

Aufgabe QR-6.3: Set up financial statements along IAS 1

(Erstellen eines Jahresabschlusses nach IAS1)

SCHEPSDORF Ltd. is a consultancy. It helps companies in fields of Accounting. The business concept is to sell advertising via billable days. Expenses for the business are labour, depreciation for computers and cars and admin expenses.

At the beginning of fiscal year 20X3 there is an opening value in the P, P, E at cost – computer account to be 500,000.00 EUR and in the accumulated depreciation (computer) account 200,000.00 EUR. Computers get written off over a useful life of 5 years along straight line method. The P, P, E at cost account – business cars represents 4 business cars bought last year on 24.11.20X2 for cost of acquisition 60,000.00 EUR each. Consider VAT and consider depreciation over a useful life of 5 years. There is 50,000.00 EUR cash in the Bank account. In the retained earnings account there is 34,000.00 EUR, Share capital is 600,000.00 EUR.

Consider the activities below for 20X3:

- (1) Refund of VAT for the cars bought in 20X2
- (2) Sales of 850 billable consulting days 2,700.00 EUR (gross) each (paid fully)
- (3) Purchase of office materials 12,000.00 EUR (gross amount, paid fully)
- (4) Consumption of half of the materials
- (5) Depreciation as above mentioned
- (6) Impairment loss of a car totaled on 18.12.20X3
- (7) Labour 1,000,000.00 EUR paid fully.

Required: Set up a full set of the financial statements. Display comparative amounts for 20X2 in the statement of financial position. Consider appropriation of profit 50:50 and ignore § 150 AktG.

Lösung (Solution)

Before you start to compute make sure that the opening values are in accordance with the double entry system.

The computation below applies:

Computer: The P, P, E – account represents the cost of acquisition. As the accumulated depreciation account is 200,000.00 EUR you can assume that the computers have been purchased 2 years ago.

Business cars: The date of acquisition is in the second half of 20X2. Accordingly depreciation is relevant for December: $4 \cdot 60,000 / 5 \cdot 11 / 12 = 4,000.00 \text{ EUR}$. This amount is to be recognized in the accumulated depreciation account.

(1) VAT for the cars is $20\% \cdot 4 \cdot 60,000 = 48,000.00$ EUR.

DR Bank	48,000.00 EUR
CR VAT	48,000.00 EUR

(2) Sales is $850 \cdot 2700/120\% = 1,912,500.00$ EUR.

DR Bank	2,295,000.00 EUR
CR VAT	382,500.00 EUR
CR Rev	1,912,500.00 EUR

(3) Purchase cost are $12,000/120\% = 10,000.00$ EUR.

DR Purchase	10,000.00 EUR
DR VAT	2,000.00 EUR
CR Bank	12,000.00 EUR

(3a) The materials were put on stock.

DR Inventory	10,000.00 EUR
CR Purchase	10,000.00 EUR

(4) Consumption of half of the materials is to be considered as material expenses. The net amount is 10,000.00 EUR. The material expense are $10,000/2 = 5,000.00$ EUR.

DR Material expenses	5,000.00 EUR
CR Inventories	5,000.00 EUR

(5) Depreciation for the computers is $500,000/5 = 100,000.00$ EUR.

DR Depr.	100,000.00 EUR
CR Acc Depr-computer	100,000.00 EUR

(5a) Depreciation charge for the cars is $4 \cdot 60,000/5 = 48,000.00$ EUR.

DR Depr.	48,000.00 EUR
CR Acc Depr-car	48,000.00 EUR

(6) Impairment of the car requires to determine the carrying amount. It is $60,000 \cdot (60 - 13)/60 = 47,000.00$ EUR.

DR IL	47,000.00 EUR
CR Acc. IL	47,000.00 EUR

(6a) The car is to dispose of the bookkeeping records. At this stage the realization account (see chapter 7) is still unknown so the bookkeeping entry is:

DR Acc Depr-cars	13,000.00 EUR
DR Acc IL	47,000.00 EUR
CR P, P, E-car	60,000.00 EUR

(7) Accounting for labour is:

DR Labour	1,000,000.00 EUR
CR Bank	1,000,000.00 EUR

See the accounts for overview:

<table> <tr><th>D</th><th>PPE-computer</th><th>C</th></tr> <tr><td>OV</td><td>500.000,00</td><td>c/d 500.000,00</td></tr> <tr><td>b/d</td><td>500.000,00</td><td></td></tr> </table>	D	PPE-computer	C	OV	500.000,00	c/d 500.000,00	b/d	500.000,00		<table> <tr><th>D</th><th>AccDepr-comp</th><th>C</th></tr> <tr><td></td><td>OV 200.000,00</td><td></td></tr> <tr><td>c/d</td><td>300.000,00</td><td>(5) 100.000,00</td></tr> <tr><td></td><td>300.000,00</td><td>300.000,00</td></tr> <tr><td></td><td>b/d 300.000,00</td><td></td></tr> </table>	D	AccDepr-comp	C		OV 200.000,00		c/d	300.000,00	(5) 100.000,00		300.000,00	300.000,00		b/d 300.000,00		<table> <tr><th>D</th><th>Bank</th><th>C</th></tr> <tr><td>OV</td><td>50.000,00</td><td>(3) 12.000,00</td></tr> <tr><td>(1)</td><td>48.000,00</td><td>(7) 1.000.000,00</td></tr> <tr><td>(2)</td><td>2.295.000,00</td><td>c/d 1.381.000,00</td></tr> <tr><td></td><td>2.393.000,00</td><td>2.393.000,00</td></tr> <tr><td>b/d</td><td>1.381.000,00</td><td></td></tr> </table>	D	Bank	C	OV	50.000,00	(3) 12.000,00	(1)	48.000,00	(7) 1.000.000,00	(2)	2.295.000,00	c/d 1.381.000,00		2.393.000,00	2.393.000,00	b/d	1.381.000,00										
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Exhibit 1: Accounts

The statement of financial position contains the comparative information for 20X2 which is to be referred to as the opening balance sheet.

For the reporting period (20X3) the following computation is relevant.

(1) P, P, E: $500,000 + 180,000 - 300,000 - 39,000 = \mathbf{341,000.00 \text{ EUR}}$.

(2) A/P: $266,375 + 380,500 = \mathbf{646,875.00 \text{ EUR}}$.

Schepsdorf Ltd's
STATEMENT of FINANCIAL POSITION
as at 31.12.20X3

	20X7	20X6
	[EUR]	[EUR]
Non-current assets		
Property, plant and equipment	341.000,00	536.000,00
Investment property		
Intangible assets		
Financial assets		
Investment accounted [...]		
<i>Total of non-current assets</i>	<u>341.000,00</u>	<u>536.000,00</u>
Current assets		
Inventories	5.000,00	
Trade and other receivables		48.000,00
Cash and cash equivalents	1.381.000,00	50.000,00
Prepaid expenses		
<i>Total of current assets</i>	<u>1.386.000,00</u>	<u>98.000,00</u>
Total assets	<u>1.727.000,00</u>	<u>634.000,00</u>
Liabilities		
[...] Interest bearing liabilities		
Trade and other payables	646.875,00	
Provisions		
Liabilities and assets [...] IAS 12	213.750,00	
Deferred tax liabilities [...] IAS 12		
Deferred income		
<i>Total of liabilities</i>	<u>860.625,00</u>	<u>0,00</u>
Capital		
Issued capital	600.000,00	600.000,00
Other reserves	266.375,00	
Retained earnings	0,00	34.000,00
<i>Total of shareholder's equity</i>	<u>866.375,00</u>	<u>634.000,00</u>
Total equity and liabilities	<u>1.727.000,00</u>	<u>634.000,00</u>

Exhibit 15: Statement of financial position

**Schepsdorf Ltd's
STATEMENT of COMPREHENSIVE INCOME
for 20X3**

	20X3	20X2
	[EUR]	[EUR]
Revenue	1.912.500,00	
Other income		
Changes in inventory of finished goods and work in progress		
Work performed by the entity and capitalized		
<i>Total</i>	<u>1.912.500,00</u>	
Raw material and consumables used	(5.000,00)	
Employee benefits expense	(1.000.000,00)	
Depreciation and amortisation expense	(148.000,00)	
Impairment of property, plant and equipment	(47.000,00)	
Other expenses		
Finance costs		
Share of profit of associates		
Profit before taxation	<u>712.500,00</u>	
Income tax expenses	(213.750,00)	
Deferred tax income/expense		
Profit for the period	<u>498.750,00</u>	

Exhibit 2: Statement of comprehensive income

**Schepsdorf Ltd's
STATEMENT of CASH FLOWS
for 20X3**

	20X3	20X2
	[EUR]	[EUR]
CF from operating activities		
Income tax payment	0,00	
VAT payment	48.000,00	
Purchase	(12.000,00)	
Wages	(1.000.000,00)	
Revenue	2.295.000,00	
Rent income		
	<u>1.331.000,00</u>	
CF from investing activities		
Investment	<u>0,00</u>	
	0,00	
CF from financing activities		
Bank rate		
Dividend to SHs		
	<u>0,00</u>	
Total cash flow:	<u>1.331.000,00</u>	

Exhibit 3: Statement of cash flows

**Schepsdorf Ltd's
STATEMENT of CHANGES in EQUITY
for 20X3**

	Issued Capital	Earnings Reserves	Retained Earnings	Total Shareholders' Equity
Equity as at 1.01.20X2	600.000,00			600.000,00
R/E after 20X2			34.000,00	34.000,00
<i>Equity as at 31.12.20X2</i>	<i>600.000,00</i>		<i>34.000,00</i>	<i>634.000,00</i>
Profit 20X3			498.750,00	498.750,00
Appropriation of Profit		266.375,00	(532.750,00)	(266.375,00)
<i>Equity as at 31.12.20X3</i>	<i>600.000,00</i>	<i>266.375,00</i>	<i>0,00</i>	<i>866.375,00</i>

Exhibit 4: Statement of changes in equity