

Aufgabe QR-12.2: Gewinn- und Verlustrechnung

(Income Statement)

Production firm JONGNO Ltd. prepares financial statements along IFRSs. The business produces cell phones. Their products are J-100, J-200, and J-300. At the beginning of accounting period 20X3 there are 200 units J-100 and 50 units J-300 on stock. Along JONGNO Ltd's accounting policies this stock of finished goods is valued by prime cost that means by direct materials and direct labour. Materials are 36.00 EUR/p for J-100; 40.00 EUR/p for J-200, and 45.00 EUR/p for J-300. Direct labour amounts to 5.00 EUR/p for J-100, to 7.00 EUR/p, and 10.00 EUR/p. The opening value for WIP totals to 49,000.00 EUR. It contains 1,000 units J-200 and 200 units J-300. WIP contains only direct materials.

During accounting period JONGNO Ltd. finished 6,000 units J-100, 8,000 units J-200 and 2,000 units J-300. These production amounts are including opening value of WIP because JONGNO Ltd. follows the first in first out principle. Sales amounts during accounting period 20X3 were 5,600 units J-100, 8,000 units J-200, and 1,200 units J-300. The net selling prices for JONGNO's products were 100.00 EUR/p for J-100; 180.00 EUR/p for J-200, and 250.00 EUR/p for J-300. At the end of fiscal year 20X3 there is no closing stock for work in progress.

Non production related expenses were depreciation 50,000.00 EUR, interest for a bank a loan 6% the bank loans settlement value to be 2,000,000.00 EUR, marketing/distribution expenses (together) 800,000.00 EUR, and management overheads 500,000.00 EUR.

Required: Prepare an income statement for JONGNO Ltd. for accounting period 20X3. No comparison date required. (a) Prepare income statement along nature of expense method; (b) prepare income statement along cost of sales format. No VAT is to be considered. Income tax rate is 30 % of taxable income.

Lösung: (Solution)

(a) Nature of expense format

JONGNO's I/S for 20X3

	20X3 [EUR]
Revenue	2.300.000,00
Other income	
Changes in inventory of finished goods and work in progress	11.400,00
Work performed by the entity and capitalized	<u>2.311.400,00</u>
Raw material and consumables used	(577.000,00)
Employee benefits expense	(106.000,00)
Depreciation and amortisation expense	(50.000,00)
Impairment of property, plant and equipment	
Other expenses	(1.300.000,00)
Finance costs	(120.000,00)
Share of profit of associates	
Profit before taxation (EBT)	<u>158.400,00</u>
Income tax expenses	(47.520,00)
Deferred tax income/expense	
Profit for the period (EAT)	<u>110.880,00</u>

Exhibit 1: Income statement for 20X3

Computation is as follows:

(1) Revenue is $100 \cdot 5,600 + 180 \cdot 8,000 + 250 \cdot 1,200 = \mathbf{2,300,000.00 \text{ EUR}}$.

(2) Changes in inventory are the difference between opening value and closing stock. The amounts for closing stock of FG are computed by opening value of FG plus production amount less sales amount. For J-300: $50 + 2,000 - 1,200 = \mathbf{850 \text{ units}}$. Closing stock's value contains prime costs as given in the task. Accordingly the closing stock of finished goods amounts to $600 \cdot (36 + 5) + 0 + 850 \cdot (45 + 10) = \mathbf{71,350.00 \text{ EUR}}$. There is no closing stock of work in progress. The opening value for finished goods and work in progress is: $200 \cdot (36 + 5) + 1,000 \cdot 40 + 50 \cdot (45 + 10) + 200 \cdot 45 = \mathbf{59,950.00 \text{ EUR}}$. The changes in inventory are positive this means an increase of goods on stock and arrive at $71,350 - 59,950 = \mathbf{11,400.00 \text{ EUR}}$.

(3) Raw materials are only to be considered for production amount that is not work in progress. Accordingly expenses for raw materials are: $6,000 \cdot 36 + (8,000 - 1,000) \cdot 40 + (2,000 - 200) \cdot 45 = \mathbf{577,000.00 \text{ EUR}}$.

(4) Direct labour is related to the production amount. Work in progress does not contain labour. For that reason direct labour is $6,000 \cdot 5 + 8,000 \cdot 7 + 2,000 \cdot 10 = \mathbf{106,000.00 \text{ EUR}}$.

(5) Interest is 6 % from the 2,000,000.00 EUR bank loan. This gives you $0.06 \cdot 2,000,000 = \mathbf{120,000.00 \text{ EUR}}$.

(6) Other expenses contain marketing/distribution and management cost. $800,000 + 500,000 = \mathbf{1,300,000.00 \text{ EUR}}$.

(b) Cost of sales format.

JONGNO's I/S for 20X3

	20X3
	[EUR]
Revenue	2.300.000,00
Other income	—
	<u>2.300.000,00</u>
Cost of sales	(671.600,00)
Depreciation non-production related	(50.000,00)
Marketing/distribution/management	(1.300.000,00)
Finance costs	(120.000,00)
	<u>158.400,00</u>
Profit before taxation (EBT)	158.400,00
Income tax expenses	(47.520,00)
Deferred tax income/expense	—
Profit for the period (EAT)	<u>110.880,00</u>

Exhibit 2: Income statement for 20X3 (c.o.s. format)

Computation is as follows:

(7) Cost of sales is related to all products sold during accounting period. The valuation is along JONGNO Ltd's policy at prime cost. Accordingly the cost of sales arrives at: $5,600 \cdot (36 + 5) + 8,000 \cdot (40 + 7) + 1,200 \cdot (45 + 10) = \mathbf{671,600.00 \text{ EUR}}$.

Item	J100	J200	J300	total
opening amount FG, valued at prime cost	200	0	50	
Opening amount WIP, valued at material expenses	0	1.000	200	
materials per unit	36,00	40,00	45,00	
direct labor per unit	5,00	7,00	10,00	
net selling price per unit	100,00	180,00	250,00	
OV FG	8.200,00	0,00	2.750,00	10.950,00
OV WIP	0,00	40.000,00	9.000,00	49.000,00
				59.950,00
Production amount, incl. WIP at beginning	6.000,00	8.000,00	2.000,00	
Sales amount	5.600,00	8.000,00	1.200,00	
Closing stock FG in units	600,00	0,00	850,00	
Closing stock FG in EUR	24.600,00	0,00	46.750,00	71.350,00
Total sales	560.000,00	1.440.000,00	300.000,00	2.300.000,00
Changes in inventory				11.400,00
less: Materials	(216.000,00)	(280.000,00)	(81.000,00)	(577.000,00)
less: direct labor	(30.000,00)	(56.000,00)	(20.000,00)	(106.000,00)
less: Depreciation				(50.000,00)
less: Interest				(120.000,00)
less: Marketing/Distribution				(800.000,00)
less: Mgt.				(500.000,00)
				158.400,00
Total sales	560.000,00	1.440.000,00	300.000,00	2.300.000,00
less COS	(229.600,00)	(376.000,00)	(66.000,00)	(671.600,00)
less: Depreciation				(50.000,00)
less: Interest				(120.000,00)
less: Marketing/Distribution				(800.000,00)
less: Mgt.				(500.000,00)
				158.400,00

Exhibit 3: Workings