

INSTITUTO SUPERIOR DE ECONOMIA E GESTÃO

**Degree in
MANAGEMENT, ECONOMY, APPLIED MATHS AND FINANCE**



ACCOUNTING 1

Exercises: Part 1

2015/2016

CASE 1

Cosméticos S.A. is a company that sells healthy and beauty products. It was established in January of year N with the following elements (in Euros):

Cash	290
Debt to supplier "Essências, Lda"	30.000
Bank deposit in BPI	57.400
Debt from customer "Perfumaria Alfa, S.A."	10.600
Car 76-00-HM	30.500
Computers	4.250
Loan from BCP	162.500
Equipment	157.500
Soaps	10.500

Request:

- a) Identify which of these elements are Assets or liabilities
- b) Calculate the value of total assets and total liabilities
- c) Calculate the value of owners' equity
- d) Present the opening balance sheet

CASE 2

Cosméticos S.A. presented the following values in the balance sheet at the end of August (in Euros):

Balance sheet of Cosméticos, S.A.

ASSETS	
Fixed Assets	
Tangible assets	182.250
Current Assets	
Accounts receivable	13.250
Cash and Banks	27.750
Total Assets	223.250
Owners Equity	
Capital	148.540
Net Income	(35.790)
Total Owners equity	112.750
LIABILITIES	
Non-current liabilities	
Obtained Loans	72.500
Current Liabilities	
Suppliers	38.000
Total Liabilities	110.500
Total Liabilities and Owners Equity	223.250

In September of 2011 the following events occurred:

1. Receipt from customer "Perfumaria Alfa, S.A.", 10.600€;
2. Payment of a debt to the supplier "Essências, Lda", 30.000€;
3. Purchase of office suppliers for the accounting department, 150€;
4. Interest referent to a term deposit (made last month), 60€;
5. Signature of a contract to supply services to a new client that will start in 15/11/2011.
6. The consumption of electricity in September was 750€;

Request:

- a) Describe the change in the value of the patrimony of the company after each event. Also, classify each event as qualitative, quantitative or extra.
- b) Present the balance sheet after the events occurred in September 2011.

CASE 3

Balance sheet of Sonae.

Sonae balance sheet	FY10	FY11
TOTAL ASSETS	7.552	7.741
Non current assets	6.046	6.050
Tangible and intangible assets	3.182	3.243
Goodwill	741	728
Investment properties in operation	1.631	1.552
Investment properties under development	102	128
Other investments	113	108
Deferred tax assets	221	237
Others	56	55
Current assets	1.506	1.690
Stocks	682	651
Trade debtors	187	191
Liquidity	263	502
Others	374	347

Sonae balance sheet	FY10	FY11
SHAREHOLDERS' FUNDS	1.862	1.965
Group share	1.337	1.357
Minority interests	524	608
LIABILITIES	5.690	5.776
Non-current liabilities	3.455	3.184
Bank loans	1.128	1.099
Other loans	1.712	1.453
Deferred tax liabilities	371	383
Provisions	63	91
Others	181	158
Current liabilities	2.235	2.592
Bank loans	165	271
Other loans	100	373
Trade creditors	1.265	1.261
Others	706	687
SHAREHOLDERS' FUNDS + LIABILITIES	7.552	7.741

Request:

- a) What is the period reported in the balance sheet?
- b) Identify the display format of the balance sheet;
- c) Characterize the presentation form of the assets, liabilities and owners' equity elements;
- d) Present examples for current assets, non-current assets, current liabilities and non-current liabilities.

CASE 4

Alfa S.A. is a company that sells sports goods. This company was founded in the beginning of March of year N with the following elements (in Euros):

Cash	2.500
Warehouse	1.500.000
Football balls	350.000
Transport equipment	55.000
Trade accounts receivable	25.000
Computers	10.000
Bank Loans (5 years)	800.000
Trade accounts payable	220.000
Term deposit	12.000

Request:

- a) Identify which of these elements are Assets or liabilities
- b) Calculate the value of total assets and total liabilities
- c) Calculate the value of owners' equity
- d) Present the opening balance sheet

CASE 5

“Yellow Submarine” registered the following events during March 2012:

1. Bank loan of 25.000€. The value was deposited in the company's bank account;
2. Acquisition and payment of transport equipment , 25.000€;
3. Acquisition and payment of a printer , 150€;
4. Invoice for the consulting services, 5.000€;
5. Credit purchase of an iPad, 540€;
6. Acquisition and payment of office supplies, 280€;
7. Processing and payment of salaries, 4.000€;
8. At the end of the month, the bank paid it was paid 150€ of interests related to the loan obtained;
9. Receipt of 10.000€ for services;
10. Payment of March electricity, water and communication bills, 1.200€.

Request:

- a) Describe the change in the value of the patrimony of the company after each event. Also, classify each event as qualitative, quantitative or extra.

CASE 6

Company “Euro 4002, Lda” is in the business of importing and Sales of several articles related to football (balls, scarves, hats, key-ring, etc....). The company was created at 1/01/N, with a capital of 250.000 Euros, totally converted into money at the same date.

During the year the following operations occurred::

1. Acquisition of 3.000 balls at 15 Euros each. Payment in 30 days;
2. Loan from the bank: 25.000 Euros;
3. Acquisition of several office equipment: 20.000 Euros. The company paid immediately 50% and the rest will be paid in 30 days.
4. Sales, for credit, of 1.000 balls for 25.000 Euros;
5. Acquisition and payment of several Office supplies for 100 Euros;
6. Family Gomes, shareholders of the company, sold to A. Costa all its shares for 60.000 Euros;
7. Receipt of the value from the operation in 4;
8. Processing and payment of January salaries: 7.500 Euros;
9. Payment of interests from a loan: 1.500 Euros;

Request:

- a) Classify the events as qualitative, quantitative or extra-patrimonial events.
- b) Present the Balance sheet at 31st of December

CASE 7

Company “RODAVIVA, Lda” was created at 02/01/N with capital of 50.000 Euros, belonging to Mr. Joaquim Silva and his wife.

The following information is about the first year of activity (values in Euros):

▪ Bank deposits at 02/01/N	50.000
▪ Acquisitions for credit of inventories	74.900
▪ Sales for credit * of inventories	55.000
▪ Bank loans at 31/12/N	25.000
▪ Payment to suppliers	41.900
▪ Receipt from clients	12.000
▪ Acquisition for credit of administrative equipment	12.500
▪ Expenses (and payment) with several consumptions	4.000
▪ Expenses (and payment) with staff	7.500
▪ Inventories at 31/12/N (stocks)	37.450
▪ Acquisition, in cash, of 2 cars	25.000
▪ Sales were 50% of the acquisitions.	

* Sales price

Request:

a) The Balance sheet at 31/12/N:

b) Comment the following sentence “*The patrimony of a company it is the owner’s equity. Hence its value is always positive*”.

CASE 8

Identify the concepts of expense, revenues, obligation to pay, right to receive, payment and receipt in the following elements:

1. On the 12th of January, the company bought inventories. The established price was 3.500 €. The payment will be due in 90 days;
2. In January the company paid the electricity bill, referent to December consumptions, 375 €;
3. In April, the company bought a computer. Its price was 1.750 Euro. The payment was agreed as follows: 40% a immediately and the rest in 90 days;
4. In September, the firm sold, for credit, inventories for the price of 7.500 €, Its cost was 5.000€. The average receipt period is 90 days.
5. In October, the company received the November's rent of a warehouse;
6. In October, the company processed and paid salaries of 15.000 €:
7. On the 1st of September , the company received interests from a term deposit, 1.000 €;
8. On the 30th September, the company paid interests on a bank loan, 12.000 €.

CASE 9

Identify the concepts of expense, revenues, obligation to pay, right to receive, payment and receipt in the following elements for June at the company X:

June 20 – Acquisition of raw materials.

Price: 1.000.000€;

Payment: in 30 days.

June 22 – Cash sale of finished products.

Sale price: 1.050.000€;

Cost of sale: 850.000€.

June 23 – Cash purchase of office supplies, 29.752€

June 24 – Acquisition of a bulldozer. The price was 15.000 Euros. At this date, the company wrote a cheque of 5.000 Euros. The rest will be paid in 60 days.

June 28 – Acquisition and payment of 250 “Bemhaja, SA” shares at 17 Euros/ each.

June 29 – Payment of June salaries.

CASE 10

XLM, Lda is a company that sells office supplies. Its balance sheet on the 1st of January of N was as follows (in m€):

Balance sheet of XLM

Assets	Value
Non-current Assets	550,00
Intangible Assets	4.780,00
Fixed Tangible Assets	
Current Assets	
Inventories	1.300,00
Trade accounts receivable	400,00
Banks	99,00
Cash	201,00
Total Assets	7.330,00
Owners Equity and Liabilities	
Owners Equity	
Capital	1.000,00
Reserves	300,00
Transitory Results	
Total Owners Equity	1.300,00
Current Liabilities	
Trade accounts payable	4.775,00
Public Sector	1.255,00
Loans	
Other accounts payable	
Total Liabilities	6.030,00
Total Owners Equity and Liabilities	7.330,00

During January of N the company had the following events m€:

1. Deposit in Bank B1 of cash: 80;
2. Receipt from client C8: 150;
3. Sales of inventories for 1200. It received immediately 60% of the total value. The cost of sales was 1000;
4. Loan in BankB1, for 180 days, 2 200. The interest are 61;

5. Payment to suppliers and Public Sector, 1775 e 504, respectively;
6. Payment of the energy bill of the current month, 22;
7. Payment, in cash, of the debt referent to petrol: 82;
8. Invoice referent to a equipment repair service: 102;
9. Invoice referent to advertising services 10;
10. Deposit in Bank B1 of cheques not discounted: 630;
11. Offer and realization of 35% of the capital of ONE, Lda: 1000;
12. Services to third parties, received in cash: 1020;
13. Processing and payment of salaries: gross value 920 and Discounts to be paid by employees (IRS, Social security) 98;
14. Acquisition, for credit, of inventories: 500;
15. Cash sale of an equipment for 200. The cost was 100.

Request:

- a) Classify the events as qualitative, quantitative or extra-patrimonial events.
- b) Present the Balance sheet and the Net Income Statement at 31st of December (note: assume that the net income tax is null)

CASE 11

From company Alfa, Lda we know the following elements:

Cost of sales	120.000 €
Sales	585.000€
External services expenses	63.200€
Depreciation and amortization expenses	16.200€
Staff expenses	89.500€
Financial expenses	14.600€
Tax (on net income)	2.750€

Pretende-se que:

- a) Present Net Income statement (by nature);
- b) Distinguish between Net Income and EBITDA.

CASE 12

Company "TANTAINCOGNITA, Lda" had the following values at 31/12/N:

Rubricas	Valor
Sales	890.500
Financing revenues	13.000
Cost of Sales	R
External services expenses	89.000
Staff expenses	130.000
Depreciation and amortization expenses	2.000
Financing expenses	S
EBITDA	T
Operational result	U
Net Financing Revenues / Expenses	-7.500
Net income	V
Taxes	X
Net Income of the period	Z

Knowing that the company has a 30% margin of the cost price and that the income tax rate is 27,5% calculate the variables and justify the calculations.

CASE 13

Classify each item as operating activity, investing activity or financing activity.

1. Fresh funds from the shareholders.
2. Loan from Banks.
3. Check issued to pay land.
4. Money from sales.
5. Payment of salaries.
6. Payment to suppliers
7. Payment to suppliers of administrative equipment
8. Payment of tax income
9. Bank transference to pay social security
10. Payment of dividends
11. Payment of interests from bank loan.

CASE 14

In October, company Alfa registered the following transactions:

1. Loan obtained and deposited into the company bank account: 25.000€ ;
2. Credit acquisition for of a transport vehicle 25.000€;
3. Cash acquisition of a printer 150€;
4. Issue of an invoice related to the monthly sales 5.000€;
5. Cash acquisition of a computer 540€;
6. Cash acquisition of office equipment 280€;
7. Payment of October salaries 4.000€;
8. Interest paid to the bank:150
9. Receipt from a client 10.000€ related to services;
10. Month Electricity, water and communication bills 1.200€.

Request

- a) Determine cash flows from operating activities;
- b) Determine the cash flows from investing activities;
- c) Determine the cash flows from financing activities;
- d) Assuming that the value at the beginning of the month in cash and deposits was € 5,450, determine the value at the end of the month for cash and deposits.

CASE 15

The company Beta had the following events during November:

1. Capital increase by cash fund raising ,150.000€;
2. Payment to trade suppliers 37.500€;
3. Credit sale of inventories 75.000€;
4. Receipt of interests from a term bank deposit 3.750€;
5. Payment of income tax 2.750€;
6. Acquisition of capital from company ZETA, for 75.000. The firm immediately paid 20% in cash;
7. Cash acquisition of administrative equipment 65.000€;
8. Cash and banks in the beginning of the month 10.000€.

Request:

Cash Flow statement

CASE 16

The financial statements of LEITURAPESADA, Lda from 31st December 2011 and 2010 are presented in the table:

	2011	2010
Balance sheet		
Assets		
Non-current assets		
Fixed Tangible Assets	H	A
Investment proprieties	500.000,00	B
Current assets		
Trade accounts Receivable - Clients	370.000,00	170.000,00
Cash and Banks	100.000,00	60.000,00
Total Assets	<u>I</u>	<u>1.030.000,00</u>
Owners Equity		
Capital	J	400.000,00
Reserves	30.000,00	
Transitory Results	K	
Net Income	L	C
Liabilities		
Trade accounts payable - Suppliers	450.000,00	D
Public Sector	100.000,00	50.000,00
Accounts payable - owners	20.000,00	
Total of Owners Equity and Liabilities	<u>1.300.000,00</u>	<u>E</u>
Net Income Statement		
Revenues	1.650.000,00	1.500.000,00
Expenses	M	1.350.000,00
Net Income	200.000,00	F
Change in Equity Statement		
Initial Balance	550.000,00	400.000,00
Plus:		
Net Income	200.000,00	F
Less:		
Dividends	N	
Final Balance	730.000,00	550.000,00
Cash Flow Statement		
Operational activities cash flow	250.000,00	120.000,00

Investment activities cash flow	-50.000,00	-340.000,00
Financing Activities cash flow	O	280.000,00
Variations in cash (in the period)	40.000,00	60.000,00
Cash and equivalents in the beginning of the period	60.000,00	0,00
Cash and equivalents in the end of the period	P	G

Additional information:

The value in Fixed Tangible Assets increased in 2011 by 30.000,00€.,

The investment properties did not change during the year.

Request:

- a) Calculate the variables;
- b) Did the cash inflow exceed the cash outflow? Justify
- c) Comment on the negative value of investment activities flow.

CASE 17

The company **MarFlat**, is a small firm that sells *body board* equipment. The following table presents financial information at 31st December of year X (in Euros):

Items	Quantias
Suppliers	47000
Trade accounts receivable	3200
Staff expenses	8750
Capital	10400
Cost of sales	47600
Depreciation expenses	2700
Inventories	39200
Fixed Tangible assets - Administ. Equipment	42700
Loans	52850
Intangible Assets	18500
Other accounts payable	200
Other accounts receivable	1300
Deposits	8400
Retained Earnings	24450
Sales	74550
External services Expenses	37800
Public sector - taxes to pay	700

Request:

- a) Classify as Assets, Liabilities, Owners' Equity, Expense or Revenue;
- b) Prepare the Net Income Statement for year x;
- c) Prepare the Balance Sheet knowing that 25% of the Loans will end in the next 12 months.

CASE 18

Em cada uma das questões de resposta múltipla, assinale com um círculo a correcta:

1. Which of the following statements is false?

- a. The balance sheet and the income statement are the major financial statements of the disclosure process;
- b. The balance sheet is mainly a picture of the patrimony of the company/entity in a given date (at least at the end of the calendar year);
- c. The income statement reports the performance of the company/entity in a given reporting period;
- d. The balance sheet shows comparative data from a previous period, while the income statement does not.

2. Balance sheet does not include:

- a. Fixed assets
- b. Owners Equity
- c. Operational result
- d. Retained earnings

3. Income statement does not include:

- a. Sales
- b. Retained Earnings
- c. Staff expenses
- d. Depreciation expenses

4. Assets is equal to:

- a. Owners Equity
- b. Liabilities less Owners Equity
- c. Liabilities Plus Owners Equity
- d. Liabilities plus Net income

5. Income is the difference between:

- a. Assets and Liabilities
- b. Assets and Owners Equity
- c. Assets bought with money from the owners and the money lent by banks
- d. Revenues less expenses

6. Which of the following is a special requisite for an item to be considered as an asset?

- a. Ability to generate future economic benefits;
- b. Ownership;
- c. Tangibility;
- d. All of the above.

7. Owners' Equity can be divided in:

- a. Funds from the owners, retained earnings and reserves;
- b. Funds from the owners, retained earnings and distributed earnings;
- c. Funds from the owners, net income, retained earnings and reserves;
- d. Funds from the owners, retained earnings, distributed earnings and net income.

8. The acquisition in cash of equipment will:

- a. Increase owners' equity and liabilities;
- b. Decrease owners' equity and liabilities;
- c. Increase owners' equity and assets;
- d. Does not have an effect in the total value of assets

9. Which of the following will decrease total assets?

- a. Sale with profit of inventories
- b. Payment of a parking fee
- c. Acquisition in cash of inventories
- d. Credit acquisition of equipment
- e. Purchase in an auction of investment properties

10. If assets decrease by €24,000 in a given period and owners' equity increase by €8,000 for that same period, what will happen to liabilities?

- a. Increase by €16,000
- b. Decrease by €42,000
- c. Increase by €32,000
- d. Decrease by €24,000
- e. None of the above

11. The goal of financial statements is to provide useful information for decision making to a vast set of users. So financial statements include:

- a. Financial position, performance and cash flows;
- b. Financial position and cash flows;
- c. Performance and cash flows;
- d. Composition and value of patrimony.

12. The preparation of financial statements has two underlying assumptions:

- a. Accrual basis and cash basis;
- b. Cash basis and going concern;
- c. Going concern and historical cost;
- d. Accrual basis and going concern.

13. An item is booked as a liability if:

- a. It is probable an outflow of economic resources from liquidating the obligation;
- b. It is probable an outflow of economic resources from liquidating the obligation and the value of that obligation can be measured with reliability;
- c. The value of the obligation can be measured with reliability;
- d. The value of the obligation.

14. Which of the following is correct?

- a. The balance sheet allows the quantification of cash inflows and cash outflows;
- b. The cash flow statement allows the quantification of obligations to pay and rights to receive;
- c. The income statement explains how the net income was obtained by grouping revenues and expenses by nature;
- d. The owners' equity variation statement shows the changes occurred in subsidies given to the main activity of the entity.

15. Cost of Goods Sold is part of:

- a. Cash flow statement;
- b. Income statement by nature;
- c. Income statement;
- d. Income statement by functions.

16. A variation in Owners' Equity may be caused by:

- a. An increase in capital;
- b. Net income of the period;
- c. Paying dividend;
- d. All above.

17. Which one is an investment flow?

- a. Payment to supplier of 32.580 €;
- b. Cash purchase of inventories, 20.000 €;
- c. Credit acquisition of a transport equipment, 18.500 €;
- d. Payment to the basic equipment supplier 15.050€.

18. The display format of the balance sheet , according to “Portaria nº 986/2009,, of 7th of Septemer, Portugal” is:

- a. horizontal display;
- b. vertical display
- c. matrix display;
- d. free display.

19. According to the following data: Non-current assets: €4.100, Inventories: €350, Account receivable: €180; Cash and Banks: €650 and Account payable: €280. Calculate the value of Owners Equity:

- a. 5.560€;
- b. 5.280€;
- c. 5.100€;
- d. 5.000€.

CASE 19

XLM, Lda is a company that sells office supplies. Its balance sheet on the 1st of January of N was as follows (in m€):

Balance sheet of XLM

Assets	Value
Non-current Assets	550,00
Intangible Assets	4.780,00
Fixed Tangible Assets	
Current Assets	
Inventories	1.300,00
Trade accounts receivable	400,00
Banks	99,00
Cash	201,00
Total Assets	7.330,00
Owners Equity and Liabilities	
Owners Equity	
Capital	1.000,00
Reserves	300,00
Transitory Results	
Total Owners Equity	1.300,00
Current Liabilities	
Trade accounts payable	4.775,00
Public Sector	1.255,00
Loans	
Other accounts payable	
Total Liabilities	6.030,00
Total Owners Equity and Liabilities	7.330,00

During January of N the company had the following events m€:

16. Deposit in Bank B1 of cash: 80;
17. Receipt from client C8: 150;
18. Sales of inventories for 1200. It received immediately 60% of the total value. The cost of sales was 1000;
19. Loan in BankB1, for 180 days, 2 200. The interest are 61;

20. Payment to suppliers and Public Sector, 1775 e 504, respectively;
21. Payment of the energy bill of the current month, 22;
22. Payment, in cash, of the debt referent to petrol: 82;
23. Invoice referent to a equipment repair service: 102;
24. Invoice referent to advertising services 10;
25. Deposit in Bank B1 of cheques not discounted: 630;
26. Offer and realization of 35% of the capital of ONE, Lda: 1000;
27. Services to third parties, received in cash: 1020;
28. Processing and payment of salaries: gross value 920 and Discounts to be paid by employees (IRS, Social security) 98;
29. Acquisition, for credit, of inventories: 500;
30. Cash sale of an equipment for 200. The cost was 100.

Request:

- a. Register the events in the Journal of the firm
- b. Prepare the Trial balance sheet

CASE 20

At the end of year N, the company Alfa presented the following trial balance (in Euros):

Accounts	Debtor Balance	Creditor Balance
Cash	650	
Bank deposits	1.050	
Intangible Assets	5.600	
Public Sector		2.650
Interests paid	1.650	
Trade accounts receivable - clients	65.300	
Cost of sales	81.500	
External services	32.760	
Staff expenses	19.600	
Inventories	15.500	
Fixed Tangible Assets	41.650	
Capital		10.000
Retained Earnings	1.750	
Trade accounts payable - suppliers		58.000
Obtained Loans		54.650
Sales		152.290
Other accounts payable or receivable	10.580	
<i>Total</i>	277.590	277.590

Request:

- a) Prepare the Balance Sheet;
- b) Prepare the Net Income Statement.