
Labour	(170,000.00)
Depreciation	(2,000.00)
Other expenses	(12,900.00)
<b>Earnings before int. &amp; taxes (EBIT)</b>	<u>273,900.00</u>
Interest	(250.00)
<b>Earnings before taxes (EBT)</b>	<u>273,650.00</u>
Income tax expenses	(82,095.00)
Deferred taxes	
<b>Earnings after taxes (EAT)</b>	<u>191,555.00</u>

Exhibit 5: Income statement

**Forman PLC's**  
**STATEMENT of CASH FLOWS**  
**for the period ended 31.12.20X3**

	[EUR]	[EUR]
<i>Cash flow from operating activities</i>		
Proceeds	921,600.00	
Tax payment	(21,000.00)	
Rent payment	(13,200.00)	
Purchases	(630,000.00)	
Labour	(170,000.00)	
		<u>87,400.00</u>
<i>Cash flow from investing activities</i>		
Investments		<u>0.00</u>
<i>Cash flow from financing activities</i>		
Dividend payment	(4,000.00)	
Interest	(250.00)	
Pay-off	(1,000.00)	
		<u>(5,250.00)</u>
<b>Total cash flow</b>		<u><u>82,150.00</u></u>

Exhibit 6: Statement of cash flows

**Forman PLC's**  
**STATEMENT of CHANGES in EQUITY**  
**as at 31.12.20X3**

	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>total</b>
	[EUR]	[EUR]	[EUR]	[EUR]
as at 1.01.20X3	10,000.00	10,000.00	49,000.00	69,000.00
Dividend 20X2			(4,000.00)	(4,000.00)
Addition to res 20X2		45,000.00	(45,000.00)	0.00
Profit 20X3			191,555.00	191,555.00
as at 31.12.20X0	10,000.00	55,000.00	191,555.00	256,555.00

**Exhibit 7:** Statement of changes in equity