

Aufgabe QR-4.5: Jahresabschlusserstellung

(Financial Statement Preparation)

(This task refers to chapter 4.3 and is similar to task 9.6 (internet task). In comparison to the task in chapter 9 this task follows the periodic system for inventory valuation)

Trading business OSTERBROCK AG sells screens. The company recognised as at 31.12.20X3 a closing stock of screens 400,000.00 EUR – 400 screens at 1,000.00 EUR each. OSTERBROCK AG runs a **periodic** system for inventories. The order TV screens are sold by is first-in-first-out. The trial balance representing the opening balance sheet for fiscal year 20X4 is displayed below.

Osterbrock Ltd's		
TRIAL BALANCE as at 31.12.20X3		
Account	Total of DRs	Total of CRs
PPE	100.000,00	
Inventory	400.000,00	
Cash	500.000,00	
Share capital		100.000,00
Reserves		200.000,00
Retained earnings		200.000,00
Creditors (A/P)		300.000,00
Tax liabilities		200.000,00
Total	1.000.000,00	1.000.000,00

Exhibit 1: Trial balance

At the beginning of 20X4 OSTERBROCK AG pays tax liabilities. Credit the cash account therefore. OSTERBROCK AG makes two purchases in January on cash: 200 screens at 1,320.00 EUR/u (gross amount) and 100 screens at 1,260.00 EUR/u (gross amount).

In February, April, June, August, October, and December the company sells 100 screens (amount is per month) at (net) revenue 200% of cost of acquisition. Half of customers pay on cash the other half will pay after 20X4.

50 customers who bought screens in October return them in November because of the colour what they did not like. They get refunded on cash immediately and the screens are put on stock. They are not impaired.

Depreciation on equipment amounts to 10,000.00 EUR. Labour is 255,000.00 EUR and is paid on cash, no social security or taxes to be considered. The business paid half of it debts (A/P) back to their creditors during 20X4.

Required: Set up balance sheet and income statement for fiscal year ending at 31.12.20X4. Use front page forms to give solution.

Lösung (Solution)

See below the bookkeeping entries for business activities:

(1) Payment of tax liabilities

DR Tax liabilities	200,000.00 EUR
CR Cash	200,000.00 EUR

(2, 3) Purchase of screens in January: (a) first purchase 200 screens 1,320.00 EUR (gross amount) and (b) 100 screens 1,260.00 EUR (gross amount)

Net amount for (a) $1,320/120\% = 1,100.00 \text{ EUR}$; net amount for (b) $1,260/120\% = 1,050.00 \text{ EUR}$.

DR Purchase (200 · 1,100)	220,000.00 EUR
DR VAT	44,000.00 EUR
CR Cash	264,000.00 EUR

DR Purchase (100 · 1,050)	105,000.00 EUR
DR VAT	21,000.00 EUR
CR Cash	126,000.00 EUR

(4 ... 7) Sales in February, April, June, and August along FIFO sales is linked to the opening value of inventory, each screen carrying amount is 1,000.00 EUR. The net selling price (revenue) was 200% of cost of acquisition, so the revenue is $100 \cdot 2,000 = 200,000.00 \text{ EUR}$. The customers pay half on cash the other ones will pay later.

(4x)

DR Cash	120,000.00 EUR
DR A/R	120,000.00 EUR
CR VAT	40,000.00 EUR
CR Revenue	200,000.00 EUR

(8, 9) Sales in October and December: Along FIFO cost of acquisition is 1,100.00 EUR each. Accordingly the revenue amounts to $100 \cdot 1,100 = 2,200.00 \text{ EUR/p}$.

(2x)

DR Cash	132,000.00 EUR
DR A/R	132,000.00 EUR
CR VAT	44,000.00 EUR
CR Revenue	220,000.00 EUR

(10) Return inwards for screens bought in October: Money is $50 \cdot 2,200 = 110,000.00 \text{ EUR}$.

DR R.I.	110,000.00 EUR
DR VAT	22,000.00 EUR
CR Cash	132,000.00 EUR

(11) Posting all sales to trading account: All sales is

DR Sales 1,240,000.00 EUR
CR T/A 1,240,000.00 EUR

(12) Depreciation

DR Depr. 10,000.00 EUR
CR Acc. Depr. 10,000.00 EUR

(13) Labour

DR Labour 255,000.00 EUR
CR Cash 255,000.00 EUR

(14) Payment of debts

DR A/P 150,000.00 EUR
CR Cash 150,000.00 EUR

At the end of accounting period inventory is determined by stock count: $400,000 + 220,000 + 105,000 - 400,000 - 220,000 + 55,000 = \mathbf{160,000.00 \text{ EUR}}$.

For that reason closing stock of inventory is 160,000.00 EUR and the trading account is credited by 160,000.00 EUR

See accounts in exhibit below:

PPE			C		
OV	100,000.00	c/d	100,000.00		
b/d	100,000.00				

Inv			C		
OV	400,000.00	c/d	400,000.00		
b/d	400,000.00	T/A	400,000.00		
C St	160,000.00				

Cash			C		
OV	500,000.00	(1)	200,000.00		
(4)	120,000.00	(2)	264,000.00		
(5)	120,000.00	(3)	126,000.00		
(6)	120,000.00	(10)	132,000.00		
(7)	120,000.00	(13)	255,000.00		
(8)	132,000.00	(14)	150,000.00		
(9)	132,000.00	c/d	117,000.00		
	<u>1,244,000.00</u>		<u>1,244,000.00</u>		
b/d	117,000.00				

SCap			C		
c/d	100,000.00	OV	100,000.00		
		b/d	100,000.00		

Res			C		
c/d	200,000.00	OV	200,000.00		
		b/d	200,000.00		

R/E			C		
c/d	410,000.00	OV	200,000.00		
		P&L	210,000.00		
	<u>410,000.00</u>		<u>410,000.00</u>		
		b/d	410,000.00		

IBL			C		
c/d	0.00	OV	0.00		
		b/d	0.00		

A/P			C		
(14)	150,000.00	OV	300,000.00		
c/d	150,000.00				
	<u>300,000.00</u>		<u>300,000.00</u>		
		b/d	150,000.00		

Tax Lia			C		
(1)	200,000.00	OV	200,000.00		
c/d	90,000.00	P&L	90,000.00		
	<u>290,000.00</u>		<u>290,000.00</u>		
		b/d	90,000.00		

Purchase			C		
(2)	220,000.00	T/A	325,000.00		
(3)	105,000.00				
	<u>325,000.00</u>		<u>325,000.00</u>		

VAT			C		
(2)	44,000.00	(4)	40,000.00		
(3)	21,000.00	(5)	40,000.00		
(10)	22,000.00	(6)	40,000.00		
c/d	161,000.00	(7)	40,000.00		
		(8)	44,000.00		
		(9)	44,000.00		
	<u>248,000.00</u>		<u>248,000.00</u>		
		b/d	161,000.00		

A/R			C		
(4)	120,000.00	c/d	744,000.00		
(5)	120,000.00				
(6)	120,000.00				
(7)	120,000.00				
(8)	132,000.00				
(9)	132,000.00				
	<u>744,000.00</u>		<u>744,000.00</u>		
b/d	744,000.00				

Revenue			C		
(11)	1,240,000.00	(4)	200,000.00		
		(5)	200,000.00		
		(6)	200,000.00		
		(7)	200,000.00		
		(8)	220,000.00		
		(9)	220,000.00		
	<u>1,240,000.00</u>		<u>1,240,000.00</u>		

Trading			C		
Pur	325,000.00	(11)	1,240,000.00		
R.I.	110,000.00	C St	160,000.00		
Inv OV	400,000.00				
c/d	565,000.00				
	<u>1,400,000.00</u>		<u>1,400,000.00</u>		
P&L	565,000.00	b/d	565,000.00		

R.I.			C		
(10)	110,000.00	T/A	110,000.00		

Depr			C		
(12)	10,000.00	P&L	10,000.00		

Acc Depr			C		
c/d	10,000.00	(12)	10,000.00		
		b/d	10,000.00		

Labour			C		
(13)	255,000.00	P&L	255,000.00		

P&L			C		
Lab	255,000.00	T/A	565,000.00		
Depr	10,000.00				
GP	300,000.00				
	<u>565,000.00</u>		<u>565,000.00</u>		
Tax	90,000.00	GP	300,000.00		
R/E	210,000.00				
	<u>300,000.00</u>		<u>300,000.00</u>		

Exhibit 2: Accounts

**Osterbrock AG's
STATEMENT of COMPREHENSIVE
INCOME for 20X4**

	[EUR]
Revenue	1,130,000
Raw materials used	(565,000)
Gross profit	565,000
Employee expense	(255,000)
Depreciation	(10,000)
Other Expenses	0
Finance Costs	0
Profit before Taxes	300,000
Income Tax Expenses	(90,000)
Deferred Tax	0
<i>Profit for the Period</i>	<u><u>210,000</u></u>

Exhibit 3: Statement of comprehensive income

Osterbrock AG's SFP as at 31.12.20X4			
A			C,L
Non-current Asset:	[EUR]	SH's capital	[EUR]
P,P,E	90.000	Issued capital	100.000
Int. assets		Other reserves	200.000
Financial assets		R/E	410.000
Current Assets		Liabilities	
Inventory	160.000	Int. bear. liab.	0
A/R	744.000	A/P	311.000
Prepaid exp.		Provisions	
Cash	117.000	Def. income	
		Tax liabilities	90.000
	<u><u>1.111.000</u></u>		<u><u>1.111.000</u></u>

Exhibit 4: Statement of financial position