

Aufgabe QR-4.7: Financial Statements via Trial Balance

(Erstellen eines Jahresabschlusses über die Trial Balance)

You've got an opening statement of financial position for SAASVELD Ltd. as below:

Saasveld Ltd's SFP as at 1.01.20X1			
A			C,L
Non-current assets	[EUR]	SH's capital	[EUR]
P,P,E	130.000	Issued capital	100.000
Int. assets		Other reserves	10.000
Financial assets		R/E	10.000
Current assets		Liabilities	
Inventory	20.000	Int. bear. liab.	40.000
A/R		A/P	5.000
Prepaid exp.		Provisions	
Cash	15.000	Def. income	
		Tax liabilities	
	<u>165.000</u>		<u>165.000</u>

Exhibit 1: Opening statement of financial position

Set up along IAS 1 Financial Statements as at 31.12.20X1 via trial balance. Statement of financial position under consideration of appropriation of profit and statement of comprehensive income. (no statement of cash flows nor statement of changes in equity required).

You only have to consider opening values and the activities below: VAT rate is 20%, total income tax rate is 30%. Use depreciation for a month only if acquisition is before 15th or disposal after 15th.

- (1) Acquisition of machinery is 120,000.00 EUR (gross amount) on 1.4.20X1. The machine is paid half in 20X1 and in 20X2. Transport is 1,020.00 EUR gross amount. Transport is paid on cash immediately. Use straight line method for depreciation. Useful life is 8 years.
- (2) Revenue amounts to 300,000.00 EUR (gross amount). Your customers pay half of the proceeds on cash in 20X1 and the other half of the amount in the next accounting period.
- (3) Company's paid labour 50,000.00 EUR per bank transfer in 20X1. (Don't consider income tax or social security payments.).
- (4) Purchase of material is 200,000.00 EUR (gross amount). The company received a discount 10%. The purchase price was paid on cash in 20X1. SAASVELD uses a periodic system for inventories.
- (5) The company rose a provision 10,000.00 EUR.
- (6) At the end of period there is still closing stock of materials 12,000.00 EUR.
- (7) The company decides to declare dividend of half of its annual surplus and retained earnings.

Solution (Lösung)

- (1) Acquisition of machinery for production (net amount = $120,000 / 120\% = 100,000.00$ EUR).

DR P, P, E	100,000.00 EUR
DR VAT	20,000.00 EUR
CR Bank	60,000.00 EUR
CR A/P	60,000.00 EUR

(2) Transport expenses are part of cost of acquisition. They are recognized as P, P, E. Net amount = $1,020/120\% = 850.00$ EUR.

DR P, P, E	850.00 EUR
DR VAT	170.00 EUR
CR Bank	1,020.00 EUR

(3) Depreciation is along straight line method. No residual value to be considered. Depreciation charge for per year = $(100,000 + 850)/8 = 12,606.25$ EUR. Depreciation is relevant from 1.04.20X1 to 31.12.20X1. Depreciation charge for 20X1 is $0.75 \cdot 12,606.25 = 9,454.69$ EUR.

DR Depr.	9,454.69 EUR
CR Acc. Depr.	9,454.69 EUR

(4) Revenue is split at a ratio 50:50 as cash : A/R. Net amount = $300,000/120\% = 250,000.00$ EUR.

DR Bank	150,000.00 EUR
DR A/R	150,000.00 EUR
CR VAT	50,000.00 EUR
CR Revenue	250,000.00 EUR

(5) Labour is considered as along task 50,000.00 EUR

DR Labour	50,000.00 EUR
CR Bank	50,000.00 EUR

(6) Material input requires the discount (10%) to be considered. Net purchase price is $(90\% \cdot 200,000)/120\% = 150,000.00$ EUR.

DR Purchase	150,000.00 EUR
DR VAT	30,000.00 EUR
CR Bank	180,000.00 EUR

(7) Provision is to be linked to other expenses

DR Other expenses	10,000.00 EUR
CR Provision	10,000.00 EUR

The first trial balance looks like below:

**Saasveld Ltd's
TRIAL BALANCE as at 31.12.20X1**

Account	Total of DRs	Total of CRs
PPE	230.850,00	
Inventory	20.000,00	
Bank		126.020,00
SCap		100.000,00
Res		10.000,00
R/E		10.000,00
Interest bearing liabilities		40.000,00
A/P		65.000,00
VAT	170,00	
Depr	9.454,69	
Acc. Depr.		9.454,69
Revenue		250.000,00
A/R	150.000,00	
Labour	50.000,00	
Purchase	150.000,00	
Other expenses	10.000,00	
Provision		10.000,00
Total	620.474,69	620.474,69

Exhibit 2: Trial balance

Firstly the trading account is to be set up:

DR Rev 250,000.00 EUR
CR T/A 250,000.00 EUR

DR T/A 20,000.00 EUR
CR Inventory 20,000.00 EUR

DR T/A 150,000.00 EUR
CR Purchase 150,000.00 EUR

DR Inv 12,000.00 EUR
CR T/A 12,000.00 EUR

Then, gross profit is transferred to the P&L-account.

DR T/A 92,000.00 EUR
CR P&L 92,000.00 EUR

All remaining nominal accounts are balanced off against the P&L account.

DR P&L 9,454.69 EUR
 CR Depr. 9,454.69 EUR

DR P&L 50,000.00 EUR
 CR Labour 50,000.00 EUR

DR P&L 10,000.00 EUR
 CR Other expenses 10,000.00 EUR

After determination of EBT the bookkeeping entries for taxation and R/E are to be made:

DR P&L 6,763.59 EUR
 CR Tax liabilities 6,763.59 EUR

DR P&L 15,781.72 EUR
 CR R/E 15,781.72 EUR

The adjusted trial balance is displayed below:

Saasveld Ltd's		
ADJ. TRIAL BALANCE as at 31.12.20X1		
Account	Total of DRs	Total of CRs
PPE	230.850,00	
Inventory	12.000,00	
Bank		126.020,00
SCap		100.000,00
Res		10.000,00
R/E		25.781,72
Interest bearing liabilities		40.000,00
A/P		65.000,00
VAT	170,00	
Depr		
Acc. Depr.		9.454,69
Revenue		
A/R	150.000,00	
Labour		
Purchase		
Other expenses		
Provision		10.000,00
Tax liabilities		6.763,59
Total	<u>393.020,00</u>	<u>393.020,00</u>

Exhibit 3: Adjusted trial balance before appropriation of profit

The appropriation of profit is 50% of the distributable amount which contains the opening value for R/E

DR R/E 12,890.86 EUR

CR SH4D 12,890.86 EUR

DR R/E 12,890.86 EUR

CR Reserves 12,890.86 EUR

D	PPE	C
OV	130.000,00	c/d 230.850,00
(1)	100.000,00	
(2)	850,00	
	<u>230.850,00</u>	<u>230.850,00</u>
b/d	230.850,00	

D	Inv	C
OV	20.000,00	c/d 20.000,00
b/d	20.000,00	T/A 20.000,00
T/A	12.000,00	c/d 12.000,00
	<u>32.000,00</u>	<u>32.000,00</u>
b/d	12.000,00	

D	Bank	C
OV	15.000,00	(1) 60.000,00
(4)	150.000,00	(2) 1.020,00
c/d	126.020,00	(5) 50.000,00
	<u>291.020,00</u>	(6) 180.000,00
		<u>291.020,00</u>
	b/d	126.020,00

D	SCap	C
c/d	100.000,00	OV 100.000,00
		b/d 100.000,00

D	Res	C
c/d	10.000,00	OV 10.000,00
	22.890,86	b/d 10.000,00
		R/E 12.890,86
	<u>22.890,86</u>	<u>22.890,86</u>
	b/d	

D	R/E	C
c/d	100.000,00	OV 10.000,00
	25.781,72	b/d 10.000,00
		P&L 15.781,72
	<u>25.781,72</u>	<u>25.781,72</u>
		12.890,86
		12.890,86
	<u>25.781,72</u>	<u>25.781,72</u>

D	Ibl	C
c/d	40.000,00	OV 40.000,00
		b/d 40.000,00

D	A/P	C
c/d	65.000,00	OV 5.000,00
		(1) 60.000,00
	<u>65.000,00</u>	<u>65.000,00</u>
	b/d	65.000,00

D	VAT	C
(1)	20.000,00	(4) 50.000,00
(2)	170,00	c/d 170,00
(6)	30.000,00	
	<u>50.170,00</u>	<u>50.170,00</u>
b/d	170,00	

D	Depr	C
(3)	9.454,69	c/d 9.454,69
b/d	9.454,69	P&L 9.454,69

D	Acc Depr	C
c/d	9.454,69	(3) 9.454,69
		b/d 9.454,69

D	Rev	C
c/d	250.000,00	(4) 250.000,00
T/A	250.000,00	b/d 250.000,00

D	A/R	C
(4)	150.000,00	c/d 150.000,00
b/d	150.000,00	

D	Labour	C
(5)	50.000,00	c/d 50.000,00
b/d	50.000,00	P&L 50.000,00

D	Purch	C
(6)	150.000,00	c/d 150.000,00
b/d	150.000,00	T/A 150.000,00

D	OthExp	C
(7)	10.000,00	c/d 10.000,00
b/d	10.000,00	P&L 10.000,00

D	Prov	C
c/d	10.000,00	(7) 10.000,00
		b/d 10.000,00

D	T/A	C
Inv	20.000,00	Rev 250.000,00
Purch	150.000,00	Cl.St 12.000,00
GP	92.000,00	
	<u>262.000,00</u>	<u>262.000,00</u>
P&L	92.000,00	b/d 92.000,00

D	P&L	C
Depr	9.454,69	T/A 92.000,00
Labour	50.000,00	
OthExp	10.000,00	
EBT	22.545,31	
	<u>92.000,00</u>	<u>92.000,00</u>
TaxL	6.763,59	b/d 22.545,31
R/E	15.781,72	
	<u>22.545,31</u>	<u>22.545,31</u>

D	TaxL	C
c/d	6.763,59	P&L 6.763,59
		b/d 6.763,59

D	SH4D	C
c/d	12.890,86	R/E 12.890,86
		b/d 12.890,86

Exhibit 4: Accounts

The statement of financial position requires the workings below:

(1) P,P,E: $230,850 - 9,454.69 = 221,395.31$ EUR.

(2) A/R: $170 + 150,000 = 150,170.00$ EUR.

(3) A/P: $12,890.86 + 65,000 + 126,020 = 203,910.86$ EUR.

See SAASVELD's statement of financial position below:

Saasveld Ltd's SFP as at 31.12.20X1			
A			C,L
Non-current asset	[EUR]	SH's capital	[EUR]
P,P,E	221.395	Issued capital	100.000
Int. assets		Other reserves	22.891
Financial assets		R/E	0
Current assets		Liabilities	
Inventory	12.000	Int. bear. liab.	40.000
A/R	150.170	A/P	203.911
Prepaid exp.		Provisions	10.000
Cash	0	Def. income	
		Tax liabilities	6.764
	<u>383.565</u>		<u>383.565</u>

Exhibit 5: Statement of financial position

**Saasveld Ltd's
STATEMENT of COMPREHENSIVE
INCOME for 20X1**

	[EUR]
Revenue	250.000
Raw materials used	<u>(158.000)</u>
Gross profit	92.000
Employee expense	(50.000)
Depreciation	(9.455)
Other Expenses	(10.000)
Finance Costs	<u>0</u>
Profit before Taxes	22.545
Income Tax Expenses	(6.764)
Deferred Tax	<u>0</u>
<i>Profit for the Period</i>	<u>15.782</u>

Exhibit 6: Statement of comprehensive income