

Aufgabe QR-3.1: Jahresabschluß (Financial Statements)

KILLARNEY (Pty) Ltd. is in the food delivery business. The company prepares fast food and delivers it to its customers. During the first quarter in fiscal year 20X5 the bookkeeper recorded the activities below:

- (a) Purchase of food (material) per bank transfer. 14,600.00 EUR (net amount)
- (b) Payment for rent of the delivery van 970.00 EUR/quarter (net amount).
- (c) Depreciation on kitchen equipment 810.00 EUR/m.
- (d) Salaries for the cook and the driver together: 10,200.00 EUR/quarter (consider the cook and driver as freelancers which means, they just get the salary and have to take care of income tax, social security themselves),
- (e) Business rates to be paid by the company 450.00 EUR/m – no VAT to be considered,
- (f) Bank fees for the whole quarter 42.00 EUR, no VAT to be considered,
- (g) Energy expenses 340.00 EUR/m (net amount, VAT to be considered)
- (h) Sales (cash, gross amount) 42,000.00 EUR for the quarter.

At the beginning of the quarter the only balances were Cash/Bank: 15,000.00 EUR, P, P, E 10,000.00 EUR and Issued Capital 25,000.00 EUR. At the end of the quarter all food purchased has been used. No inventory of food is available at that stage.

VAT rate is 20%. As long as not mentioned otherwise consider VAT for all activities.

Required:

- (1) Write down all bookkeeping entries in DR-CR-format.
- (2) Set up all relevant accounts as T-accounts. Balance off all accounts along international bookkeeping entry conventions.
- (3) Set up a Profit&Loss account for the quarter, no income tax to be considered.
- (4) Set up a Statement of Financial Position as at the end of the quarter.
- (5) Set up a Statement of Cash Flows. IAS 7 applies.

Lösung (Solution):

- (1) Write down all bookkeeping entries in DR-CR-format.

- (a) Purchase of food. Gross amount = $14,600 \cdot 120\% = 17,520.00$ EUR.

DR Purchase	14,600.00 EUR
DR VAT	2,920.00 EUR
CR Cash/Bank	17,520.00 EUR

- (b) Rent payment. Gross amount = $970 \cdot 120\% = 1,164.00$ EUR.

DR Rent	970.00 EUR
DR VAT	194.00 EUR
CR Cash/Bank	1,164.00 EUR

(c) Depreciation is monthly depreciation. The following bookkeeping entry has to be made 3 times. An Accumulated Depreciation account is used. Alternatively make the credit entry in the P, P, E-account.

DR Depr.	810.00 EUR
CR Acc. Depr.	810.00 EUR

(d) Salary for cook and driver

DR Salaries	10,200.00 EUR
CR Cash/Bank	10,200.00 EUR

(e) Business rates, free of VAT. Business rates are paid every month. Make 3 bookkeeping entries.

DR Business rates	450.00 EUR
CR Cash/Bank	450.00 EUR

(f) Bank fees, 42.00 EUR:

DR Bank fees	42.00 EUR
CR Cash/Bank	42.00 EUR

(g) Energy expenses, gross amount = $340 \cdot 120\% = 408.00$ EUR. Make 3 bookkeeping entries.

DR Energy	340.00 EUR
DR VAT	68.00 EUR
CR Cash/Bank	408.00 EUR

(h) Revenue, net amount = $42,000 / 120\% = 35,000.00$ EUR.

DR Cash/Bank	42,000.00 EUR
CR VAT	7,000.00 EUR
CR Revenue	35,000.00 EUR

() Because all materials have been used the Purchase account is balanced off against the Material expense account.

DR Material exp	14,600.00 EUR
CR Purchase	14,600.00 EUR

(2) T-Accounts:

D	P&L	C	
Mat	14.600,00	Rev	35.000,00
Depr	2.430,00		
Sal	10.200,00		
Rent	970,00		
B'Rates	1.350,00		
Eng	1.020,00		
BkFees	42,00		
Profit	4.388,00		
	<u>35.000,00</u>		<u>35.000,00</u>
R/E	4.388,00	Profit	4.388,00

Exhibit 2: P&L-account

(4) Statement of Financial Position

**Killarney (Pty) Ltd's
STATEMENT of FINANCIAL POSITION
as at eoy 20XX**

A			C,L
<i>Non-c. assets</i>	[EUR]	<i>SHs' capital</i>	[EUR]
P,P,E	7.570	Issued capital	25.000
Int. assets		Other reserves	
Financial assets		Retained ear.	4.388
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	0	Int. bear. liab.	
A/R		A/P	3.682
Perpaid exp.		Provisions	
Cash	25.500	Def. income	
		Tax liabilities	0
	<u>33.070</u>		<u>33.070</u>

Exhibit 3: Statement of Financial Position

(5) Statement of Cash Flows

The total cash flow is $25,500 - 15,000 = 10,500.00$ EUR. The cash flow is mostly cash flow from operating activities. Only the bank fees are to be considered as cash flow from financing activities. Accordingly, the statement of cash flows looks like below:

Killarney (Pty) Ltd's CFS for I/20X2	
	I/20X2
	[EUR]
CF from operating activities	
Proceeds	42.000,00
Purchases	(17.520,00)
Rent	(1.164,00)
Salaries	(10.200,00)
Business Rates	(1.350,00)
Energy	(1.224,00)
	<u>10.542,00</u>
CF from investing activities	
Investment	0,00
	<u>0,00</u>
CF from financing activities	
Share capital	0,00
Interest	0,00
Bank fees	(42,00)
	<u>(42,00)</u>
Total cash flow:	<u>10.500,00</u>

Exhibit 4: Statement of Cash Flows