

Aufgabe 9.22: Cost Formula, Weighted Average Method

GOEDEKING Ltd. is a company based on shares but doesn't apply the Company's act in Germany (AktG). GOEDEKING Ltd. sells iPhones via the internet. The business was established on 1.01.20X1 by a share issue of 100,000 ordinary shares at 5.00 EUR/s.

GOEDEKING Ltd. recorded the purchases of iPhones as below:

20X5: 1,000 @ 550.00 EUR/u (no opening value for iPhones)

20X6: 1,200 @ 500.00 EUR/u

20X7: 1,500 @ 480.00 EUR/u

During the accounting periods GOEDEKING Ltd. sells the iPhones as below:

20X5: 845 @ 700.00 EUR/u

20X6: 1,112 @ 670.00 EUR/u

20X7: 1,456 @ 625.00 EUR/u.

Apply weighted average cost formula.

Operating costs for the online shop are 80,000 EUR/a during all accounting periods.

Required: Prepare 3 income statements along COS format. Determine the closing stock at all accounting periods. (each year separate)

Solution:

The calculation of the income statement is here along the COS format in an income statement table:

Gödeking AG's
STATEMENT of COMPREHENSIVE INCOME
for the year ended 31.12.20X5, X6, X7

	20X5	20X6	20X7
Revenue	591.500,00	745.040,00	910.000,00
Other income			
	591.500,00	745.040,00	910.000,00
Cost of sales	464.750,00	562.360,15	704.100,76
Operating expenses	80.000,00	80.000,00	80.000,00
Depreciation	0,00	0,00	0,00
Other expenses			
Earnings before int and taxes (EBIT)	46.750,00	102.679,85	125.899,24
Interest	0,00	0,00	0,00
Earnings before taxes (EBT)	46.750,00	102.679,85	125.899,24
Income tax expenses	14.025,00	30.803,96	37.769,77
Deferred taxes			
Earnings after taxes (EAT)	32.725,00	71.875,90	88.129,47
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remaining amounts of iphones	155	243	287
average amount during year	550	505,72	483,59
COS calculation	464.750,00	562.360,15	704.100,76
closing stock:	85.250,00	122.889,85	138.789,09

Exhibit 1: Income statements with closing stock information