

Aufgabe 7.31: Exercise on Revaluations

(Neubewertung)

RULLE Ltd. is a city hotel and offers small bedrooms at a low price. The hotel is located in a central district of Berlin. The financial position of RULLE Ltd. is displayed below:

RULLE Ltd.'s STATEMENT of FINANCIAL POSITION as at 1.01.20X8			
A			C, L
<i>Non-current assets</i>	[EUR]	<i>Owners' capital</i>	[EUR]
P, P, E	1,200,000.00	Share capital	500,000.00
Intangibles		Reserves	350,000.00
Financial assets		R/E	
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	200,000.00	Interest bear liab	450,000.00
A/R		A/P	120,000.00
Prepaid expenses		Provisions	
Cash/Bank	100,000.00	Tax liabilities	80,000.00
	1,500,000.00		1,500,000.00

Exhibit 1: Balance sheet

RULLE Ltd.'s asset item contains the hotel building/land and the room equipment (furniture). The building was bought on 1.01.20X4 for cost of acquisition of 800,000.00 EUR (house and land) and the deeds office acknowledges the plot is worth 600,000.00 EUR. The building is written off along straight line method over 50 years. The balancing figure in the Accumulated Depreciation account equals to 16,000.00 EUR (4 years of building depreciation). The value of the furniture is based on their cost of acquisition (free of VAT) on 1.01.20X7 and their depreciation along straight line method without residual amount over 5 years. It equals to 416,000.00 EUR at the beginning of 20X8.

RULLE Ltd.'s administration amounts to 120,000.00 EUR/a (no VAT) and labour equals to 250,000.00 EUR/a. Purchases amount to 430,000.00 EUR (cost of purchase, net amount) and at the end of the accounting period there is a closing stock of inventory which equals to 90,000.00 EUR.

On 1.04.20X8 RULLE Ltd. orders a qualified valuer to revalue the hotel. The building has not changed in terms of value but the plot increased by 100,000.00 EUR. Record a revaluation along the net replacement method and consider deferred taxes.

On 1.07.20X8 RULLE Ltd. replaces 25% of the furniture. The price obtained by selling the old furniture is 60,000.00 EUR (incl. VAT). The new furniture cost of acquisition amounts to 210,000.00 EUR. The useful life is again 5 years. There is no residual value to be considered.

RULLE Ltd.'s revenue (net amount) amounts to 1,255,600.00 EUR in 20X8.

In 20X8 there is no payment with regard to the accounts payables as disclosed on the balance sheet.

Required: Prepare a set of financial statements which contain a statement of financial position, a register of non-current assets and a statement of comprehensive income for RULLE Ltd. as at

31.12.20X8. No comparative information is required. Consider all transactions being on cash. You have to consider VAT at a rate of 20%.

RULLE Ltd. ist ein Stadthotel und bietet kleine Zimmer zu geringen Übernachtungskosten an. Das Hotel ist in einem zentralen Stadtteil von Berlin. Die Finanzposition von RULLE Ltd. ist unten gezeigt.

RULLE Ltd.'s STATEMENT of FINANCIAL POSITION as at 1.01.20X8			
A			C, L
<i>Non-current assets</i>	[EUR]	<i>Owners' capital</i>	[EUR]
P, P, E	1,200,000.00	Share capital	500,000.00
Intangibles		Reserves	350,000.00
Financial assets		R/E	
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	200,000.00	Interest bear liab	450,000.00
A/R		A/P	120,000.00
Prepaid expenses		Provisions	
Cash/Bank	100,000.00	Tax liabilities	80,000.00
	1,500,000.00		1,500,000.00

Exhibit 1: Balance sheet

RULLE Ltd.'s Vermögen enthält das Hotelgebäude/Grundstück und die Zimmerausstattung. Das Gebäude wurde am 1.01.20X4 zu Anschaffungskosten von 800.000,00 EUR gekauft (Gebäude und Grundstück) und das Katasteramt erkennt einen Grundstückswert von 600.000,00 EUR an. Das Gebäude wird nach linearer Abschreibungsmethode über 50 Jahre abgeschrieben. Der Saldo des Kontos für kumulierte Abschreibung des Gebäudes beträgt 16.000,00 EUR (4 Jahre Abschreibung auf das Gebäude). Der Wert der Möbel basiert auf den Anschaffungskosten von 1.01.20X7 und ihrer Abschreibung nach linearer Abschreibungsmethode ohne Restbuchwert über 5 Jahre. Sie betragen 416.000,00 EUR zu Beginn von 20X8.

RULLE Ltd.s Verwaltungskosten betragen 120.000,00 EUR/a (Keine Umsatzsteuer) und die Löhne betragen 250.000,00 EUR/a. Die Einkäufe betragen 430.000,00 EUR (Anschaffungskosten) und am Ende der Abrechnungsperiode ist noch ein Restbestand von 90.000,00 EUR vorhanden.

Am 1.04.20X8 bestellt RULLE Ltd. einen Gutachter zur Bewertung des Hotels. Das Gebäude hat sich nicht verändert aber das Grundstück steigt im Wert um 100.000,00 EUR. Buchen Sie eine Neubewertung nach der Net-Replacement-Bookkeeping Mothode und berücksichtigen Sie Steuerlatenzen.

Am 1.07.20X8 ersetzt RULLE Ltd. 25 % der Möbel. Der Preis, der bei Verkauf der alten Möbel erzielt wird, beträgt 60.000,00 EUR (brutto). Die Anschaffungskosten der neuen Möbel betragen 210.000,00 EUR. Die Nutzungsdauer ist 5 Jahre. Es ist kein Restbuchwert zu berücksichtigen.

RULLE Ltd.s Umsatz (netto) beträgt 1.255.600,00 EUR in 20X8.

Die Verbindlichkeiten aus der Eröffnungsbilanz werden in 20X8 nicht gezahlt.

Gefragt: Erstellen Sie für RULLE Ltd. einen handelsrechtlichen Jahresabschluss der eine Bilanz, einen Anlagespiegel und eine Gewinn- und Verlustrechnung enthält zum 31.12.20X8. Es sind keine Vergleichsinformationen gefordert. Berücksichtigen Sie alle Geschäftsvorfälle bar. Sie müssen die Umsatzsteuer zu einem Umsatzsteuersatz von 20 % berücksichtigen.

Solution:

(1) Depreciation of the building at $200,000 / 50 = 4,000.00$ EUR.

(2) Revaluation of the plot by 100,000.00 EUR.

DR P, P, E @valuation	700,000.00 EUR
DR Acc Depr	0.00 EUR
CR P, P, E @cost	600,000.00 EUR
CR Rev Res	100,000.00 EUR

(3) Transfer of deferred taxes: $30\% \times 100,000 = 30,000.00$ EUR.

(4) Writing of furniture 75%: $75\% \times 520,000 / 5 = 78,000.00$ EUR.

(5) Depreciation on 25% of furniture for 6 months: $25\% \times 0.5 \times 520,000 / 5 = 13,000.00$ EUR.

(6) Selling the furniture at 60,000.00 EUR gross amount (Application of the Realization account).

(7) Acquisition of new furniture: $210,000 \times 120\% = 252,000.00$ EUR.

(8) Depreciation on new furniture: $0.5 \times 210,000 / 5 = 21,000.00$ EUR.

(9) Payment of tax liabilities: 80,000.00 EUR.

(10) Payment of administration expenses to the tune of 120,000.00 EUR.

(11) Payment for labour: 250,000.00 EUR.

(12) Purchase recorded: 430,000.00 EUR net amount, 516,000.00 EUR gross amount.

(13) Recording revenue: 1,255,600.00 EUR, gross amount: 1,506,720.00 EUR.

The accounts are displayed in exhibit 2:

D			PPE - furniture		C	
OV	520,000.00	(6)	130,000.00			
(7)	210,000.00	c/d	600,000.00			
	<u>730,000.00</u>		<u>730,000.00</u>			
b/d	600,000.00					

D			Acc depr		C	
(6)	39,000.00		OV	104,000.00		
		(4)		78,000.00		
		(5)		13,000.00		
c/d	177,000.00	(8)		21,000.00		
	<u>216,000.00</u>			<u>216,000.00</u>		
		b/d		177,000.00		

D			Realization furniture		C	
(6)	10,000.00	(6)	60,000.00			
(6)	130,000.00	(6)	39,000.00			
		LoD	41,000.00			
	<u>140,000.00</u>		<u>140,000.00</u>			

D			PPE Hotel+Land		C	
OV	800,000.00	(2)	600,000.00			
		c/d	200,000.00			
	800,000.00		800,000.00			
b/d	200,000.00					

D			Acc Depr Hotel		C	
		OV	16,000.00			
c/d	20,000.00	(1)	4,000.00			
	<u>20,000.00</u>		<u>20,000.00</u>			
		b/d	20,000.00			

D			VAT		C	
(7)	42,000.00	(6)	10,000.00			
(12)	86,000.00	(13)	251,120.00			
c/d	133,120.00					
	<u>261,120.00</u>		<u>261,120.00</u>			
		b/d	133,120.00			

D			Inventory		C	
OV	200,000.00	P&L	200,000.00			
CI Stock	90,000.00	c/d	90,000.00			
	290,000.00		290,000.00			
b/d	90,000.00					

D			Depr - 20X8		C	
(1)	4,000.00	P&L	116,000.00			
(4)	78,000.00					
(5)	13,000.00					
(8)	21,000.00					
	<u>116,000.00</u>		<u>116,000.00</u>			

D			Cash/Bank		C	
OV	100,000.00	(7)	252,000.00			
(6)	60,000.00	(9)	80,000.00			
(13)	1,506,720.00	(10)	120,000.00			
		(11)	250,000.00			
		(12)	516,000.00			
		c/d	448,720.00			
	<u>1,666,720.00</u>		<u>1,666,720.00</u>			
b/d	448,720.00					

D			PPE @valuation Plot		C	
(2)	700,000.00	c/d	700,000.00			
b/d	700,000.00					

D			Rev reserves		C	
(3)	30,000.00	(2)	100,000.00			
c/d	70,000.00					
	<u>100,000.00</u>		<u>100,000.00</u>			
		b/d	70,000.00			

D			Deferred tax		C	
c/d	30,000.00	(3)	30,000.00			
		b/d	30,000.00			

| D | | | Revenue | | C | |
| P&L | 1,255,600.00 | (13) | 1,255,600.00 | | | |

D			Issued capital		C	
c/d	500,000.00	OV	500,000.00			
		b/d	500,000.00			

D			Earnings Reserves		C	
c/d	350,000.00	OV	350,000.00			
		b/d	350,000.00			

D			Interest bearing liabilities		C	
c/d	450,000.00	OV	450,000.00			
		b/d	450,000.00			

D			Accounts payables		C	
c/d	120,000.00	OV	120,000.00			
		b/d	120,000.00			

D			Tax liabilities		C	
(9)	80,000.00	OV	80,000.00			
c/d	56,580.00	P&L	56,580.00			
	<u>136,580.00</u>		<u>136,580.00</u>			
		b/d	56,580.00			

| D | | | Administration | | C | |
| (10) | 120,000.00 | P&L | 120,000.00 | | | |

D			Labour		C	
(11)	250,000.00	P&L	250,000.00			

D			Purchase		C	
(12)	430,000.00	P&L	430,000.00			

D			Profit and Loss account		C	
Inv OV	200,000.00	CI Stock	90,000.00			
Purch	430,000.00	Rev	1,255,600.00			
Depr	116,000.00					
Admin	120,000.00					
Labour	250,000.00					
LoD	41,000.00					
LoD	188,600.00					
	1,345,600.00		1,345,600.00			
ITL	56,580.00	b/d	188,600.00			
R/E	132,020.00					
	188,600.00		188,600.00			

D			Income tax liabilities		C	
c/d	56,580.00	P&L	56,580.00			
		b/d	56,580.00			

D			Retained earnings		C	
c/d	132,020.00	P&L	132,020.00			
		b/d	132,020.00			

Exhibit 2: Accounts for RULLE Ltd.

Observe the financial statements as below:

**Rulle Ltd.'s
STATEMENT of COMPREHENSIVE INCOME
for the year ended 31.12.20X8**

	[EUR]
Revenue	1,255,600.00
Other income	0.00
	<u>1,255,600.00</u>
Materials	540,000.00
Labour	250,000.00
Depreciation	116,000.00
Other expenses	161,000.00
Earnings before int and taxes (EBIT)	<u>188,600.00</u>
Interest	0.00
Earnings before taxes (EBT)	188,600.00
Income tax expenses	56,580.00
Deferred taxes	
Earnings after taxes (EAT)	<u>132,020.00</u>

Exhibit 3: Income statement

**Rulle Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X8**

Asset	cost/revaluation	Acc. depr.	Acc. impairm. losses	Carrying amount
Hotel	200,000.00	(20,000.00)	0.00	180,000.00
Plot	700,000.00	0.00	0.00	700,000.00
Furniture	600,000.00	(177,000.00)	0.00	423,000.00
				<u>1,303,000.00</u>

Exhibit 4: Register of non-current assets

A		as at 31.12.20X8		C, L	
<i>Non-current assets</i>		[EUR]	<i>Owners' capital</i>		[EUR]
P, P, E	1,303,000.00		Share capital	500,000.00	
Intangibles			Reserves	420,000.00	
Financial assets			R/E	132,020.00	
<i>Current assets</i>			<i>Liabilities</i>		
Inventory	90,000.00		Interest bear liab	450,000.00	
A/R			A/P	253,120.00	
Prepaid expenses			Provisions		
Cash/Bank	448,720.00		Tax liabilities	56,580.00	
			Def Tax liabilities	30,000.00	
	1,841,720.00			1,841,720.00	

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