Tabular

Statements

Step by Step

approach

Delaney 2017

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 bed 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

96%	=	€84,400	Total Debtors	€90,000
1%	=	€84,400 / 96	Debtors	€84,400
	=	€900	Provision	€3,600
100%	=	€900 * 100		
	=	€90,000		

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	X	(only if revalued at the end of the year)
	X	

Workings

Land and Buildings		Accumulate Dep		This year Dep
New Value	800000	Acc Dep	(25000)	
Old Value	(630000)	RR	25000	
RR	170000		0	

Increase in the value of the asset	€170,000	(Increase Buildings)
Accumulate Dep	€25,000	(Increase Acc Dep)
Dep for this year	0	(only if revalued at the end of the year)
	€195,000	

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	€180,000
Equipment	€50,000
Debtors	€12,000
Total	€242,000

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

Creditors	€20,000
Share Capital	€200,000
Share Premium	€40,000
Total	€260,000

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

Shares sold * Premium per share

€200,000 * .20c

= €40,000

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

€242,000 – €260,000

€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 18000

Step 2 – Enter MARCH 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 90000. We have new debtors in February for €12,000. So, the new debtors figure is €102,000 (€90,000 + €12,000)

2. Take the new debtor's figure and multiply it by the new rate in the question. €102,000 * 6% = €6,120 (Total Assets)

3. Or new provision for bad debts is €6,120 (Total) the old figure was 3600 (Opening Balance), so the increase is €2,520 (€6,120 – €3,600)

4. The provision for bad debt will increase by €2,520 (Asset) (Remember the provision is a asset with a credit balance)

5. The profit and loss figure (Liabilities) will go down by €2,520 because it is €2,520 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 €109,000)

Step 2 – Enter APRIL Transactions

When we purchase goods with a VAT there are 3 accounts that need to be adjusted

Stock   this will increase by the cost of the purchases (Asset)

VAT   this will decrease as we can clam back VAT on purchases (Liability)

Creditors   this will increase and is the purchases figure + VAT figure (Liability)

123%	=	€14,760		Creditors	€14,760
1%	=	€14,760 /123		Purchases	€12,000
		€120		VAT	€2,760
100%	=	€120 * 100			
	=	12,000			

Stock   Will increase by €12,000 (Asset)

VAT   Will Decrease by €2,760 (Liability)

Creditors   Will Increase by €14,760 (Liability)

Step 2 – Enter JUNE Transactions

Credit Transfer (Rent Received)

Bank overdraft	This will decrease by €7,200 as the bank has received this money	
Rent received	Will have 3 figures	The Rent Received figure for June (€7,200)
		The Rent Received figure for Dec (-€6,300)
		The total Rent Received for (€900)

Rent Received

We have received rent form someone who is renting a property form us. The rent has been paid in advance (it has been paid in June for the next 8 months). Some of the €7,200 is for this period and some is for next period (next year) – 7 months for this year and 1 month for next year

€7,200 * 7/8 =   €6,300 (This is how much is to be paid for this year and is the Dec figure for the year as a minus €6,300)

€7,200 * 1/8 =   €900 (This is how much is paid for next year and is the Total figure for the year)

NOTE

December column

Rent Received   -€6,300

Profit and loss   €6,300 (Profit and loss will increase as we have received an extra €6,300

<u>*Security Costs*</u>

Bank overdraft	This will increase by €4,800 as the bank has paid this money	
Expenses Due	Will have 3 figures	The Expense Due figure for June (€4,800)
		The Expense Due figure for Dec (€1,600)
		The total Expenses Due for (€2,800)

<u>Expenses Due</u>

Remember we have expenses due of €6,000 already. This €4,800 will reduce the €6,000 to give you €1,200. Of this €4,800 (which is for Security Costs) 8/12 is for this year and 4/12 is for next year. The question says €4,800 is to cover security costs up to 30/4/2016.

€4,800 * 8/12 =   €3,200 (This is included in the bank figure)

€4,800 * 4/12 =   €1,600 (this is the Dec Profit and Loss Figure)

December Column

Expenses Due   €1,600

Profit and Loss   -€1,600 because this is the expense figure for expense due that id paid

this year

Step 2 – Enter JULY Transactions

For this transaction there will be 3 accounts to be adjusted

Bank   The bank overdraft will increase by the amount we paid (Liability)

Creditors   Will decrease by the amount owed (Liability)

P & L   The discount figure in the profit and loss account will increase (difference between what was owed to the creditors and what was paid from the bank)

Bank   Increase the bank overdraft €1,700 (Liability) (€1,800 - €100)

Creditors   Decrease the Creditors by €1,800 (Liability)

P & L   Increase Profit and loss by €100

Step 2 – Enter AUGUST 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)

60% =   €900

1%   =   €900/60

     =   15

100% =   15 * 100

     =   €1,500

The total Debt is €1,500

Bank   The bank overdraft will decrease by €900 (Liability)

Debtors   The debtors will increase €600 (€1,500 - €900) (Asset)

Profit and Loss   The Bad Debt Recovered will increase the profit and loss figure by

                €1,500 (Liability)

Sales including VAT

For this transaction there will be 4 accounts to be adjusted

Debtors	The debtor's figure will increase as customers owe us the money (Asset)
VAT	the VAT figure will increase as we owe the VAT (Liability)
Closing Stock	The closing stock figure will decrease as we sold more stock (Asset)
Profit and Loss	The Profit and loss will increase as there will be more sales (Liability)

Value of Sales

123%	=	€369
1%	=	€369 / 123
	=	3
100%	=	3 * 100
Value of Sales	=	€300

Value of Stock

120%	=	€300
1%	=	€300 / 120
	=	2.5
100%	=	2.5 * 100
Value of stock	=	€250

Value of VAT

Sales	€369
Value of sales	€300
VAT	€69

Profit Made

Value of the Sales	€300
Value of the Stock	€250
Profit	€50

Debtors	The debtor's figure will increase by €369 as customers owes us the money (Asset) (the Figure form the Question)
VAT	the VAT figure will increase by€ 69 as we owe the VAT (Liability) (€369 - €300)
Closing Stock	The closing stock figure will decrease by €250 as we sold more stock (Asset)
Profit and Loss	The Profit and loss will increase by €50 as there will be more sales (Liability) (€300 - €250)

Step 2 – Enter SEPTEMBER 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)

Share Premium   Shares Issued
€50,000 * .20c   €50,000 - €10,000
€10,000   €40,000

Bank   The Bank overdraft figure will decrease €50,000 as this is the amount of
                money our bank will receive (Liability)

Share   The share issued figure will increase by €40,000 as this is the number of
                shares sold (this is the figure less the share premium figure) (Liability)

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

Step 2 – Enter OCTOBER Transactions

For this transaction there will be 4 accounts to be adjusted

Debtors	The Debtors figure will decrease by the amount they owe (Asset)
VAT	The VAT figure will decrease as we don't have to pay this tax now (Liability)
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 Sales

123%	=	€738
1%	=	€738 / 123
	=	6
100%	=	6 * 100
Value of Sales =		€600

Value of Stock

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

Value of VAT

Sales	€738
Value of sales	€600
VAT	€138

Sales

Debtors	€700
VAT	€138
Sales	€562

Sales Returns

Sales	€562
Stock	€500
Loss	€62

Debtors	The Debtors figure will decrease by €700 as this is the amount, they don't owe any more – it is a credit note (Asset)
VAT	The VAT figure will decrease by €138 as we don't have to pay this tax now (Liability)
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 €62 as we will not have made as much of a profit as these goods were returned (Sales) (Liability)

Step 2 – Enter NOVEMBER Transactions

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 €5,400 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 €2,200 (€5,400 - €3,200) 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 €4,000 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 €800 in the transaction. We owed €4,000 but only paid €3,200 in the value of the equipment, so the profit was €800 (€4,000 - €3,200)

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	€800,000	€690,000 * 2%	=	€13,800
Land	€110,000	€180,000 * 2% * 11/12 =		€3,300
	€690,000			€17,100

NOTE

1. We have revalued land to €800,000 in the month of January

2. Land does not depreciate so we need to take this away from €800,000 (€800,000 - €110,000 = €69,000)

3. We have this building for 12 months (€690,000). So, we get a full year depreciation (€690,000 * 2%)

4. We bought a new building in February €180,000 so we only need 11/12 for depreciation (€180,000 * 2% * 11/12)

Accumulated Depreciation	This Accumulated Depreciation figure will increase by €17,100. 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 €17,100 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. 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 €8,000.
                            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 €8,000 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 form

1. Rent Received

2. Expense Due

| 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

Assets = Capital + Liabilities