

UPV/EHU

OCW “Companies Accounting”

Exercises Part II

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EXERCISES TO THE TOPICS IV-VI



TOPIC IV

EXERCISE 1

AMASA has issued on January the 1st, 2011, the following debt through ordinary bonds:

- Number of bonds: 15,000.
- Par Value: 100 €.
- Issuing Value: Par Value
- Redemption Premium: 2 € /bond
- Yearly faced interest rate: 3.00 % payable at the end of the year.
- Issuing costs: 12,000 €.
- Redemption of all bonds: end of 3rd year.
- Effective interest rate: 3.9290 %.

- Record all transactions described during the obligations issuing's life.

SOLUTION

DATE	NUMBER OF BONDS	AMORTIZED BONDS	FACE INTEREST	AMORTIZATION	TOTAL PAYMENT

DATE	INITIAL VALUE	ACCRUED INTEREST	FACE INTEREST	IMPLICIT INTEREST	PAYMENTS	AMORTIZED COST

Date 1/01/2011	Entry	Debit	Credit
Issuing of bonds			
Date 31/12/2011			
Accrued interests			
Date 31/12/2012			
Accrued interests			
Payment			
Amortization			

EXERCISE 2

BONOSOY, Inc. issues bonds on April the 30th, 2013, with the following characteristics:

- 10,000 bonds of 500 € Par Value each,
- Issuing Price 98%,
- Redeemable at Par Value on April the 30th, 2016.
- Yearly faced interest rate: 4.20 % payable at the end of each year
- Costs of issuing bonds: 80,000 €.
- Effective interest rate: 5.5352%.
- **Record all transactions described.**

SOLUTION

DATE	NUMBER OF BONDS	AMORTIZED BONDS	FACE INTEREST	AMORTIZATION	TOTAL PAYMENT

DATE	INITIAL VALUE	ACCRUED INTEREST	FACE INTEREST	IMPLICIT INTEREST	PAYMENTS	AMORTIZED COST

Date	Entry	Debit	Credit
30/04/2013			
Issuing of bonds			
31/12/2013			
Accrued interests			
30/04/2014			
Accrued interests			

Payment			
Date 31/12/2014			
Accrued interests			
Date 30/04/2015			
Accrued interests			
Payment			
Reclassification			
Date 31/12/2015			
Accrued interests			
Date 30/04/2016			
Accrued interests			
Payment			
Amortization			

EXERCISE 3

DEUDA Inc. has performed an Issuing of obligations, on January the 1st 2010, with the characteristics shown below:

- Number of ordinary bonds: 6,000
- Par Value: 1,000 €
- Issuing Price: 98%
- Redemption Price: 103%
- Annual Stated Interest: 3.5 % payable yearly in arrears
- Issuing costs: 9,000 €.
- Amortization: end of 1st/2nd and 3rd year.
- Effective interest rate: 6.1571%

- Calculate the premiums of the obligations.
- Prepare the financial table
- Post all transactions until December the 31st,2012

SOLUTION

- Calculate the premiums of the obligations.

Issuing Premium = Par Value-Issuing Price	
Redemption Premium= Redemption Value-Par Value	

- Prepare the financial table.

DATE	NUMBER OF BONDS	AMORTIZED BONDS	FACE INTEREST	AMORTIZATION	TOTAL PAYMENT	BONDS ISSUED
01/01/2010						
01/01/2011						
01/01/2012						
01/01/2013						

DATE	INITIAL VALUE	ACCRUED INTEREST	FACE INTEREST	IMPLICIT INTEREST	PAYMENTS	AMORTIZED COST
01/01/2010						
01/01/2011						
01/01/2012						
01/01/2013						

- Post all transactions until December the 31st,2012

Date	Entry	Debit	Credit
01/01/2010			
Issuing B&O			
Date			
31/12/2010			
Accrued Interests			
Payments			
01/01/2011			
Reclassification			
Date			
31/12/2011			
Accrued Interests			
Payments			
Date			
01/01/2012			
Reclassification			
Date			
31/12/12			
Accrued Interests			
Payments			

EXERCISE 4

AKI Inc. has performed an Issuing of obligations, on January the 1st ,2010, with the characteristics shown below:

- Number of ordinary bonds: 10,000
- Par Value: 20€
- Issuing Price: 100%
- Redemption Price: 100%
- Annual Stated Interest: 5 % payable yearly in arrears
- Issuing costs: 8,000 €.
- Amortization: end of each year during the next 5 years.
- Effective interest rate: 0.0654%
- The Company acquires, on July the 1st 2014, 500 bonds in the exchange market at a 96%.

EXERCISE SOLUTION

DATE	NUMBER OF BONDS	AMORTIZED BONDS	FACE INTEREST	AMORTIZATION	TOTAL PAYMENT
31/12/2010					
31/12/2011					
31/12/2012					
31/12/2013					
31/12/2014					

DATE	EFFECTIVE INTEREST	FACED INTEREST	IMPLICIT INTEREST	AMORTIZATION	AMORTIZED COST
01/01/2010					
31/12/2010					
31/12/2011					
31/12/2012					
31/12/2013					
31/12/2014					

Date	Entry	Debit	Credit
1 st /January/2010			
Issuing of bonds			
31 st /December/2010			
Accrued interests			
Payments			

Amortization bonds			
	Entry	Debit	Credit
Reclassification of the debt			
	Entry	Debit	Credit
Date 31 st /December/2011			
Accrued interests			
Payments			
Amortization of bonds			
Reclassification			

Date 1 st /July/2014	Entry	Debit	Credit
Acquisition bonds			
Accrued interests 500 bonds acquired			

Accrued interests 1.500 bonds that remain			

DATE	ACCRUED INTEREST	FACE INTEREST	IMPLICIT INTEREST	PAYMENTS	AMORTIZED COST
01/07/2014					
31/12/2014					

Date 31/12/2014 Accrued interests 1,500 bonds that remain			
Payment interests			
Amortization rest of bonds			

EXERCISE 5

CONVER Inc. has performed an Issuing of convertible obligations, on January the 1st, 2013, with the characteristics shown below:

- Number of bonds: 40,000
- Par Value: 10 €
- Issuing Price: 100%
- Redemption Price: 100%
- Issuing costs: 9,000
- Annual Stated Interest: 2 % payable yearly in arrears
- Fair Value of a similar debt (considering a 3%interest): 392,346.12 €
- Convertible at the beginning of 2015.
- Exchange rate: 1 share, par value 10 issued 105% for every obligation valued at 11€.
- Effective interest rate 3.1789%

*we consider all bondholders accept the conversion.

- Record the transactions described

SOLUTION

DATE	NUMBER OF BONDS	AMORTIZED BONDS	FACE INTEREST	AMORTIZATION	TOTAL PAYMENT
1/1/2013					
1/1/2014					
1/1/2015					

DATE	EFFECTIVE INTERESTS	FACE INTERESTS	IMPLICIT INTERETS	IMPLICIT INT. DEBT	IMPLICIT INT.EQUITY	AMORTIZATION	AMORTIZATION COST
01/01/2013							
01/01/2014							
01/01/2015							

Date	Entry	Debit	Credit
01/01/2013			
Issuing convertible bonds			
01/01/2014			
Accrued interests			
Explicit Interest Paid			

Reclassification of debt			
Date 01/01/2015			
Accrued interests			
Convertible bonds			

Date	Entry	Debit	Credit
01 / 01/2015			
Issuing of shares			
Exchange			

EXERCISE .6

Present the Balance Sheet and the Income Statement at the end of 2014 of **ELKANO Inc.** from the following accounts:

(204) Goodwill	60,000	(213) Machinery	50,000
(216) Furniture	27,000	(217) IT Equipment	3,000
(218) Vehicles	12,000	(100) Shares Capital	150,000
(112) Legal Reserve	28,000	(572) Banks	50,200
(520) C.Debts financial institutions	100,000	(5208) Payables discounted bills	23,000
(4311) Discounted trade bills	23,000	(436) Doubtful Receivables	3,000
(499) Trade Provisions	1,000	(281) Acum.depreciation property...	108,000
(490) impairment of trade receivables	3,000	(113) Voluntary Reserves	58,000
(640) Salaries & wages	36,000	(700) Merchandises sold	200,000
(472) Input VAT	4,700	(740) Operating grants	19,000
(130) Capital Grants	12,000	(681) Depreciation property, plant...	20,000
(400) Suppliers	64,000	(769) Other finance income	26,700
(621) Lease expenses	42,000	(477) Output VAT	11,700
(628) Utilities	67,000	(410) Payab.. rendering of services	3,000
(642) Social security charged to company	38,350	(300) Merchandises	65,000
(430) Trade Receivables	42,000	(665) Interests on discounted bills	1,200
(625) Insurance premium	11,000	(118) Contributions of shareholders	8,000
(705) Services rendered	150,000	(600) Merchandises purchased	112,000
(108) Own shares	30,000	(1143) Goodwill Reserve	3,000
(610) Changes in inventories (debit)	25,000	(557) Interim Dividend	2,000
(630) Income tax	12,000	(608) Returns on purchases	2,500
(210) Lands	58,000	(211) Buildings	100,000
(540) C.investments in equity instruments	1,800	(250) NC Investments in Equity instr.	50,000
(103) Uncalled Capital	26,650	(570) Cash	1,000
		(142) Provision other responsibilities	3,000

SOLUTION

BALANCE SHEET

ASSETS		EQUITY&LIABILITIES	
TOTAL		TOTAL	

INCOME STATEMENT

<u>ACCOUNT</u>	<u>SUBTOTAL(Debit)Credit</u>	<u>TOTAL(Debit)Credit</u>
<u>PROFIT & LOSS OF THE PERIOD</u>		

EXERCISE 7

On the 31/12/2012, **FINAL Inc.** Presents a Share Capital of 300,000 €, divided into 30,000 shares same Par Value, 20,000 of which are totally outlaid, and the rest in the 40 % of its Par Value. Pending contributions will be non-monetary. The Company has 2,000 shares treasury stock acquired in 15 €/sh.

The rest of the accounts are: banks 10,000 €; merchandises 25,000 €; land 100,000 €; machinery 100,000 €; Vehicles 25,000 €; Goodwill Reserve 5,000; Trade Receivables 40,000 €; Buildings 175,000 €; Legal reserve 25,000 €; NC Debts Financial institutions 110,000; Voluntary Reserves 40,000 €; C Debts financial institutions 75,000; Suppliers 55,000; Raw Materials 20,000; Provision for taxes 20,000 €; Accumulated depreciation property.30,000; P/L period (*credit balance*) 25,000 €; Goodwill 100,000.

- Present the Balance Sheet at the end of the period

ASSETS		EQUITY&LIABILITIES	
TOTAL		TOTAL	

EXERCISE 8

On the 31/12/2012, **SINDOC Inc.** Presents a Share Capital of 600,000 €, divided into 40,000 shares same Par Value, 30,000 of which are totally outlaid, and the rest in the 40 % of its Par Value. Pending contributions will be monetary.

The rest of accounts are: own shares 30,000 €; banks 25,000 €; raw materials 34,000 €; investigation 200,000 €; installations 112,000 €; NC investments in equity instruments 28,500 €; Provision environmental actions 25,000; discounted trade bills 45,000 €; buildings 405,000 €; legal reserve 120,000 €; NC debts 129,000; Voluntary reserves 50,000 €; C debts financial institutions 25,000; payables discounted trade bills 45,000; suppliers 60,000; prepaid expenses 20,000; Accumulated depreciation property 50,000; P/L period 30,500 €; Goodwill 100,000.

- Present the Balance Sheet at the end of the period

SOLUTION

BALANCE SHEET

ASSETS		EQUITY&LIABILITIES	
TOTAL		TOTAL	

EXERCISE 9. CASH Inc.

CASH Inc. Presents the following accounts in two consecutive years, in order to report the Statement of Cash-flow of the year 2014: (expressed in euro thousands)

<u>Assets</u>	<u>Year</u>		<u>Equity & Liabilities</u>	<u>Year</u>	
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Land	250	150	Share Capital	1,200	1,000
Buildings	1,300	850	Reserves	390	300
Machinery	500	500	P/L Period	800	450
- Accumulated Depreciation	- 300	- 200	NC Debts	710	400
Merchandises	500	350	Suppliers	300	200
Receivables	800	550	-----		
Cash	<u>350</u>	<u>150</u>	-----	=	=
<u>Total Assets</u>	<u>3,400</u>	<u>2,350</u>	<u>Total Equity & Liabilities</u>	<u>3,400</u>	<u>2,350</u>

Additional Information:

Distribution of benefits from year 2013: 90 have increased the Reserves and the rest have been distributed as dividends.

SOLUTION

A) OPERATING ACTIVITIES
CASH FLOWS FROM OPERATING ACTIVITIES
B) INVESTING ACTIVITIES
CASH FLOWS FROM INVESTING ACTIVITIES
C) FINANCING ACTIVITIES
CASH FLOWS FROM FINANCING ACTIVITIES
NET INCREASE/DECREASE IN CASH

EXERCISE 10. FIS Inc.

FIS Inc. presents the following accounts in two consecutive years, in order to report the Statement of Cash flow of the year 2013: (expressed in euro thousands)

<u>Assets</u>	<u>Year</u>	<u>Year</u>	<u>Equity & Liabilities</u>	<u>Year</u>	<u>Year</u>
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Land	30	25	Share Capital	260	200
Buildings	140	60	Reserves	70	80
Buildings under construction	60	80	P/L Period	110	40
- Accumulated Depreciation	-40	-20	Interim Dividend	- 5	--
Supplies	150	100	NC Debts	40	70
Receivables	130	55	C. Debts	25	--
Cash	150	100	C. Suppliers fixed assets	30	--
	----	----	Suppliers	90	10
<u>Total Assets</u>	<u>620</u>	<u>400</u>	<u>Total Equity & Liabilities</u>	<u>620</u>	<u>400</u>

Additional Information::

- 20 have been transferred from Buildings to Buildings under construction.
- There has been an increase in Share Capital of 60: net contributions 25 and the rest covered by Reserves.
- Distribution of Benefit from 2012:
 - 25 to Reserves
 - The rest as dividends.
- 10 from long term debts have been paid in advanced and 20 have been reclassified from non-current to current.
- The Company has obtained 5 as a short term debt.

SOLUTION

A) OPERATING ACTIVITIES
CASH FLOWS FROM OPERATING ACTIVITIES
B) INVESTING ACTIVITIES
CASH FLOWS FROM INVESTING ACTIVITIES
C) FINANCING ACTIVITIES
CASH FLOWS FROM FINANCING ACTIVITIES
NET INCREASE/DECREASE IN CASH

EXERCISE 11. PRO Inc.

PRO Inc. presents the following accounts in two consecutive years, in order to report the Statement of Cash-flow of the year 2013: (expressed in euro thousands)

<u>Assets</u>	<u>Year</u> <u>2013</u>	<u>Year</u> <u>2012</u>	<u>Equity & Liabilities</u>	<u>Year</u> <u>2013</u>	<u>Year</u> <u>2012</u>
Property, Plant & Equipment	402	372	Share Capital	500	500
- Accumulated Depreciation	-123	-120	Reserves	114	82
Inventories	346	538	P/L Period	135	120
Trade Receivables	449	290	- Interim Dividend	- 30	- 38
C. investments in equity instruments	136	200	Grants & Donations	6	
Cash	225	38	NC Debts	300	100
	-----	-----	Suppliers	410	554
Total Assets	1,435	1,318	Total Equity & Liabilities	1,435	1,318

Additional Information:

- Distribution of Benefit from 2012: 32 to Reserves and the rest as dividends
- A Machine has been sold: acquisition price 50; accumulated depreciation 30 and selling price 23.
- Some investments in equity instruments have been sold: carrying value 64; selling price 55.
- The long term debts have been settled and the Company has incurred in new debts same term for 300.
- At the beginning year 2013 a grant for 8 has been received with a view to acquire a machine depreciable in a 25%/year.

SOLUTION

A) OPERATING ACTIVITIES
CASH FLOWS FROM OPERATING ACTIVITIES
B) INVESTING ACTIVITIES
CASH FLOWS FROM INVESTING ACTIVITIES
C) FINANCING ACTIVITIES
CASH FLOWS FROM FINANCING ACTIVITIES
NET INCREASE/DECREASE IN CASH

EXERCISE 12

“VASCO, INC.” presents the following information referred to the three last year’s its Equity:

OWNERS EQUITY	X	X-1	X-2
Share Capital	800,000	600,000	600,000
Share premium	180,000	120,000	120,000
Legal reserve	115,000	96,000	80,000
Reserves	493,000	402,000	345,000
Own Shares	-	-	(30,000)
P/L Period	175,000	190,000	160,000
Interim Dividend	(60,000)	(50,000)	(40,000)
Capital Grants	28,800	32,400	-
	1,731,800	1,390,400	1,235,000

Transactions related to the Equity during **X-1 period**:

- An accounting error in last year’s accounting has been detected. The purchasing of raw materials had been recorded as investment in property for 4,000€.
- Own shares have been sold for 37,000€.
- A capital Grant has been received for 36,000€, to finance a machine that will be depreciated in 10 years period.

The General Annual Meeting has approved the following distribution of its X-2 period’s profit:

Amount distributed	
P/L Period	160,000
	160,000
Distribution:	
Legal Reserve	16,000
Reserves	54,000
Dividends	90,000
	160,000

Transactions related to the OE during **X period**:

- There has been an increase in Share capital of 200,000 € with a Share Capital 60,000€.
- The General Annual Meeting has approved the following distribution of its X-1 period’s profit:

Amount distributed	
P/L Period	190,000
	190,000
Distribution	
Legal reserves	19,000
Reserves	91,000
Dividends	80,000
	190,000

- Present the Statement of Changes in Equity belonging to the period “X”

SOLUTION

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 200X
A) STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED 200X

A) ESTADO DE INGRESOS Y GASTOS RECONOCIDOS CORRESPONDIENTE AL EJERCICIO TERMINADO EL 31 DE DICIEMBRE DE X

	X	X-1
A) Profit/(loss) for the period		
Income and expense recognized directly in equity		
I. Measurement of financial instruments		
1. Available-for-sale financial assets		
2. Other incomes/expenses		
I. Cash flow hedges		
III. Grants, donations and bequests received		
IV. Actuarial gains and losses and other adjustments		
V. Tax effect		
B) Total income and expense recognized directly in equity (I+II+III+IV+V)		
Amounts transferred to the income statement		
I. Measurement of financial instruments		
1. Available-for-sale financial assets		
2. Other income/expenses		
II. Cash flow hedges		
III. Grants, donations and bequests received		
IV. Actuarial gains and losses and other adjustments		
C) Total amounts transferred to the income statement		
RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED 200X		

	Share Capital		Share Premium	Reserves	Own Shares	P/L Period	(Interim dividend)	Grants & Donations	TOTAL
	Total	Uncalled							
A. BALANCE AT END X-2									
I.Adj. for changes in criteria 200X-2 and prior period									
II.Adj.errors 200X-2 and prior periods									
B. ADJUSTED BALANCE AT BEGINNING 200X-1									
I. Total recognized income and expense									
II. Transactions with equity holders or owners									
1. Capital increases									
2. (-) Capital reductions									
3. Convers. of financial liabilities into equity									
4. (-) Distribution of dividends									
5. Transac. with own shares and equity holdings (net)									
6. Increase (decrease) equity from bus. combination									
7. Other transactions with equity holders or owners									
III. Other changes in equity									
C. BALANCE AT END 200X-1									
I.Adjustments for changes in 200X-1 criteria									
II. Adjustments for 200X-1 errors									
D. D. ADJUSTED BALANCE AT BEGINNING 200X									
I. Total recognized income and expense									
II. Transactions with equity holders or owners									
1. Capital increases									
2. (-) Capital reductions									
3. Conversion of financial liabilities into equity									
4. (-) Distribution of dividends									
5. Transactions with own shares and equity holdings									
6. Increase (decrease) equity from bus. combination									
7. Other transactions with equity holders or owners									
E. BALANCE END 200X									
A. BALANCE AT END X-2									

EXERCISE 13

GOON Inc. presents the following information concerning the Changes in Equity Statement:

At the end of the three last years:

EQUITY	2012	2011	2010
Share Capital	600,000	500,000	500,000
Share Premium	150,000	120,000	120,000
Legal Reserve	110,000	92,000	80,000
Other Reserves	415,000	365,000	345,000
P/L Period	165,000	180,000	120,000
	1,440,000	1,257,000	1,165,000

During 2011, the Company has recorded these transactions that affect the Changes in Equity Statement :

- During the General Annual Meeting the next distribution of 2010 benefits has been approved: the allocation of the minimum established to the Legal Reserve, 20,000 € to other Reserves, and the rest as dividends to the shareholders.

During 2012, the Company has recorded these transactions that affect the Changes in Equity Statement:

- An increase in Capital for 100.000 € with a Share Premium of 30,000€.
- During the General Annual Meeting the next distribution of 2011 benefits has been approved: the allocation of the minimum established to the Legal Reserve, 50,000 € to other Reserves, and the rest as dividends to the shareholders.

- **Prepare the TOTAL Changes in Equity Statement for the year 2012.**

SOLUTION

	Share Capital	Share Premium	Reserves	P/L Period	Total
A. BALANCE AT END 2010					
I.Adj. for changes in criteria 200X-2 and prior period					
II.Adj.errors 200X-2 and prior periods					
B. ADJUSTED BALANCE AT BEGINNING 2011					
I. Total recognized income and expense					
II. Transactions with equity holders or owners					
1. Capital increases					
2. (-) Capital reductions					
3. Convers. of financial liabilities into equity					
4. (-) Distribution of dividends					
5. Transac. with own shares and equity holdings (net)					
6. Increase (decrease) equity bus. combination					
7. Other transactions with equity holders or owners					
III. Other changes in equity					
C. BALANCE AT END 2011					
I.Adjustments for changes in 200X-1 criteria					
II. Adjustments for 200X-1 errors					
D. D. ADJUSTED BALANCE AT BEGINNING 2012					
I. Total recognized income and expense					
II. Transactions with equity holders or owners					
1. Capital increases					
2. (-) Capital reductions					
3. Conversion of financial liabilities into equity					
4. (-) Distribution of dividends					
5. Transactions with own shares and equity holdings					
6. Increase (decrease) equity bus.combination					
II.Other changes in Equity					
E. BALANCE END 2012					

EXERCISE 14

SEMOS Inc. presents the following information concerning the Changes in Equity Statement:

At the end of the three last years:

EQUITY	2011	2010	2009
Share Capital	720,000	600,000	600,000
Share Premium	150,000	120,000	120,000
Legal reserve	113,000	95,000	80,000
Other Reserves	419,000	359,000	345,000
P/L Period	165,000	180,000	150,000
	1,567,000	1,354,000	1,295,000

During 2010, the Company has recorded these transactions that affect the Changes in Equity Statement:

- During the General Annual Meeting the next distribution of 2009 benefits has been approved: the allocation of the minimum established to the Legal Reserve, 20,000 € to other Reserves, and the rest as dividends to the shareholders.
- An accounting error has been detected: a purchase of supplies for 6,000€ was recorded as an investment in property.

During 2011, the Company has recorded these transactions that affect the Changes in Equity Statement:

- An increase in Capital for 120,000 € with a Share Premium of 30,000€.
- During the General Annual Meeting the next distribution of 2010 benefits has been approved: the allocation of the minimum established to the Legal Reserve, 60,000 € to other Reserves, and the rest as dividends to the shareholders.

- **Prepare the TOTAL Changes in Equity Statement for the year 2011.**

SOLUTION

Distribution of benefits:

2009

Distribution Basis	
P/L Period	
Distribution	
Legal Reserve	
Other Reserves	
Dividends	

2010

Distribution Basis	
P/L Period	
Distribution	
Legal reserve	
Other Reserves	
Dividend	

B) B) TOTAL STATEMENT OF EQUITY 2011

	Share Capital		Share Premium	Reserves	P/L Period	TOTAL
	Subscribed	Uncalled				
A. BALANCE AT END 2009						
I.Adj. for changes in criteria 200X-2 and prior period						
II.Adj.errors 200X-2 and prior periods						
B. ADJUSTED BALANCE AT BEGINNING 2010						
I. Total recognized income and expense						
II. Transactions with equity holders or owners						
1. Capital increases						
2. (-) Capital reductions						
3. Convers. of financial liabilities into equity						
4. (-) Distribution of dividends						
5. Transac. with own shares and equity holdings (net)						
6. Increase (decrease) equity bus. combination						
7. Other transactions with equity holders or owners						
III. Other changes in equity						
C. BALANCE AT END 2010						
I.Adjustments for changes in 200X-1 criteria						
II. Adjustments for 200X-1 errors						
D. D. ADJUSTED BALANCE AT BEGINNING 2011						
I. Total recognized income and expense						
II. Transactions with equity holders or owners						
1. Capital increases						
2. (-) Capital reductions						
3. Conversion of financial liabilities into equity						
4. (-) Distribution of dividends						
5. Transactions with own shares and equity holdings						
6. Increase (decrease) equity bus.combination						
II.Other changes in Equity						
II.Other changes in Equity						
A. BALANCE AT END 2011						

EXERCISE 15

ANALISTA, Inc. presents the following Balance Sheet at the end of 2012

ASSETS		EQUITY & LIABILITIES	
Intangible Assets		Equity	
(203) Industrial Property	1,350	(100) Share Capital	70,000
(206) Computer software	2,160	(112) Legal Reserve	12,000
(280) Acc.deprec.intangible assets	(600)	(129) P/L Period	3,048
Property, Plant & Equipment		NC Liabilities	
(211) Buildings	34,000	(177) Bonds & Obligations	4,800
(213) Machinery	13,500	(172) NC Debts financial institutions	2,840
(216) Furniture	15,600	C Liabilities	
(281) Acc.depreciation property, plant...	(3,648)	(520) C Debts financial institutions	3,495
NC Investments		(525) C Bills payable	1,600
(250) NC Investments Equity instruments	1,509	(400) Suppliers	6,884
Inventories		(410) Payables for rendering of services	1,500
(300) Merchandises	15,636	(475) Taxation authorities tax payable	260
(390) Impairment of merchandises	(300)		
Receivables			
(430) Trade Receivables	7,954		
(431) Receivables, Trade Bills	6,300		
Cash			
(572) Banks*	11,382		
(570) Cash	1,584		
TOTAL	106,427	TOTAL	106,427

They decide to distribute the results of the period by contributing to the Legal Reserve and giving 2.000€ to the shareholders as dividends. The rest will go to Voluntary Reserves.

Calculate:

- **The Working Capital.**
- **Calculate the different ratios to analyze the situation of the Company.**

SOLUTION

- The Working Capital.

	FORMULA	TOTAL
WORKING CAPITAL 1		
WORKING CAPITAL 2		

- Calculate the different ratios you know.

LIQUIDITY			
Cash Ratio			
Current Ratio			
Quick Ratio (Acid)			
FINANCING			
Debt to Equity			
Total Debt to Asset			
Long-term debt to assets			
Short-term debt to assets			
Equity Ratio			
PROFITABILITY			
Economic Profitability			
Financing Profitability			

EXERCISE 16

ABRIL, Inc. presents the following Balance Sheet at the end of 2012:

ASSETS		OWNER'S EQUITY & LIABILITIES	
Intangible Assets		OE	
(200) Investigation	230,000	(100) Shares Capital	480,000
(203) Industrial Property	412,000	(112) Legal Reserve	96,000
(206) Computer software	20,000	(113) Voluntary Reserve	64,000
(280) Acc.depr.of intangible assets	(218,000)	(129) P/L Period	51,842
Property, plant & equipment		NC Liabilities	
(210) Lands	274,000	(142) Provision for responsibilities	40,000
(211) Buildings	440,000	(170) NC Debts fin. institutions	100,000
(216) Furniture	46,000	(171) NC Debts	400,000
(217) IT Equipment	90,000	C Liabilities	
(218) Vehicles	64,000	(400) Suppliers	10,000
(281) Acc.depr.property, plant...	(300,000)	(411) Trade bills payable	14,000
NC Investments			
(250) NC Investments in Equity instruments	26,000		
(254) NC Loans to personnel	20,000		
(4745) Tax Loss Carryforward	10,000		
Inventories			
(300) Merchandises	62,000		
Receivables			
(430) Trade Receivables	40,000		
(431) Trade bills receivables	18,000		
Cash			
(572) Banks	18,000		
(570) Cash	3,842		
TOTAL	1,255,842	TOTAL	1,255,842

Present:

- Working Capital
- Different Ratios you know.

SOLUTION

- The Working Capital.

	FORMULA	TOTAL
WORKING CAPITAL 1		
WORKING CAPITAL 2		

- Calculate the different ratios you know.

LIQUIDITY			
FINANCING			
PROFITABILITY			

EXERCISE 17

PARABAL, Inc. presents the following information at the end of 2012 and 2011:

ASSETS	2012	2011	OWNER'S EQUITY & LIABILITIES	2012	2011
NC ASSETS			Equity		
Intangible Assets			Share Capital	325,000	200,000
Goodwill	100,000		Uncalled Capital	-60,000	-60,000
Property, Plant & Equipment			Legal reserve	26,000	23,400
Buildings	225,000	230,000	Voluntary Reserve	40,000	38,000
Furniture	50,000	24,000	Goodwill Reserve	5,000	
Vehicles	95,000	45,000	Own Shares	-30,000	-29,400
Acc.depreciation property.....	-30,000	-30,400	P/L Period	92,800	26,000
NC Investments			NC Liabilities		
NC Invest. In equity instruments	100,000	135,000	Provision for taxes	15,000	
C. ASSETS			NC Debts financial institutions	110,000	177,000
Inventories			C Liabilities		
Merchandises	39,000	25,000	C Debts financial institutions	70,200	78,000
Receivables			Suppliers	35,000	14,600
Trade Receivables	40,000	32,000			
Cash					
Banks	10,000	7,000			
TOTAL ASSETS	629,000	467,600	TOTAL OWNER'S EQUITY & LIABILITIES	629,000	467,600

- Present the vertical and horizontal analysis
- Calculate the ratios you know to analyze the Company

**Prior year is used as a base to calculate the percentage of variation*

SOLUTION

		%		%		
ASSETS	2011	VERTICAL	2010	VERTICAL	ABSOLUT VARIATION	RELATIVE VARIATION
NC ASSET	540,000		403,600			
Intangible Assets						
Goodwill	100,000					
Property, Plant & Equipment	340,000		268,600			
Buildings	225,000		230,000			
Furniture	50,000		24,000			
Vehicles	95,000		45,000			
Acc.depreciation	-30,000		-30,400			
NC Investments	100,000		64,000			
NC Inv.Equity instruments	100,000		135,000			
C ASSETS	89,000		64,000			
Inventories						
Merchandises	39,000		25,000			
Receivables						
Trade Receivables	40,000		32,000			
Cash						
Banks	10,000		7,000			
TOTAL ASSETS	629,000		467,600			
OE & LIABILITIES						
OE	398,800		198,000			
Share Capital	325,000		200,000			
Uncalled Capital	-60,000		-60,000			
Legal Reserve	26,000		23,400			
Voluntary Reserve	40,000		38,000			
Res. Goodwill	5,000					
Own Shares	-30,000		-29,400			
P/L period	92,800		26,000			
NC.LIABILITIES	125,000		177,000			
Provision for taxes	15,000					
NC Debt financial institutions	110,000		177,000			
C.LIABILITIES	105,200		92,600			
C. Debts financial institutions	70,200		78,000			
Suppliers	35,000		14,600			
TOTAL OE&LIABILITIES	629,000		467,600			

LIQUIDITY			
FINANCING			
PROFITABILITY			

EXERCISE 18

ALABANZA, Inc. presents the following information:

ASSETS	2011	2010
NC ASSETS	390,000	246,600
Intangible Assets	100,000	
Property, Plant & Equipment	305,000	260,000
Acc. Depreciation	-30,000	-25,400
NC Investments	15,000	12,000
C ASSETS	234,000	126,000
Inventories	34,000	17,000
Receivables	158,000	97,000
Cash	42,000	12,000
TOTAL ASSETS	624,000	372,600
OWNER'S EQUITY & LIABILITIES		
OWNER'S EQUITY	401,000	253,600
Share Capital	325,000	200,000
Reserves	76,000	53,600
NC LIABILITIES	180,000	101,000
C LIABILITIES	43,000	18,000
TOTAL OWNER'S EQUITY & LIABILITIES	624,000	372,600

Present the vertical & horizontal Analysis

SOLUTION

Present the vertical & horizontal Analysis.

ASSETS	2011	2010	Vertical 2011	Vertical 2010	Absolut 2011-2010	Percentage Variation
NC ASSETS						
Intangible Assets						
Property, Plant & Equipment						
Acc.Depreciation						
NC Investments						
C ASSETS						
Inventories						
Receivables						
Cash						
TOTAL ASSETS						
EQUITY & LIABILITIES						
EQUITY						
Share Capital						
Reserves						
NC LIABILITIES						
C LIABILITIES						
TOTAL E&LIABILITIES						