Task IM-14.10: Accounting for Liabilities along IFRSs
(Ausweis von Schulden nach IFRSs)

On 1.01.20X0 BOULDERS Ltd. takes a bank loan of 250,000.00 EUR which is an annuity. The bank loan's amount gets transferred into BOULDERS Ltd.'s bank account on 1.01.20X5. The terms of the loan state that BOULDERS Ltd. has to pay an annuity of 25,000.00 EUR that comprises firstly 8,750.00 EUR interest in 20X5 already. The rate of interest is constant and the pay-off amount will increase by the course of time. BOULDERS Ltd. takes the option to make an extraordinary pay-off payment being 20,000.00 EUR at the beginning (1.01.20XX) of every second year (20X6, 20X8; 20Y0, …). However, all annuities are to be paid at the year end. The market rate of interest besides the bank loan is 5 %.
Required: Make bookkeeping entries for 20X5 and determine the amount in the Long-term Liability Account and in the Short-term Liability Account as at 31.12.20X5. Discount liabilities along IAS 1.

Das Unternehmen BOULDERS Ltd. nimmt bei seiner Bank ein Darlehen über 250.000,00 EUR auf. Das Darlehn ist ein Annuitätendarlehen. Die Darlehensauszahlung erfolgt am 1.01.20X5 auf das Bankkonto der BOULDERS Ltd. Der Darlehensvertrag sieht vor, dass DERSUM eine Annuität von 25.000,00 EUR zahlen soll, die 8.750,00 EUR Zinsen enthalten beginnend mit 20X5. Der Zinssatz ist konstant und die Tilgungszahlungen steigen mit der Zeit. BOULDERS Ltd. nimmt die Option wahr, Sondertilgungen in Höhe von 20.000,00 EUR zu Beginn (1.01.20XX) eines jeden zweiten Geschäftsjahrs zu leisten. Alle Annuitäten werden sonst am Jahresende gezahlt. Der Marktzinssatz ist unabhängig vom Darlehen 5 %.
Gefragt: Buchen Sie die Vorgänge in 20X5 und bestimmen Sie den Wert der kurz und langfristigen Schulden zum Zeitpunkt 31.12.20X5. Zinsen Sie Schulden ab.

Solution (Lösung)
To understand the payments a schedule is to be set up (it contains more information than required):

Year	Amount	Interest (0.035)	Pay-off		Annuity	Remaining amount	per
2005	250,000.00	8,750.00	16,250.00		25,000.00	233,750.00	
2006	213,750.00	7,481.25	17,518.75	20,000.00	25,000.00	196,231.25	
2007	196,231.25	6,868.09	18,131.91		25,000.00	178,099.34	2.00
2008	158,099.34	5,533.48	19,466.52	20,000.00	25,000.00	138,632.82	3.00
2009	138,632.82	4,852.15	20,147.85		25,000.00	118,484.97	4.00
2010	98,484.97	3,446.97	21,553.03	20,000.00	25,000.00	76,931.94	5.00
2011	76,931.94	2,692.62	22,307.38		25,000.00	54,624.56	6.00
2012	34,624.56	1,211.86	23,788.14	20,000.00	25,000.00	10,836.42	7.00
2013	10,836.42	379.27	10,836.42		25,000.00	0.00	8.00
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			136,231.25	60,000.00			

Exhibit 1: Interest-and-pay-off-schedule

See the accounts below for the bookkeeping entries:
(1) Bank loan paid to BOULDERS Ltd.

(2) Interest and pay-off at the end of 20X5

(3) Transfer of short term liabilities into the A/P account.

(4) Discount liabilities by 5%: 18,131.91 x $(1 + 5\%)^{-2}$ + (19,466.52 + 20,000) x $(1 + 5\%)^{-3}$ + 20,147.85 x $(1 + 5\%)^{-4}$ + (21,553.03 + 20,000) x $(1 + 5\%)^{-5}$ + 22,307.38 x $(1 + 5\%)^{-6}$ + (23,788.14 + 20,000) x $(1 + 5\%)^{-7}$ + 10,836.42 x $(1 + 5\%)^{-8}$ = **154,772.45 EUR**. The amount to be discounted is 196,231.25 – 154,772.45 = **41,458.80 EUR**.

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DR Interest Bearing Liabilities .....    41,458.80 EUR
CR Retained Earnings ...............    41,458.80 EUR
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Cash/Bank

D			C
(1)	250,000.00	(2)	20,000.00

Interest bearing liabilities

D			C
(2)	16,250.00	(1)	250,000.00
(3)	37,518.75		
(4)	41,458.80		
	154,772.45		
	250,000.00		250,000.00
		b/d	154,772.45

Interest - 20X5

D			C
(2)	8,750.00	P&L	8,750.00

Short term liabilities

D			C
c/d	37,518.75	(3)	37,518.75
		b/d	37,518.75

R/E

D			C
c/d	41,458.80	(4)	41,458.80
		b/d	41,458.80

Exhibit 2: Accounts