Task 14.4: Accounting for Liabilities along IFRSs
(Ausweis von Schulden nach IFRSs)

On 1.01.20X0 DERSUM Ltd. takes a bank loan of 200,000.00 EUR which is an annuity. The bank loan's amount gets transferred to DERSUM's bank account on 1.01.20X0. The terms of the loan state that DERSUM has to pay an annuity of 25,000.00 EUR that comprises firstly 10,000.00 EUR interest in 20X0 already. The rate of interest is constant and the pay-off amount will increase by the course of time. All annuities are to be paid at the year end. In 20X5 DERSUM has to pay an extra pay-off amount of 50,000.00 EUR. The amount is added to the normal pay-off amount due that day. The market rate of interest besides the bank loan is 10 %.
Required: Make bookkeeping entries for 20X0 and determine the amount in the Long-term Liability Account and in the Short-term Liability Account as at 31.12.20X0. Discount liabilities

Das Unternehmen DERSUM nimmt bei seiner Bank ein Darlehen über 200.000,00 EUR auf. Das Darlehn ist ein Annuitätendarlehen. Die Darlehensauszahlung erfolgt am 1.01.20X0 auf das Bankkonto der DERSUM Ltd. Der Darlehensvertrag sieht vor, dass DERSUM eine Annuität von 25.000,00 EUR zahlen soll, die 10.000,00 EUR Zinsen enthalten beginnend mit 20X0. Der Zinssatz ist konstant und die Tilgungszahlungen steigen mit der Zeit. Alle Annuitäten werden am Jahresende gezahlt. In 20X5 muss DERSUM eine Sondertilgung von 50.000,00 EUR leisten. Der Betrag wird auf die normale Tilgung addiert. Der Marktzinssatz ist unabhängig vom Darlehen 10 %.
Gefragt: Buchen Sie die Vorgänge in 20X0 und bestimmen Sie den Wert der kurz und langfristigen Schulden zum Zeitpunkt 31.12.20X0. 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 (0.05)	Pay-off	Annuity	Remaining amount
2000	200,000.00	10,000.00	15,000.00	25,000.00	185,000.00
2001	185,000.00	9,250.00	15,750.00	25,000.00	169,250.00
2002	169,250.00	8,462.50	16,537.50	25,000.00	152,712.50
2003	152,712.50	7,635.63	17,364.38	25,000.00	135,348.13
2004	135,348.13	6,767.41	18,232.59	25,000.00	117,115.53
2005	117,115.53	5,855.78	**69,144.22**	25,000.00	47,971.31
2006	47,971.31	2,398.57	22,601.43	25,000.00	25,369.87
2007	25,369.87	1,268.49	23,731.51	25,000.00	1,638.37
2008	1,638.37	81.92	1,638.37	1,720.29	(0.00)

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

The bookkeeping entries in 20X2 are as follows:
Bank loan payment:

DR Cash/Bank .... 200,000.00 EUR

CR Interest Bearing Liabilities ..... 200,000.00 EUR

At the end of the first year the amount for interest and pay-off is due.

DR Interest .... 10,000.00 EUR

DR Interest Bearing Liabilities ..... 15,000.00 EUR

CR Cash/Bank .... 25,000.00 EUR

Furthermore the short term liabilities are to be separated for the next year.

DR Interest bearing liabilities ..... 15,750.00 EUR

CR Short-term Liabilities .... 15,750.00 EUR

The long-term liabilities are to be discounted along the regulations of IFRSs. Accordingly the bank loan's amount at the end of 20X0 amounts to $16{,}537.50 \cdot 1.1^{-2} + 17{,}364.38 \cdot 1.1^{-3} + 18{,}232.59 \cdot 1.1^{-4} + 69{,}144.22 \cdot 1.1^{-5} + 22{,}601.43 \cdot 1.1^{-6} + 23{,}731.51 \cdot 1.1^{-7} + 1{,}638.37 \cdot 1.1^{-8} =$ **107,799.94 EUR**

The amount transferred to the R/E Account is 200,000 – 15,000 – 15,750 – 107,799.94 = **61,450.06 EUR**.

DR Interest bearing Liabilities ..... 61,450.06 EUR

CR Retained Earnings .... 61,450.06 EUR

See the accounts below for the bookkeeping entries:

D	Cash/Bank		C
(1)	200.000,00	(2)	25.000,00
		c/d	175.000,00
	200.000,00		200.000,00
b/d	175.000,00		

D	IbL		C
(2)	15.000,00	(1)	200.000,00
(3)	15.750,00		
(4)	61.450,06		
c/d	107.799,94		
	200.000,00		200.000,00
		b/d	107.799,94

D	Interest		C
(2)	10.000,00	c/d	10.000,00
b/d	10.000,00		

D	Short-term liab		C
c/d	15.750,00	(3)	15.750,00
		b/d	15.750,00

D	R/E		C
c/d	61.450,06	(4)	61.450,06
		b/d	61.450,06

Exhibit 2: Accounts