

**Task IM-4.25: Preparing Financial Statements via Trading Account**

KOEBERG (Pty) Ltd. is a trading business for action cameras. It sells cameras and SD-cards. At the beginning of the fiscal year 20X4, KOEBERG (Pty) Ltd. discloses the balance sheet as below:

Koeberg (Pty) Ltd.'s STATEMENT of FINANCIAL POSITION as at 31.12.20X3			
A			C, L
<i>Non-current assets</i>	[EUR]	<i>Equity</i>	[EUR]
P, P, E	80,000.00	Share capital	50,000.00
Intangibles		Reserves	
Financial assets		Retained earnings	35,000.00
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	20,000.00	Interest bear liab	15,000.00
Accounts receivables		Accounts payables	5,000.00
Prepaid expenses	5,000.00	Provisions	
Cash/Bank	15,000.00	Tax liabilities	15,000.00
<b>Total assets</b>	<b>120,000.00</b>	<b>Total equity and liab.</b>	<b>120,000.00</b>

**Exhibit 1:** KOEBERG (Pty) Ltd.'s balance sheet

Inventory is 40 action cameras "HELD" at 400.00 EUR/p each and 200 SDcards at 20.00 EUR/p each. The prepaid expenses result from rent paid in advance for the 1<sup>st</sup> quarter of 20X4. Rent is paid one quarter in advance regularly. Rental expenses increase from 1.07.20X4 onwards to 6,000.00 EUR/quarter. Rent is not relevant for VAT.

The disclosed items of property, plant and equipment is the carrying amount for the interior of the store. Depreciation thereon is 10,000.00 EUR/a.

The interest bearing liabilities is a bank loan which is subjected to pay-off every year by 2,500.00 EUR. The annual rate of interest is 2 %/a. Consider the pay-off amount for the bank loan being disclosed as short-term liability on the balance sheet. Interest and pay-off are due at the end of the Accounting period. In the accounts payables you find another 2,500.00 EUR for VAT payables. The tax liabilities on the balance sheet to the extent of 15,000.00 EUR are for income taxes due in 20X4.

During 20X4, KOEBERG (Pty) Ltd. purchases 250 action cameras "HELD" at 410.00 EUR/u net amount. It further purchases 2,000 SD-cards at 20.00 EUR/u.

KOEBERG (Pty) Ltd. sells 260 action cameras at 900.00 EUR/u net selling price. The action camera customers pay on cash to an extent of 95 %. The remaining action camera sales are recorded through accounts receivables. KOEBERG (Pty) Ltd. sells 1,800 SD-cards at 50.00 EUR/u on cash. Consider the sequence of all inventory movements being first-in-first-out.

Operating expenses for KOEBERG (Pty) Ltd.'s shop which includes labour are amounting to 60,000.00 EUR/a. Additionally to the operating expenses of 60,000.00 EUR/a, you have to consider interest, depreciation and rent as they are not included therein.

**Required: Prepare a Trading and a Profit and Loss account and disclose the balance sheet as at the end of the fiscal year 20X4. Follow IFRS. The VAT rate is 20 %. If not mentioned otherwise transactions are on cash basis.**

KÖBERG (Pty) Ltd. ist ein Handelsunternehmen für Aktion-Cameras. Es verkauft Cameras und SD-Karten. Zu Beginn des Geschäftsjahres 20X4 weist die KÖBERG (Pty) Ltd. die folgende Bilanz aus.

**Koeberg (Pty) Ltd.'s  
STATEMENT of FINANCIAL POSITION**

A		as at 31.12.20X3		C, L	
<i>Non-current assets</i>	[EUR]	<i>Equity</i>	[EUR]		
P, P, E	80,000.00	Share capital	50,000.00		
Intangibles		Reserves			
Financial assets		Retained earnings	35,000.00		
<i>Current assets</i>		<i>Liabilities</i>			
Inventory	20,000.00	Interest bear liab	15,000.00		
Accounts receivables		Accounts payables	5,000.00		
Prepaid expenses	5,000.00	Provisions			
Cash/Bank	15,000.00	Tax liabilities	15,000.00		
<b>Total assets</b>	<b>120,000.00</b>	<b>Total equity and liab.</b>	<b>120,000.00</b>		

**Exhibit 1: KÖBERG (Pty) Ltd.'s Bilanz**

Die Vorräte sind 40 Aktion-Cameras "HELD" zu jeweils 400.00 EUR/Stk. und 200 SD-Karten zu jeweils 20.00 EUR/Stk. Die Vorauszahlungen (prepaid expenses) stammen von im Voraus gezahlter Miete für das 1. Quartal von 20X4. Miete wird immer 1 Quartal im Voraus bezahlt. Die Mietaufwendungen steigen vom 1.07.20X4 anfangend auf 6.000,00 EUR/Quartal. Miete ist nicht umsatzsteuerrelevant.

Das ausgewiesene Anlagevermögen (P, P, E) ist der Buchwert der Geschäftsraumausstattung. In 20X4 beträgt die Abschreibung (depreciation) darauf 10.000,00 EUR/Jahr.

Die langfristigen Schulden stammen von einem Bankkredit, der in einem jeden Jahr um 2.500,00 EUR getilgt wird. Der jährliche Zinssatz beträgt 2 %/Jahr. Berücksichtigen Sie, dass der Tilgungsbetrag für den Bankkredit als kurzfristige Verbindlichkeit in der Bilanz ausgewiesen ist. Zins- und Tilgung sind zum Ende einer jeden Abrechnungsperiode fällig. In den kurzfristigen Verbindlichkeiten finden Sie ebenfalls 2.500,00 EUR Umsatzsteuer-Schuld. Die Steuerschulden (tax liabilities) in der Bilanz stammen von Einkommensteuer (income tax) in Höhe von 15.000,00 EUR, die in 20X4 fällig ist.

KÖBERG (Pty) Ltd. kauft in 20X4 250 Aktion Cameras "HELD" netto zu 410,00 EUR/Stk. Sie kauft weiterhin 2.000 SD-Karten zu 20,00 EUR/Stk.

KÖBERG (Pty) Ltd. verkauft 260 Aktion Cameras zu einem Nettoverkaufspreis von 900,00 EUR/Stk. Die Käufer der Aktion Cameras zahlen zu 95 % bar. Die anderen Aktion Camera-Verkäufe werden in die Forderungen gebucht. KÖBERG (Pty) Ltd. verkauft 1.800 SD-Karten bar zu 50,00 EUR/Stk. Berücksichtigen Sie eine Verbrauchsfolgefiktion First-In-First-Out für alle Warenbewegungen.

Die sonstigen Aufwendungen für KÖBERG (Pty) Ltd.'s Geschäft, die die Lohnkosten enthalten, betragen 60.000,00 EUR/Jahr. Zusätzlich zu den sonstigen Aufwendungen von 60.000,00 EUR/Jahr müssen Sie Zins, Abschreibung und Miete berücksichtigen, da sie nicht darin enthalten sind.

**Gefragt: Erstellen Sie ein Handelskonto (Trading Account) und eine Gewinn- und Verlustrechnung und weisen Sie die Bilanz zum Ende des Geschäftsjahres 20X4 nach IFRS aus. Der Umsatzsteuersatz beträgt 20 %. Falls nicht anders angegeben, sind Geschäftsvorfälle bar.**

## Solution

- (1) Payment of income taxes.
- (2) Payment of VAT liabilities
- (3) Transfer of 5,000.00 EUR from prepaid expenses into the Rent account
- (4) Payment for II, III, IV, I(20X5) rent:  $5,000 + 3 \times 6,000 = \mathbf{23,000.00 \text{ EUR}}$
- (5) Transfer of 6,000.00 EUR rent to the Prepaid Expenses account
- (6) Recording depreciation: 10,000.00 EUR
- (7) Payment of interest:  $2\% \times (15,000 + 2,500) = \mathbf{350.00 \text{ EUR}}$
- (8) Pay-off of interest bearing liabilities: 2,500.00 EUR
- (9) Transfer of next year's pay-off amount to A/P.
- (10) Purchase of 250 action cameras at 410.00 EUR/u:  $250 \times 410 \times 120\% = \mathbf{123,000.00 \text{ EUR}}$
- (11) Purchase of 2,000 SDcards at 20.00 EUR/u:  $2,000 \times 20 \times 120\% = \mathbf{48,000.00 \text{ EUR}}$
- (12) Recording operating expenses: 60,000.00 EUR
- (13) Sale of 260 action cameras "HELD" at 900.00 EUR/u:  $260 \times 900 \times 120\% = \mathbf{280,800.00 \text{ EUR}}$

<b>DR Cash/Bank</b> .....	<b>266,760.00 EUR</b>
<b>DR Accounts Receivables</b> .....	<b>14,040.00 EUR</b>
<b>CR VAT</b> .....	<b>46,800.00 EUR</b>
<b>CR Revenue</b> .....	<b>234,000.00 EUR</b>

- (14) Sale of 1,800 SDcards at 50.00 EUR/u:  $1,800 \times 50 \times 120\% = \mathbf{108,000.00 \text{ EUR}}$

Observe the further calculation in the accounts! The closing stock on action cameras "HELD" is  $(40 + 250 - 260) \times 410 = 30 \times 410 = \mathbf{12,300.00 \text{ EUR}}$ . The closing stock of SDcards is  $(200 + 2,000 - 1,800) \times 20 = 400 \times 20 = \mathbf{8,000.00 \text{ EUR}}$ .

P, P, E				Inventories HELD			
D			C	D			C
OV	80,000.00	(6)	10,000.00	OV	16,000.00	T/A	16,000.00
		c/d	70,000.00	Inv	12,300.00	c/d	12,300.00
	<u>80,000.00</u>		<u>80,000.00</u>		<u>28,300.00</u>		<u>28,300.00</u>
b/d	70,000.00			b/d	12,300.00		

  

Inventories SDcards				Prepaid expenses			
D			C	D			C
OV	4,000.00	T/A	4,000.00	OV	5,000.00	(3)	5,000.00
Inv	8,000.00	c/d	8,000.00	(5)	6,000.00	c/d	6,000.00
	<u>12,000.00</u>		<u>12,000.00</u>		<u>11,000.00</u>		<u>11,000.00</u>
b/d	8,000.00			b/d	6,000.00		

D		Cash/Bank	C	
OV	15,000.00	(1)	15,000.00	
(13)	266,760.00	(2)	2,500.00	
(14)	108,000.00	(4)	23,000.00	
		(7)	350.00	
		(8)	2,500.00	
		(10)	123,000.00	
		(11)	48,000.00	
		(12)	60,000.00	
		c/d	115,410.00	
	<u>389,760.00</u>		<u>389,760.00</u>	
b/d	115,410.00			

D		Issued capital	C	
c/d	<u>50,000.00</u>	OV	<u>50,000.00</u>	
		b/d	<u>50,000.00</u>	

D		A/P	C	
(2)	2,500.00	OV	5,000.00	
(8)	2,500.00	(9)	2,500.00	
c/d	<u>2,500.00</u>			
	<u>7,500.00</u>		<u>7,500.00</u>	
		b/d	<u>2,500.00</u>	

D		Income tax liabilities	C	
(1)	15,000.00	OV	15,000.00	
c/d	<u>26,835.00</u>	ITL	<u>26,835.00</u>	
	<u>41,835.00</u>		<u>41,835.00</u>	
		b/d	<u>26,835.00</u>	

D		Rent	C	
(3)	5,000.00	(5)	6,000.00	
(4)	<u>23,000.00</u>	P&L	<u>22,000.00</u>	
	<u>28,000.00</u>		<u>28,000.00</u>	

D		Depreciation	C	
(6)	<u>10,000.00</u>	P&L	<u>10,000.00</u>	

D		Interest	C	
(7)	<u>350.00</u>	P&L	<u>350.00</u>	

D		Interest bearing liabilities	C	
(9)	2,500.00	OV	15,000.00	
c/d	<u>12,500.00</u>			
	<u>15,000.00</u>		<u>15,000.00</u>	
		b/d	<u>12,500.00</u>	

D		Purchase	C
(10)	102,500.00	T/A	142,500.00
(11)	40,000.00		
	<u>142,500.00</u>		<u>142,500.00</u>

D		VAT	C
(10)	20,500.00	(13)	46,800.00
(11)	8,000.00	(14)	18,000.00
c/d	36,300.00		
	<u>64,800.00</u>		<u>64,800.00</u>
		b/d	36,300.00

D		Operating expenses	C
(12)	60,000.00	P&L	60,000.00
	<u>60,000.00</u>		<u>60,000.00</u>

D		Accounts receivables	C
(13)	14,040.00	c/d	14,040.00
b/d	14,040.00		

D		Revenue	C
T/A	324,000.00	(13)	234,000.00
		(14)	90,000.00
	<u>324,000.00</u>		<u>324,000.00</u>

D		Trading account	C
Prh	142,500.00	Rev	324,000.00
Inv	4,000.00	Inv	12,300.00
Inv	16,000.00	Inv	8,000.00
GP	181,800.00		
	<u>344,300.00</u>		<u>344,300.00</u>

D		Profit and Loss P&L	C
Rnt	22,000.00	T/A	181,800.00
Int	350.00		
Dpr	10,000.00		
OE	60,000.00		
EBT	89,450.00		
	<u>181,800.00</u>		<u>181,800.00</u>
ITL	26,835.00	b/d	89,450.00
R/E	62,615.00		
	<u>89,450.00</u>		<u>89,450.00</u>

D		Retained earnings	C
		OV	35,000.00
c/d	97,615.00	P&L	62,615.00
	<u>97,615.00</u>		<u>97,615.00</u>
		b/d	97,615.00

Exhibit 2: Accounts

**Koeberg (Pty) Ltd.'s  
STATEMENT of FINANCIAL POSITION**

A		as at 31.12.20X4		C, L
<i>Non-current assets</i>	[EUR]		<i>Equity</i>	[EUR]
P, P, E	70,000.00		Share capital	50,000.00
Intangibles			Reserves	
Financial assets			Retained earnings	97,615.00
<i>Current assets</i>			<i>Liabilities</i>	
Inventory	20,300.00		Interest bear liab	12,500.00
Accounts receivables	14,040.00		Accounts payables	38,800.00
Prepaid expenses	6,000.00		Provisions	
Cash/Bank	115,410.00		Tax liabilities	26,835.00
<b>Total assets</b>	<b>225,750.00</b>		<b>Total equity and liab.</b>	<b>225,750.00</b>

**Exhibit 3:** Balance sheet