

**Aufgabe QR-4.10: Books of Original Entry****(Sammelbuchungen)**

Furniture trading company LINDEN Pty. Ltd. was established in Hanover in 20X8. To understand how this business works think about a mini IKEA market.

Company's proprietors contribute in total 250,000.00 EUR and put it in the bank account. The store is rented and cost 55,000.00 EUR/a including lighting and electricity. Staff members earn 90,000.00 EUR/a in total. Do not consider tax nor social security contribution. All expenses are paid in 20X8 per bank transfer.

LINDEN buys furniture on credit and pays 75 % during actual year and 25 % in the next year. In 20X8 it bought from its only supplier:

- (1) 2,000 chairs 25.00 EUR/p (net value).
- (2) 800 tables 90.00 EUR/p (net value).
- (3) 1,200 racks 20.00 EUR/p (net value).
- (4) 200 sofas 150.00 EUR/p (net value).
- (5) 450 beds 110.00 EUR/p (net value).

LINDEN sells furniture at a net selling price which is 200% of the net purchase price. It sold on cash:

- (1) 1,814 chairs.
- (2) 189 tables.
- (3) 824 racks, but LINDEN allowed half of this clients (buyers of racks) a discount 12% directly on the invoice.
- (4) 201 sofas, customers sent back 25 sofas. Those customers got back their money in 20X8.
- (5) 285 beds.

Consider the amount for cash will be paid in the bank column of the cash book at the end of the accounting period.

**Required: Set up a purchase journal, cash book and statement of comprehensive income along the nature of expense method for fiscal year 20X8. Set up a statement of financial position as at 31.12.20X8. Consider income tax (30%) and VAT (20%) to be paid during 20X9.**

**Lösung (Solution)**

For purchases see the purchase journal below:

**Linden Pty. Ltd's  
PURCHASE JOURNAL  
for 20X4**

	Purchase item	net amount	VAT (20%)	gross amount
(1)	2.000 chairs	50.000,00	10.000,00	60.000,00
(2)	800 tables	72.000,00	14.400,00	86.400,00
(3)	1,200 racks	24.000,00	4.800,00	28.800,00
(4)	200 sofas	30.000,00	6.000,00	36.000,00
(5)	450 beds	49.500,00	9.900,00	59.400,00
		<u>225.500,00</u>	<u>45.100,00</u>	<u>270.600,00</u>

**Exhibit 1:** Purchase journal

The balancing figure from the purchase journal gets posted to the purchase account. The contra account is the creditor account, namely A/P. The difference goes to the VAT account. As 75 % of the amount was paid on cash the creditor's account contains a debit entry for half of the amount  $270,600 \cdot 0.75 = 202,950.00$  EUR, see the bookkeeping entry below.

**DR A/P . . . . . 202,950.00 EUR**  
**CR Cash Book . . . . . 202,950.00 EUR**

The amount for output VAT resulting from sales is  $325,442.88/120\% \cdot 20\% = 54,240.48$  EUR. See the cash book for the gross amount. See below the accounts.

<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left; border-bottom: 1px solid black;">D</th> <th style="width: 50%; text-align: right; border-bottom: 1px solid black;">Purchase</th> <th style="width: 50%; text-align: right; border-bottom: 1px solid black;">C</th> </tr> </thead> <tbody> <tr> <td>PJ</td> <td style="text-align: right;">225.500,00</td> <td></td> </tr> </tbody> </table>	D	Purchase	C	PJ	225.500,00		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left; border-bottom: 1px solid black;">D</th> <th style="width: 50%; text-align: right; border-bottom: 1px solid black;">A/P</th> <th style="width: 50%; text-align: right; border-bottom: 1px solid black;">C</th> </tr> </thead> <tbody> <tr> <td>CB</td> <td style="text-align: right;">202.950,00</td> <td style="text-align: right;">PJ 270.600,00</td> </tr> <tr> <td>c/d</td> <td style="text-align: right;">67.650,00</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">270.600,00</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">270.600,00</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">b/d 67.650,00</td> </tr> </tbody> </table>	D	A/P	C	CB	202.950,00	PJ 270.600,00	c/d	67.650,00			270.600,00	270.600,00			b/d 67.650,00	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left; border-bottom: 1px solid black;">D</th> <th style="width: 50%; text-align: right; border-bottom: 1px solid black;">VAT</th> <th style="width: 50%; text-align: right; border-bottom: 1px solid black;">C</th> </tr> </thead> <tbody> <tr> <td>PJ</td> <td style="text-align: right;">45.100,00</td> <td style="text-align: right;">CB,R 54.240,48</td> </tr> <tr> <td>c/d</td> <td style="text-align: right;">9.140,48</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">54.240,48</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">54.240,48</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">b/d 9.140,48</td> </tr> </tbody> </table>	D	VAT	C	PJ	45.100,00	CB,R 54.240,48	c/d	9.140,48			54.240,48	54.240,48			b/d 9.140,48
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**Exhibit 2:** Accounts

The furniture is sold on cash, see the cash book below. The amount for the racks is  $824 \cdot 40 \cdot 120\% \cdot 94\% = 37,178.88$  EUR. This means instead of 50% of customers receiving 12 % discount we assume all customers get a discount 6%. As there is the possibility to consider the discount as an immediate one there is no entry in the discount column and the cash column displays the 94 % amount for the racks. LINDEN (Pty) Ltd. received cash for sales and paid expenses per bank transfer, so it did for rent, labor. See below:

**Linden (Pty) Ltd's  
CASH BOOK  
for 20X4**

Item	Discount	Cash	Bank
(1) 1,814 chairs		108.840,00	
(2) 189 tables		40.824,00	
(3) 824 racks		37.178,88	
(4) 201 sofas		72.360,00	
(4) 25 sofas R		(9.000,00)	
(5) 285 beds		75.240,00	
Total	<u>0,00</u>	<u>325.442,88</u>	<u>0,00</u>
OV			250.000,00
Creditors			(202.950,00)
Rent			(55.000,00)
Labour			(90.000,00)
Transfer to bank		(325.442,88)	325.442,88
c/d			<u>(227.492,88)</u>
Total	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
b/d			227.492,88

**Exhibit 3:** Cash book

The P&L-account looks as below. The computation for the net sales revenue is  $325,442,88/120\% = 271,202.40$  EUR. The amount for closing stock is computed by the material input less sales (valued at cost) less discount which is to be deducted in order to determine the closing stock because for stock cont the racks are to be considered by 100% of cost:  $225,500 - (1/200\%) \cdot (325,442.88/120\%) - (1/200\%) \cdot 824 \cdot 40 \cdot 0.06 = 88,910.00$  EUR.

D	P&L (T/A)	C	
Purch	225.500,00	Sales	271.202,40
GP	134.612,40	Cl.St	88.910,00
	<u>360.112,40</u>		<u>360.112,40</u>
Rent	55.000,00	b/d	134.612,40
Labour	90.000,00	NL	10.387,60
	<u>145.000,00</u>		<u>145.000,00</u>
b/d	10.387,60	R/E	10.387,60

**Exhibit 4:** P&L-account

The statement of financial position looks like below (Because of the loss no payables for taxation are to be recognized.): The amount for A/P is  $9,140.48 + 67,650 = 76,790.48$  EUR.

**Linden (Pty) Ltd's  
STATEMENT of FINANCIAL POSITION**

A	as at 31.12.20X4	C,L
<b>Non-current assets</b>	[EUR]	<b>SH's capital</b>
P,P,E		Issued capital
Int. assets		Other reserves
Financial assets		R/E
<b>Current assets</b>		<b>Liabilities</b>
Inventory	88.910	Int. bear. liab.
A/R		A/P
Prepaid exp.		Provisions
Cash	227.493	Def. income
		Tax liabilities
	<b>316.403</b>	<b>316.403</b>

**Exhibit 5:** Statement of financial position