

Tabular Statements

**Step by Step
approach**

**Moore 2011
100 Marks**

Step 1 - Opening Balances

1. Write down all the assets and their relevant figures from the question in the top half of the sheet (have an extra row for the provision for bad debt figure). Leave 3 blank lines before you total them in case of extra transactions during the year
2. Write down all the liabilities and their relevant figures from the question in the bottom half of the sheet. Leave 3 blank line before you total them in case of extra transactions during the year
3. Watch out for the debtor's figure sometimes you might have to calculate the provision for bad debt figure. In the question it will tell you the percentage the debtor's figure is, find the 100% and the difference between the 100% and the figure in the question is the provision for bad debt figure

95%	=	€76,000	Total Debtors	€80,000
1%	=	€76,000 / 95	Debtors	<u>€76,000</u>
	=	€800	Provision	€4,000
100%	=	€800 * 100		
	=	€80,000		

Step 2 - Enter JANURARY Transactions

The revaluation reserve is made up of 3 figures

Increase in the value of the asset	X	(asset)
Accumulate Dep	X	(asset as a plus figure)
Dep for this year	<u>X</u>	(only if revalued at the end of the year)
	X	

Workings

<u>Land and Buildings</u>	<u>Accumulate Dep</u>	<u>This year Dep</u>
New Value 700000	Acc Dep (11000)	
Old Value <u>(550000)</u>	RR <u>11000</u>	
RR 150000		0
Increase in the value of the asset	€150,000	(Increase Buildings)
Accumulate Dep	€11,000	(Increase Acc Dep)
Dep for this year	<u>0</u>	(only if revalued at the end of the year)
	€161,000	

Step 2 - Enter FEBURARY Transactions

1. List all the assets' items form the question in the asset section
2. List all the liabilities items form the question in the liabilities section
3. Calculate the share premium (Shares sold * premium per share)
4. The different between the assets and liabilities is good will (Total Asset - Total Liabilities)

1. List all the assets' items form the question in the asset section

Buildings	€200,000
Equipment	€30,000
Debtors	<u>€8,000</u>
Total	€238,000

2. List all the liabilities items form the question in the liabilities section

Creditors	€40,000
Share Capital	€180,000
Share Premium	<u>€36,000</u>
Total	€256,000

3. Calculate the share premium (Shares sold * premium per share)

Shares sold * Premium per share

€180,000 * .20c

= €36,000

4. The different between the assets and liabilities is good will (Total Asset - Total Liabilities)

€256,000 - €238,000

€18,000 (Goodwill)

This is a new transaction in the assets section. Use one of the blank lines for the word goodwill and in the February columns on the same line as goodwill put €18,000

Step 2 – Enter APRIL Transactions

1. Find the new debtor's figure for March. See what the debtors' figure is for the opening balance and add any new debtors figures up to March. In this question the opening debtor's figure was €80,000. We have new debtors in February for €8,000. So, the new debtors figure is €88,000 ($€80,000 + €8,000$)
2. Take the new debtor's figure and multiply it by the new rate in the question. $€88,000 * 7\% = €6,160$ (Total Assets)
3. Or new provision for bad debts is €6,160 (Total) the old figure was €4,000 (Opening Balance), so the increase is €2,160 ($€6,160 - €4,000$)
4. The provision for bad debt will increase by €2,160 (Asset) (Remember the provision is a asset with a credit balance)
5. The profit and loss figure (Liabilities) will go down by €2,160 because it is €2,160 that we will not receive from debtors so it is an expense to the business, and it will reduce the profit figure we have in the question (opening balance €88,000)

Step 2 - Enter MAY Transactions

For this transaction the following accounts will have to be adjusted

Vehicles	The vehicles will decrease by the vehicle we sold (Disposal) and increase by the vehicle we bought (Vehicles)
Acc Dep	The Acc Dep for Vehicle will have to decrease as the dep for the vehicle we sold Need to be taken out of the Acc Dep Account (and Put in the Disposal Account)
Disposal	Did we make a profit or loss on the transaction (Disposal / P & L)
Bank	The bank will increase (Bank overdraft) with the cheque we wrote for the purchases (€35,000 - €20,000)

See the working s for the t-accounts

Vehicles	This is increase by €10,000 (€35,000 - €25,000)
Acc Dep	The Acc Dep for Vehicle will go up by €5,500. This is the figure that is given in the question. Remember Acc Dep is an asset with a credit balance so to decrease it goes on the Asset side
Disposal	Cost of the old vehicle was €25,000 and the value we got for it was €5,500 (acc dep) + €20,000 (Allowance) the difference is €500 of a profit (Increase P & L)
Bank	The bank will increase (Bank overdraft) by €15,000 with the cheque we wrote for the purchases (€35,000 - €20,000)

Step 2 - Enter JULY Transactions

Bad Debt Recovered

For this transaction there will be 3 accounts to be adjusted

Bank	The bank overdraft will decrease by the amount we have received (Liability)
Debtors	The debtors will increase by the amount the is left to be repaid (Asset)
Profit and Loss	The Bad Debt Recovered will increase the profit and loss figure (Liability)

$$\begin{aligned}
 80\% &= \text{€}720 \\
 1\% &= \text{€}720/80 \\
 &= 9 \\
 100\% &= 9 * 100 \\
 &= \text{€}900
 \end{aligned}$$

The total Debt is €900

Bank	The bank overdraft will decrease by €720 (Liability). As this is the amount of money we received and the bank is an overdraft.
Debtors	The debtors will increase €180 (€900 - €720) (Asset) as this is the money we are left to receive
Profit and Loss	The Bad Debt Recovered will increase the profit and loss figure by €900 (Income) as this is extra money that we didn't think we would receive

Sales on credit

For this transaction there will be 2 accounts to be adjusted (As we don't have the VAT percentage or Mark-up percentage - we can't calculate the VAT figure Or the profit we made on the sale)

Debtors The debtor's figure will increase as customers owe us the money (Asset)

Closing Stock The closing stock figure will decrease as we sold more stock (Asset)

Debtors The debtor's figure will increase by €440 as customers owes us the money (Asset) (the Figure form the Question)

Closing Stock The closing stock figure will decrease by €440 as we sold more stock (Asset)

Step 2 - Enter AUGUST Transactions

Sales Returns

For this transaction there will be 4 accounts to be adjusted

Debtors

The Debtors figure will decrease by the amount the amount returned (Asset)

Closing Stock The Closing Stock figure will increase as we have not sold these goods now (Asset)

Profit and Loss We will not have made as much of a profit as these goods were returned (Sales)

Value of Stock

120% = €600
 1% = €600 / 120
 = 5
 100% = 5 * 100
 Value of Sales = €500

Value of Credit Note

100% = €600
 1% = €600 / 100
 = 6
 95% = 6 * 95
 Value of Credit Note = €570

Profit

Sales €600
 Value of Stock €500
 Profit €100

We didn't give back all the sales in a credit note so we got to keep some of the profit. The credit note was for €570 and the sales were €600. So, of the €100 profit, we got to kept €30.

This means the P & L will go down by €70

Debtors The Debtors figure will decrease by €570 as this is the amount, they don't owe any more - it is a credit note (Asset)

Closing Stock The Closing Stock figure will increase by €500 as we have not sold these goods now (Asset)

Profit and Loss the Profit and loss figure will decrease by €70 as we will not have made as much of a profit as these goods were returned (Sales) (Liability)

Step 2 - Enter SEPTEMBER TransactionsEquipment used to pay a debt

For this transaction there will be 4 accounts to be adjusted

Equipment	The Equipment figure will decrease as we don't have the equipment anymore (Asset)
Accumulated Equipment	This figure will also decrease as we don't have the equipment anymore, It will be a plus figure in the Tabular statement
Creditor	The Creditor figure will decrease as we have paid them
Profit and Loss	This figure will either increase or decrease depending it we made a profit or loss on the sale of the equipment

Equipment	The Equipment figure will decrease by €1,200 as this is how much the equipment cost us. Remember we don't have the equipment anymore (Asset)
Accumulated Equipment	This figure will also decrease by €500 (€1,200 - €700) as we don't have the equipment anymore, It will be a plus figure in the Tabular statement
Creditor	The Creditor figure will decrease by €800 as this is how much we owe them
Profit and Loss	This figure will either increase or decrease depending it we made a profit or loss on the sale of the equipment. We made a profit of €100 in the transaction. We owed €800 but only paid €700 in the value of the equipment, so the profit was €100 (€800 - €700)

Step 2 - Enter OCTOBER Transactions

For this transaction there will be 3 accounts to be adjusted

Bank The Bank overdraft figure will increase by the amount of money paid
(Liability)

Dividends the P & L will decrease as the dividend are paid out of the profit in the
profit and loss account

<u>Total Shares</u>	<u>Dividends Paid</u>
Op Shares €440,000	€620,000*.05c
Feb <u>€180,000</u>	€31,000
€620,000	

Bank The Bank overdraft figure will increase €31,000 as this is the amount of
money, we have paid form the bank account to the shareholders in the
form of a dividend

Dividends The p & L figure decrease by €31,000 as this is the amount of money
that we have to give in dividends to the share holders form the profit

Step 2 - Enter NOVEMBER Transactions

For this transaction there will be 3 accounts to be adjusted

Bank The Bank overdraft figure will decrease by the amount of money receives (Liability)

Share The share issued figure will increase by the number of shares sold (this is the figure less the share premium figure) (Liability)

Share Premium This figure will increase by the share premium price that needs to be calculate. It is the share premium price multiplied by the number of shares issued (Liability)

<u>Total Shares</u>	<u>Shares Issued</u>	<u>Share Premium</u>
€440,000	Authorised €700,000	Received €100,000
<u>€180,000</u>	Issued <u>€620,000</u>	Shares left <u>€80,000</u>
€620,000	Left to Issue €80,000	Premium €20,000

Bank The Bank overdraft figure will decrease €100,000 as this is the amount of money our bank will receive (Liability)

Share The share issued figure will increase by €80,000 as this is the number of shares sold (this is the figure less the share premium figure) (Liability)

Share Premium This figure will increase. By €20,000. It is the amount we receives less the amount of shares left to issue (Liability)

Step 2 – Enter DECEMBER Transactions

Buildings

Accumulated Depreciation This Accumulated Depreciation figure will increase. Remember this will be a negative figure. It is an asset with a credit balance (Asset)

Profit and Loss The Profit and loss will decrease with the depreciation amount as it is an expense and will increase the expenses thus reducing the profit (Liability)

Buildings

New Value	€700,000	€610,000 * 3%	=	€18,300
Land	<u>€90,000</u>	€200,000 * 3% * 11/12 =		<u>€5,500</u>
	€610,000			€23,800

NOTE

1. We have revalued land to €700,000 in the month of January
2. Land does not depreciate so we need to take this away from €700,000 - €90,000 = €610,000
3. We have this building for 12 months (€610,000). So, we get a full year depreciation
(€610,000 * 3%) €18,300
4. We bought a new building in February €200,000 so we only need 11/12 for depreciation
(€200,000 * 3% * 11/12) €5,500

Accumulated Depreciation This Accumulated Depreciation figure will increase by €23,800. Remember this will be a negative figure. It is an asset with a credit balance (Asset) (€18,300 + €5,500)

Profit and Loss The Profit and loss will decrease by €23,800 with the depreciation amount as it is an expense and will increase the expenses thus reducing the profit (Liability) (€18,300 + €5,500)

Vehicles

Accumulated Depreciation This Accumulated Depreciation figure will increase. Remember this will be a negative figure. It is an asset with a credit balance (Asset)

Profit and Loss The Profit and loss will decrease with the depreciation amount as it is an expense and will increase the expenses thus reducing the profit (Liability)

Vehicles

Accumulated Depreciation This Accumulated Depreciation figure will increase by €25,000. Remember this will be a negative figure. It is an asset with a credit balance (Asset)

Profit and Loss The Profit and loss will decrease by €25,000 with the depreciation amount as it is an expense and will increase the expenses thus reducing the profit (Liability)

NOTE

Remember there will be items in the December column already from

1. Rent Received
2. Expense Due (Advertising)

Step 3 - Calculate the new Totals

1. Added up each row to get the new totals
2. The add up the all the asset figures to get a total
3. The add up all the liabilities figure to get a total
4. If you have completed the Tabular statement correctly, they should be the same

$$\text{Assets} = \text{Capital} + \text{Liabilities}$$