

Task IM-4.37: Preparing Financial Statements

ESTERHOF PLC is a British online trading business for electronic equipment. The company is established by a share issue of 20,000 shares at 1 GBP/s on 1.10.20X2 (caution: the balance sheet on 31.12.20X2 is not given).

ESTERHOF PLC takes a bank loan on 1.10.20X2 15,000.00 GBP. The bank loan is an annuity and comes with an interest rate of 4 %/a and a monthly rate of 100.00 GBP/m. You do not have to evaluate the loan by effective interest method but can disclose the loan at the settlement amounts without discounting. For the interest calculation per month divide the annual interest rate by 12.

ESTERHOF PLC commences business on 1.01.20X3. From that time onwards, it has to rent a storage room which costs 1,000.00 GBP/m. Rent is due one month in advance and is paid firstly on 30.12.20X2.

On 1.01.20X3, ESTERHOF PLC acquires a packing workstation at 5,000.00 GBP (cash, net amount) which is depreciated based on straight line method over 4 years. The residual value of the packing workstation is 1,000.00 GBP.

During the Accounting period 20X3, ESTERHOF PLC purchases 3 times (2.01.20X3, 2.05.20X3 and 1.09.20X3) 1,000 voice controlled devices "ALEX" each at cost of purchase 40.00 GBP/u, 40.00 GBP/u and the last batch at 45.00 GBP/u. All purchases are on cash. Apply the cost formula first-in-first-out.

The company sells on 31.05.20X3 1,300 "ALEXs" and on 30.11.20X3 1,200 "ALEXs". The gross selling price per ALEX is 96.00 GBP/u. 85 % of the sales are on cash, the remainder on credit and paid in the next Accounting period.

On 30.08.20X3, ESTERHOF PLC returns 100 ALEXs to the supplier and receives a voucher in return. The voucher is used for the purchase on 1.09.20X3.

Labour at ESTERHOF PLC's shipping department is amounting to 40,000.00 GBP/a. The company pays by bank transfer in the month the work is performed.

Required: Prepare a trial balance and an adjusted trial balance. Consider depreciation, interest, pay-off, accrual for 20X4-rent and the entire profit calculation incl. determination of income taxes as adjustments. Nothing further. ESTERHOF PLC is registered for VAT reduction.

ESTERHOF PLC ist ein britischer Onlinehändler für Elektronikartikel. Das Unternehmen wird am 1.10.20X2 durch Ausgabe von 20.000 Stammaktien zu 1,00 GBP/Aktie gegründet. (Achtung: die Bilanz zum 31.12.20X2 liegt nicht vor.)

ESTERHOF PLC nimmt am 1.10.20X2 ein Bankdarlehen über 15.000.00 GBP auf. Das Bankdarlehen ist ein Annuitätendarlehen und hat einen Zinssatz von 4 %/Jahr und eine Monatsrate von 100,00 GBP/m. Sie brauchen das Darlehen nicht über die Effektivzinismethode auszuweisen und können die fälligen Beträge ohne Diskontierung ausweisen. Für die Berechnung der monatlichen Zinsen teilen Sie den Jahreszinssatz durch 12.

ESTERHOF PLC nimmt seine Geschäftstätigkeit am 1.01.20X3 auf. Ab diesem Zeitpunkt muss sie einen Lagerraum mieten, der 1.000,00 GBP/m kostet. Die Miete ist monatlich fällig und im Voraus zu bezahlen. Die erste Zahlung findet am 30.12.20X2 statt.

Am 1.01.20X3 kauft die ESTERHOF PLC einen Verpackungsarbeitsplatz für 5.000,00 GBP (Cash, der Betrag ist netto), die nach linearer Abschreibungsmethode über 4 Jahre abgeschrieben wird. Der Restwert der Verpackungsstation beträgt 1.000,00 GBP.

In der Abrechnungsperiode 20X3 kauft die ESTERHOF PLC 3 Mal je 1.000 sprachgesteuerte Geräte "ALEX" (2.01.20X3, 2.05.20X3 und 1.09.20X3) zu Anschaffungskosten von 40,00 GBP/Stück, 40,00 GBP/Stück und der letzte Zugang für 45,00 GBP/Stück. Alle Einkäufe werden bar bezahlt. Wenden Sie das Verbrauchsfolgefiktionsverfahren First-In-First-Out an.

Das Unternehmen verkauft am 31.05.20X3 1.300 "ALEXs" und am 30.11.20X3 1.200 "ALEXs". Der Bruttoverkaufspreis pro ALEX ist 96,00 GBP/Stück. 85 % der Verkäufe sind Barverkäufe, der Rest sind Verkäufe auf Rechnung und werden in der nächsten Abrechnungsperiode bezahlt.

Am 30.08.20X3 schickt die ESTERHOF PLC 100 ALEXs an den Lieferanten zurück und erhält im Gegenzug einen Gutschein. Der Gutschein wird für den Einkauf am 1.09.20X3 eingelöst.

Der Lohnaufwand bei ESTERHOF PLC's Versandabteilung beträgt 40.000,00 GBP/Jahr. Das Unternehmen zahlt die Löhne in dem Monat für den sie sind per Banküberweisung.

Gefragt: Erstellen Sie eine Trial Balance und eine Adjusted Trial Balance. Berücksichtigen Sie Abschreibungen, Zinsen, Tilgungen, Abgrenzungen und die komplette Gewinn- und Verlustrechnung einschließlich der Ertragsteuerberechnung als Abschlussarbeiten. Sonst nichts. Die ESTERHOF PLC ist vorsteuerabzugsberechtigt.

Solution:

(1) Prepaid expenses for rent.

DR Rent	1,000.00 GBP
CR Prepaid expenses	1,000.00 GBP

(2) Payment for rent:

DR Rent	12,000.00 GBP
CR Cash/Bank	12,000.00 GBP

(3) Acquisition of the packing workstation.

DR P, P, E	5,000.00 GBP
DR VAT	1,000.00 GBP
CR Cash/Bank	6,000.00 GBP

Depreciation thereon is adjustment.

(4) Purchase of ALEXs on 2.01.20X3:

DR Purchase	40,000.00 GBP
DR VAT	8,000.00 GBP
CR Cash/Bank	48,000.00 GBP

(5) Purchase of ALEXs on 2.05.20X3:

DR Purchase	40,000.00 GBP
DR VAT	8,000.00 GBP
CR Cash/Bank	48,000.00 GBP

(6) Sales of 1,300 ALEXs on 31.05.20X3:

DR Cash/Bank	106,080.00 GBP
DR Accounts Receivables	18,720.00 GBP
CR VAT	20,800.00 GBP
CR Revenue	104,000.00 GBP

(7) Return of 100 ALEXs: $100 \times 40 \times 120\% = 4,800.00 \text{ GBP}$ on 30.08.20X3:

DR Accounts Receivables	4,800.00 GBP
CR VAT	800.00 GBP
CR Returns outwards	4,000.00 GBP

(8) Purchase on 1.09.20X3:

DR Purchase	45,000.00 GBP
DR VAT	9,000.00 GBP
CR Accounts receivables	4,800.00 GBP
CR Cash/Bank	49,200.00 GBP

(9) Sales on 30.11.20X3: $1,200 \times 96 = 115,200.00 \text{ GBP}$.

DR Cash/Bank	97,920.00 GBP
DR Accounts Receivables	17,280.00 GBP
CR VAT	19,200.00 GBP
CR Revenue	96,000.00 GBP

(10) Labour:

DR Labour	40,000.00 GBP
CR Cash/Bank	40,000.00 GBP

Observe below the accounts before trial balance preparation:

Cash/Bank		Issued capital	
D	C	D	C
(A) 20,000.00	(C) 150.00	c/d 20,000.00	(A) 20,000.00
(B) 15,000.00	(D) 150.00		b/d 20,000.00
	(F) 1,000.00		
	c/d 33,700.00		
<u>35,000.00</u>	<u>35,000.00</u>		
b/d 33,700.00	(2) 12,000.00		
(6) 106,080.00	(3) 6,000.00		
(9) 97,920.00	(4) 48,000.00		
	(5) 48,000.00		
	(8) 49,200.00		
	(10) 40,000.00		
	c/d 34,000.00		
<u>237,700.00</u>	<u>237,200.00</u>		
b/d 34,000.00			

Interest bearing liabilities		Interest-20X2	
D	C	D	C
(D) 150.00	(B) 15,000.00	(C) 150.00	P&L-20X2
(E) 606.00			
c/d 14,244.00			
<u>15,000.00</u>	<u>15,000.00</u>		
	b/d 14,244.00		

Short-term liabilities		Rent-20X3	
D	C	D	C
c/d 606.00	(E) 606.00	(F) 1,000.00	(G) 1,000.00
	b/d 606.00	(2) 12,000.00	
		(1) 1,000.00	c/d 13,000.00
		<u>13,000.00</u>	<u>13,000.00</u>
		b/d 13,000.00	

D		Prepaid expenses	C
(G)	1,000.00	c/d	1,000.00
b/d	1,000.00	(1)	1,000.00

D		P, P, E	C
(3)	5,000.00	c/d	5,000.00
b/d	5,000.00		

D		VAT	C
(3)	1,000.00	(6)	20,800.00
(4)	8,000.00	(7)	800.00
(5)	8,000.00	(9)	19,200.00
(8)	9,000.00		
c/d	14,800.00		
	40,800.00		40,800.00
		b/d	14,800.00

D		Purchases	C
(4)	40,000.00		
(5)	40,000.00		
(8)	45,000.00	c/d	125,000.00
	125,000.00		125,000.00
b/d	125,000.00		

D		Accounts receivables A/R	C
(6)	18,720.00	(8)	4,800.00
(7)	4,800.00		
(9)	17,280.00	c/d	36,000.00
	40,800.00		40,800.00
b/d	36,000.00		

D		Revenue-20X3	C
		(6)	104,000.00
c/d	200,000.00	(9)	96,000.00
	200,000.00		200,000.00
		b/d	200,000.00

D		Returns outwards	C
c/d	4,000.00	(7)	4,000.00
		b/d	4,000.00

D		Labour-20X3	C
(10)	40,000.00	c/d	40,000.00
b/d	40,000.00		

D		Retained earnings R/E	C
P&L	150.00	c/d	150.00
b/d	150.00		

D		name	C

Exhibit 1: ESTERHOF PLC's accounts

**Esterhof PLC's
TRIAL BALANCE
as at 31.12.20X3**

Account	Debit entries	Credit entries
Cash/Bank	34,500.00	
Issued capital		20,000.00
Interest bearing liabilities		14,244.00
Short-term liabilities		606.00
Rent	13,000.00	
P, P, E	5,000.00	
VAT		14,800.00
Purchase	125,000.00	
Accounts receivables	36,000.00	
Revenue		200,000.00
Returns outwards		4,000.00
Labour	40,000.00	
Retained earnings	150.00	
Total:	253,650.00	253,650.00

Exhibit 2: ESTERHOF PLC's first trial balance

Adjustments:

(a) Prepayment of rent: 1,000.00 GBP:

DR Prepaid Expenses	1,000.00 GBP
CR Rent-20X3	1,000.00 GBP

(b, c, d) Bank loan recordings. The pay-off amount for next year is amounting to: $1,200 - 4\% \times 14,244 = 630.24$ GBP:

DR Short-term Liabilities	606.00 GBP
CR Cash/Bank	606.00 GBP
 DR Interest	 594.00 GBP
CR Cash/Bank	594.00 GBP
 DR Interest Bearing Liabilities	 630.24 GBP
CR Short-term Liabilities	630.24 GBP

(e) Depreciation

DR Depreciation	1,000.00 GBP
CR Acc depr	1,000.00 GBP

(f) Trading Account: The closing stock is amounting to: $(2 \times 40,000 + 45,000) - 1,300 \times 40 - 100 \times 40 - 600 \times 40 - 600 \times 45 = \mathbf{18,000.00 \text{ GBP}}$. See the accounts for details.

D		Cash/Bank	C	D		Issued capital	C
(A)	20,000.00	(C)	150.00	c/d	20,000.00	(A)	20,000.00
(B)	15,000.00	(D)	150.00			b/d	20,000.00
		(F)	1,000.00				
		c/d	33,700.00				
	<u>35,000.00</u>		<u>35,000.00</u>				
b/d	33,700.00	(2)	12,000.00				
(6)	106,080.00	(3)	6,000.00				
(9)	97,920.00	(4)	48,000.00				
		(5)	48,000.00				
		(8)	49,200.00				
		(10)	40,000.00				
		c/d	34,500.00				
	<u>237,700.00</u>		<u>237,700.00</u>				
b/d	34,500.00	S-t	606.00				
		C/B	594.00				
		c/d	33,300.00				
	<u>34,500.00</u>		<u>34,500.00</u>				
b/d	33,300.00						

Exhibit 3: ESTERHOF PLC's accounts after adjustments

Interest bearing liabilities			
D		C	
(D)	150.00	(B)	15,000.00
(E)	606.00		
c/d	14,244.00		
	<u>15,000.00</u>		<u>15,000.00</u>
S-t	630.24	b/d	14,244.00
c/d	13,613.76		
	<u>14,244.00</u>		<u>14,244.00</u>
		b/d	13,613.76

Interest-20X4			
D		C	
(C)	150.00		P&L-20X2

Short-term liabilities			
D		C	
c/d	606.00	(E)	606.00
C/B	606.00	b/d	606.00
c/d	630.24	IBL	630.24
	<u>1,236.24</u>		<u>1,236.24</u>
		b/d	630.24

Rent-20X3			
D		C	
(F)	1,000.00	(G)	1,000.00
(2)	12,000.00		
(1)	1,000.00	c/d	13,000.00
	<u>13,000.00</u>		<u>13,000.00</u>
b/d	13,000.00	PEX	1,000.00
		c/d	12,000.00
	<u>13,000.00</u>		<u>13,000.00</u>
b/d	12,000.00	P&L	12,000.00

Prepaid expenses			
D		C	
(G)	1,000.00	c/d	1,000.00
b/d	1,000.00	(1)	1,000.00
RNT	1,000.00	c/d	1,000.00
b/d	1,000.00		

P, P, E			
D		C	
(3)	5,000.00	c/d	5,000.00
b/d	5,000.00		

VAT			
D		C	
(3)	1,000.00	(6)	20,800.00
(4)	8,000.00	(7)	800.00
(5)	8,000.00	(9)	19,200.00
(8)	9,000.00		
c/d	14,800.00		
	<u>40,800.00</u>		<u>40,800.00</u>
		b/d	14,800.00

Purchases			
D		C	
(4)	40,000.00		
(5)	40,000.00		
(8)	45,000.00	c/d	125,000.00
	<u>125,000.00</u>		<u>125,000.00</u>
b/d	125,000.00	T/A	125,000.00

D		Accounts receivables A/R	C
(6)	18,720.00	(8)	4,800.00
(7)	4,800.00		
(9)	17,280.00	c/d	36,000.00
	<u>40,800.00</u>		<u>40,800.00</u>
b/d	36,000.00		

D		Revenue-20X3	C
		(6)	104,000.00
c/d	200,000.00	(9)	96,000.00
	<u>200,000.00</u>		<u>200,000.00</u>
T/A	200,000.00	b/d	200,000.00

D		Returns outwards	C
c/d	4,000.00	(7)	4,000.00
T/A	4,000.00	b/d	4,000.00

D		Labour-20X3	C
(10)	40,000.00	c/d	40,000.00
b/d	40,000.00	P&L	40,000.00

D		Retained earnings R/E	C
P&L	150.00	c/d	150.00
b/d	150.00	R/E	30,384.20
c/d	30,234.20		<u>30,384.20</u>
	<u>30,384.20</u>	b/d	30,234.20

D		Interest-20X3	C
C/B	594.00	P&L	594.00

D		Depreciation-20X3	C
ACC	1,000.00	P&L	1,000.00

D		Acc depr	C
c/d	1,000.00	DPR	1,000.00
		b/d	1,000.00

Trading account T/A				Inventories			
D			C	D			C
PUR	125,000.00	REV	200,000.00	T/A	18,000.00	c/d	18,000.00
		INV	18,000.00	b/d	18,000.00		
GP	97,000.00	R.O.	4,000.00				
	<u>222,000.00</u>		<u>222,000.00</u>				
P&L	97,000.00	b/d	97,000.00				

Profit and Loss-20X3				Income tax liabilities			
D			C	D			C
DPR	1,000.00	T/A	97,000.00	c/d	13,021.80	ITL	13,021.80
INT	594.00					b/d	13,021.80
LAB	40,000.00						
RNT	12,000.00						
EBT	43,406.00						
	<u>97,000.00</u>		<u>97,000.00</u>				
ITL	13,021.80	b/d	43,406.00				
R/E	30,384.20						

Exhibit 3: ESTERHOF PLC's accounts after adjustments (continued)

**Esterhof PLC's
ADJUSTED TRIAL BALANCE
as at 31.12.20X3**

Account	Debit entries	Credit entries
Cash/Bank	33,300.00	
Issued capital		20,000.00
Interest bearing liabilities		13,613.76
Short-term liabilities		630.24
Rent	0.00	0.00
P, P, E	5,000.00	
VAT		14,800.00
Purchase	0.00	0.00
Accounts receivables	36,000.00	
Revenue	0.00	0.00
Returns outwards	0.00	0.00
Labour	0.00	0.00
Retained earnings		30,234.20
Inventories	18,000.00	
Income tax liabilities		13,021.80
Prepaid expenses	1,000.00	
Acc depr		1,000.00
Total:	93,300.00	93,300.00

Exhibit 4: Adjusted trial balance

**Esterhof 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	4,000.00	Share capital	20,000.00
Intangibles		Reserves	
Financial assets		Retained earnings	30,234.20
<i>Current assets</i>		<i>Liabilities (liab.)</i>	
Inventory	18,000.00	Long-term liab.	13,613.76
Acc. receivables A/R	36,000.00	Short-term liab. A/P	15,430.24
Prepaid expenses	1,000.00	Provisions	
Cash/Bank	33,300.00	Income tax liab.	13,021.80
Total assets	92,300.00	Total equity and liab.	92,300.00

Exhibit 5: Balance sheet (not required)

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

	[GBP]
Revenue	200,000.00
Other income	
	200,000.00
Materials	(103,000.00)
Labour	(40,000.00)
Depreciation	(1,000.00)
Other expenses	(12,000.00)
Earnings before int. & taxes (EBIT)	44,000.00
Interest	(594.00)
Earnings before taxes (EBT)	43,406.00
Income tax expenses	(13,021.80)
Deferred taxes	
Earnings after taxes (EAT)	30,384.20

Exhibit 6: Income statement (not required)

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

	Share capital	Reserves	Retained earnings	total
	[GBP]	[GBP]	[GBP]	[GBP]
as at 1.10.20X2	0.00			0.00
Share issue	20,000.00			20,000.00
Profit 20X2			(150.00)	(150.00)
as at 31.12.20X2	20,000.00	0.00	(150.00)	19,850.00
Profit 20X3			30,384.20	30,384.20
as at 31.12.20X3	20,000.00	0.00	30,234.20	50,234.20

Exhibit 7: Statement of changes in equity (not required)