

MBA 51
Financial Management & Accounting

1^η Γραπτή Εργασία 2021 - 2022
Ανάλυση Εργασίας

Financial Accounting – Basic Concepts

▶ Basic principles:

- ▶ The entity principle

Η εταιρεία είναι { λειτουργική οντότητα

- ▶ The going concern principle

The basic principle of IFRS
International
Financial
Reporting
Standards

- ▶ The accrual basis principle

Α αξία του δεσφωδωφίνοσ

- ▶ The matching principle

Μία βη τροία ανανυριψω ενάνα

να εχόδα που τε βοήδυω να δηκωρψίω
να εχόδα ως άποντασ.

→ Αξιοπιστευμένος

Cash Accounting vs Accrual Accounting

0 A πωστήρα υπηρεσίες αξίας 1,000€ στον Β
20 2015 και επιπλέον 20 Νοβ 20 2016

2015

Καμία εγγραφή

2016

Πωτήσιες (στο δ/n) 1,000 €

2015

	Debit	Credit
Sales		
Πωτήσιες		1,000€
Receivables	1,000€	
Απαιτήσεις		

2016

Receivables		1,000€
Cash	1,000€	

Matching Principle

Έβγαλε ένα χρέος ένα τητάνητα προς 120,000€
την 1/1/2016. Γιατί δεν το εξοδότησω
όλο αμέσως;

Απάντηση

Γιατί το τητάνητα, εκτός, ότι θα
με βοηθήσει να πάρω έσοδα για
π.χ. 20 € τ. Αρα, το βεβω είναι να
καταλείψω το έσοδο σε 20 € τ.

Financial Accounting – Basic Concepts

▶ Qualities of financial information:

▶ Timeliness (εγκαιρία πληροφορία)
We do not need obsolete information

▶ Relevance (σχετική πληροφορία)
We need useful information

▶ Objectivity

Ανεπισημάντως

▶ Reliability

Αξιολογία

Audited

Financial Accounting – Basic Concepts

▶ Users of financial information:

▶ Owners (current and prospective)

▶ Management

▶ Lenders

▶ Suppliers

▶ Financial Analysts

▶ Regulators

→ n.d. European Central Bank

▶ Auditors

▶ Employees

▶ ▶ Outsiders

Financial Accounting – Basic Concepts

▶ Financial Statements:

- ▶ Balance Sheet

Κατάσταση Περιουσίας

- ▶ Income Statement

Κατάσταση Αποτελεσμάτων

- ▶ Statement of Retained Earnings

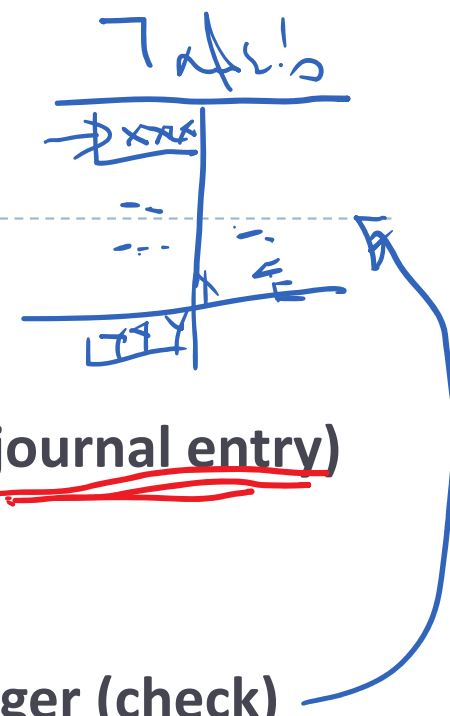
Κατάσταση Προβόλων Διανομής

- ▶ Statement of Cash Flows

Κατάσταση Ταμειακών Ροών

- ▶ ▶ Company's Notes (Σημειώσεις ως ενότητες)

Financial Accounting – Elements



► The Accounting Cycle:

Technical

1. Opening the Accounting Books for the new period (journal entry)
2. Recording the **accounting** events (**journal entries**)
3. Prepare **unadjusted trial balances** of the general ledger (check)
4. **Inventory taking**
5. Journal adjusting entries
6. Prepare **adjusted trial balance** of the general ledger (check)
7. Determine the result of the period (journal entries)
8. Prepare **post closing trial balance** of the general ledger (check)
9. Close the Accounting Books for the period (journal entry)

πρόσβαση βεβαιώσεων

γενικό κατάλογο

επιχειρησιακή πρόβλεψη

πρόσβαση βεβαιώσεων

οριστική βεβαιώσεων

Technical

Εμπορεύματα

	50.000	
1/4/19	500.000	
31/12	<u>550.000</u>	450.000
31/12	100.000	
	- 70.000	
1/7/19	700.000	

500.000 1/4/19

1/4/19 Αγορά εμπορεύματα 500.000€

1/7/19 Πώληση εμπορεύματος προς 700.000€

31/12/19 adjusting entry

Πωλησιές (πολο)

	-700.000 1/7/19

COGS (πολο)

31/12 450.000

Περιουσία
καταρτιστικές

Υπόλοιπο
Debit

Υπόλοιπο
Credit

Balance Sheet

Εξοπλισμός
Asset Accounts

+

-

Liabilities
& Equity Accounts

-

+

Income Statement

Revenues & Gains Accounts

-

+

Expenses & Losses Accounts

+

-



Debit
Balance

Credit
Balance

Balance Sheet { Expenses
Asset Accounts

✓ (***)

Liabilities
& Equity Accounts

Impara kan Epapibus
to. to retained
earnings profit vs
open Debit balance
or in the
debit

Income Statement { Revenues & Gains Accounts

Expenses & Losses Accounts ✓

******* Υπάρχουν κάποιοι ειδικοί λογαριασμοί
 (ως προς βρα assets) που λέγονται
 και Contra-Asset accounts

π.χ. Accumulated Depreciation
 (Συμμετρικός Αντιβέβαιος)

<u>Dr</u> <u>Μαχαιριά</u> <u>Cr</u>	<u>Dr</u> <u>Accumulated</u> <u>Depreciation</u> <u>Cr</u>
120,000	6,000
6,000	6,000
6,000	6,000

ACCOUNTS	Balance 1/1/2020		Entries 1/1-31/12/2020		Unadjusted Balances 31/12/2020	
	Dr balance	Cr balance	Dr	Cr	Dr balance	Cr balance
Equipment			✓ 20.000 €		20.000 €	0 €
Accumulated depreciation: equipment			✓		0 €	0 €
Inventory			✓ 160.000 €		160.000 €	0 €
Accounts receivable			(150.000 + 10.000)		0 €	0 €
Prepaid rent					0 €	0 €
Cash			✓ 280.000 €	✓ 196.500 €	83.500 €	0 €
Share capital				✓ 50.000 €	0 €	50.000 €
Retained earnings					0 €	0 €
Bank loan				✓ 50.000 €	0 €	50.000 €
Suppliers				✓ 10.000 €	0 €	10.000 €
Utilities payable				✓ 500 €	0 €	500 €
Taxes payable					0 €	0 €
Sales				✓ 180.000 €	0 €	180.000 €
Cost of goods sold					0 €	0 €
Salaries and wages expense			✓ 15.000 €		15.000 €	0 €
Insurance expenses			✓ 1.500 €		1.500 €	0 €
Interest expenses					0 €	0 €
Depreciation expenses					0 €	0 €
Utilities expenses			✓ 3.000 €		3.000 €	0 €
Rent expenses			✓ 7.500 €		7.500 €	0 €
Income Tax					0 €	0 €
Net Income					0 €	0 €
TOTALS	0 €	0 €	487.000 €	487.000 €	290.500 €	290.500 €

	Dr	Cr
Cash	180.000 €	
Sales (revenues)		180.000
Cash	50.000	
Share capital		50.000
Cash	50.000	
Bank loan		50.000

	Dr	Cr
Inventory (Assets)	150.000	
Salaries expense	15.000	
Rent expense	7.500	
Utilities expense	2.500	
Equipment (Assets)	20.000	
Insurance expense	1.500	
Cash		196.500

	Dr	Cr
<hr/>		
Inventory (Assets)	10.000	
Suppliers (liability)		10.000
<hr/>		
Utilities expense	500	
Utilities payable		500

ACCOUNTS	Unadjusted Balances 31/12/2020		Adjusting entries 31/12/2020		Adjusted Balances 31/12/2020	
	Dr balance	Cr balance	Dr	Cr	Dr balance	Cr balance
Equipment	20.000 €	0 €			20.000 €	0 €
Accumulated depreciation: equipment	0 €	0 €		✓ 1.875 €	0 €	1.875 €
Inventory	160.000 €	0 €	✓ 50.000 €	✓ 160.000 €	50.000 €	0 €
Accounts receivable	0 €	0 €			0 €	0 €
Prepaid rent	0 €	0 €	✓ 1.500 €		1.500 €	0 €
Cash	83.500 €	0 €			83.500 €	0 €
Share capital	0 €	50.000 €			0 €	50.000 €
Retained earnings	0 €	0 €			0 €	0 €
Bank loan	0 €	50.000 €		✓ 3.000 €	0 €	53.000 €
Suppliers	0 €	10.000 €			0 €	10.000 €
Utilities payable	0 €	500 €			0 €	500 €
Taxes payable	0 €	0 €			0 €	0 €
Sales	0 €	180.000 €			0 €	180.000 €
Cost of goods sold	0 €	0 €	✓ 160.000 €	✓ 50.000 €	110.000 €	0 €
Salaries and wages expense	15.000 €	0 €			15.000 €	0 €
Insurance expenses	1.500 €	0 €			1.500 €	0 €
Interest expenses	0 €	0 €	✓ 3.000 €		3.000 €	0 €
Depreciation expenses	0 €	0 €	✓ 1.875 €		1.875 €	0 €
Utilities expenses	3.000 €	0 €			3.000 €	0 €
Rent expenses	7.500 €	0 €		✓ 1.500 €	6.000 €	0 €
Income Tax	0 €	0 €			0 €	0 €
Net Income	0 €	0 €			0 €	0 €
TOTALS	290.500 €	290.500 €	216.375 €	216.375 €	295.375 €	295.375 €

	Dr	Cr
<p>a.</p> <p>Interest expense $(= 50.000 \times 8\% \times \frac{9}{12})$</p>	3.000 €	
Bank loan		3.000 €
b.		
COGS	160.000 €	
Inventory		160.000 €
b.		
Inventory	50.000 €	
COGS		50.000

	C	Dr	Cr
Depreciation expense		1.875 €	

Accumulated
depreciation-Equipment 1.875 €

$$\text{Annual Depreciation} = \frac{(20.000 - 0)}{8} = 2.500 \text{ €}$$

$$\blacktriangleright \text{Depreciation}_{2020} = 2.500 \times \frac{9}{12} = 1.875 \text{ €}$$

	Dr	Cr
Prepaid rents (assets)	1.500€	
Rent expense		1.500€
		↓
		3 x 500€
		↓
		Applied Jan, Feb, Mar 2021

TRIAL BALANCES

ACCOUNTS	Adjusted Balances 31/12/2020		Net Income entries 31/12/2020		FINAL BALANCE 31/12/2020	
	Dr balance	Cr balance	Dr	Cr	Dr balance	Cr balance
Equipment	20.000 €	0 €			20.000 €	0 €
Accumulated depreciation: equipment	0 €	1.875 €			0 €	1.875 €
Inventory	50.000 €	0 €			50.000 €	0 €
Accounts receivable	0 €	0 €			0 €	0 €
Prepaid rent	1.500 €	0 €			1.500 €	0 €
Cash	83.500 €	0 €			83.500 €	0 €
Share capital	0 €	50.000 €			0 €	50.000 €
Retained earnings	0 €	0 €		36.455 €	0 €	36.455 €
Bank loan	0 €	53.000 €			0 €	53.000 €
Suppliers	0 €	10.000 €			0 €	10.000 €
Utilities payable	0 €	500 €			0 €	500 €
Taxes payable	0 €	0 €		3.170 €	0 €	3.170 €
Sales	0 €	180.000 €	180.000 €		0 €	0 €
Cost of goods sold	110.000 €	0 €		110.000 €	0 €	0 €
Salaries and wages expense	15.000 €	0 €		15.000 €	0 €	0 €
Insurance expenses	1.500 €	0 €		1.500 €	0 €	0 €
Interest expenses	3.000 €	0 €		3.000 €	0 €	0 €
Depreciation expenses	1.875 €	0 €		1.875 €	0 €	0 €
Utilities expenses	3.000 €	0 €		3.000 €	0 €	0 €
Rent expenses	6.000 €	0 €		6.000 €	0 €	0 €
Income Tax	0 €	0 €		3.170 €	0 €	0 €
Net Income	0 €	0 €	180.000 €	180.000 €	0 €	0 €
TOTALS	295.375 €	295.375 €	363.170 €	363.170 €	155.000 €	155.000 €

Handwritten notes in purple ink:

- 143.545
- + 36.455
- 180.000

Handwritten pink circle around the Net Income and Sales rows.

	Dr	Cr
Sales	180.000 €	
Net Income		180.000 €
Net Income	140.375 €	
Costs		110.000 €
Salaries		15.000 €
Insurance		1.500 €
Interest		3.000 €
Depreciation		1.875 €
Utilities		2.000 €
Rent		6.000 €

	Dr	Cr
Tax expense (= 39.625€ × 8%)	3.170€	
		3.170€
Net Income	3.170€	
		3.170€



Net Income

	180.000	Sales
Expenses	140.375	
	39.625	Earnings before tax balance
Tax	3.170	
	36.455	Net Income balance
Net Income	36.455 €	Dr
		Cr
	Retained earnings	36.455

INCOME STATEMENT (1/1/2020 - 31/12/2020)	
ABC	
Sales	180.000 €
Cost of goods sold	-110.000 €
Salaries and wages expense	-15.000 €
Insurance expenses	-1.500 €
Depreciation expenses	-1.875 €
Utilities expenses	-3.000 €
Rent expenses	-6.000 €
<i>Earnings Before Interest and Tax</i>	42.625,00
Interest expenses	-3.000 €
<i>Earnings Before Tax</i>	39.625,00
Income Tax	-3.170 €
Net Income	36.455,00

BALANCE SHEET 31/12/2020			
ABC			
ASSETS		LIABILITIES & EQUITY	
Fixed Assets		Shareholders' Equity	
Equipment	20.000 €	Share capital	50.000 €
Minus: Accumulated depreciation: equipment	-1.875 €	Retained earnings	36.455 €
Total Fixed Assets	18.125 €	Total Shareholders' Equity	86.455 €
		Total Long-term Liabilities	0 €
Current Assets		Current Liabilities	
Inventory	50.000 €	Bank loan	53.000 €
Accounts receivable	0 €	Suppliers	10.000 €
Prepaid rent	1.500 €	Utilities payable	500 €
Cash	83.500 €	Taxes payable	3.170 €
Total Current Assets	135.000 €	Total Current Liabilities	66.670 €
Total Assets	153.125 €	Total Liabilities & Equity	153.125 €







	Debit	Credit
-----[a]-----		
Depreciation expense	1.500,00 €	
Accumulated depreciation - Buildings		1.500,00 €
<i>"Account for depreciation of buildings in 2020"</i>		
-----[b]-----		
Depreciation expense	11.250,00 €	
Accumulated depreciation - Equipment		11.250,00 €
<i>"Account for depreciation of equipment in 2020"</i>		
-----[c]-----		
Insurance expense	1.750,00 €	
Prepaid insurance		1.750,00 €
<i>"Expense insurance that has expired in 2020"</i>		
-----[d]-----		
Accounts receivable	590,00 €	
Revenues from renting hotel facilities		590,00 €
<i>"Recognize revenues from renting hotel facilities for November and December (=2 months*2950 euros/10 months)"</i>		
-----[e]-----		
Bad debt expense	159,00 €	
Allowance for doubtful accounts		159,00 €
<i>"Adjust allowance for doubtful accounts so as their balance amount to 10% of accounts receivable [Balance = 10%*(6500+590) = 709; so credit allowance with 709-550=159]"</i>		
-----[f]-----		
Salaries and wages expense	1.800,00 €	
Salaries and wages payable		1.800,00 €
<i>"Recognize wages expense for November & December, which is owed"</i>		
-----[g]-----		
Revenues from accommodation	4.450,00 €	
Unearned revenue <i>liability</i>		4.450,00 €
<i>"Adjust for unearned revenues"</i>		
TOTALS	21.499,00 €	21.499,00 €

→ $\frac{60.000 - 0}{40 \text{ m}}$

→ $75.000 \times 15\%$

→ $\frac{2.950}{10 \text{ months}} = 295 \text{ € / month}$
 $2 \text{ months} \times 295 = 590 \text{ €}$

Accounts receivable

	6.500
[d]	590
New balance	<u>7.090</u>

Allowance for bad debt

	550
	159€
	<u>709€</u>

$7.090 \times 10\%$

Now to balance minus 159€



GENERAL LEDGER - ADJUSTING ENTRIES

ASSETS' ACCOUNTS

Land		Buildings	
Unadjusted balance 31.12	175.000,00 €	Unadjusted balance 31.12	60.000,00 €
Adjusted balance 31.12	175.000,00 €	Adjusted balance 31.12	60.000,00 €
Equipment		Accumulated depreciation - Buildings	
Unadjusted balance 31.12	75.000,00 €		19.200,00 € Unadjusted balance 31.12
Adjusted balance 31.12	75.000,00 €		1.500,00 € [a]
			20.700,00 € Adjusted balance 31.12
Accumulated depreciation - Equipment		Prepaid insurance	
	35.000,00 € Unadjusted balance 31.12	Unadjusted balance 31.12	4.500,00 €
	11.250,00 € [b]	Adjusted balance 31.12	1.750,00 € [c]
	46.250,00 € Adjusted balance 31.12		
Cash		Accounts receivable	
Unadjusted balance 31.12	7.500,00 €	Unadjusted balance 31.12	6.500,00 €
Adjusted balance 31.12	7.500,00 €	[d]	590,00 €
		Adjusted balance 31.12	7.090,00 €
		Allowance for doubtful accounts	
			550,00 € Unadjusted balance 31.12
			159,00 € [e]
			709,00 € Adjusted balance 31.12



LIABILITIES & EQUITY ACCOUNTS

Share capital		Retained earnings	
	200.000,00 € Unadjusted balance 31.12		41.000,00 € Unadjusted balance 31.12
	200.000,00 € Adjusted balance 31.12		41.000,00 € Adjusted balance 31.12
Unearned revenue		Salaries and wages payable	
	0,00 € Unadjusted balance 31.12		0,00 € Unadjusted balance 31.12
	4.450,00 € [g]		1.800,00 € [f]
	4.450,00 € Adjusted balance 31.12		1.800,00 € Adjusted balance 31.12

PROFIT AND LOSS ACCOUNTS

Revenues from accommodation		Revenues from renting hotel facilities	
	100.000,00 €	Unadjusted balance 31.12	2.950,00 €
[g]	4.450,00 €		Unadjusted balance 31.12
			590,00 €
			[d]
	95.550,00 €	Adjusted balance 31.12	3.540,00 €
			Adjusted balance 31.12
Revenues from restaurants		Utilities expense	
	8.800,00 €	Unadjusted balance 31.12	27.000,00 €
	8.800,00 €	Adjusted balance 31.12	27.000,00 €
Salaries and wages expense		Maintenance and repairs expense	
Unadjusted balance 31.12	40.000,00 €	Unadjusted balance 31.12	12.000,00 €
[f]	1.800,00 €		
Adjusted balance 31.12	41.800,00 €	Adjusted balance 31.12	12.000,00 €
Depreciation expense		Insurance expense	
Unadjusted balance 31.12	0,00 €	Unadjusted balance 31.12	0,00 €
[a]	1.500,00 €	[c]	1.750,00 €
[b]	11.250,00 €		
Adjusted balance 31.12	12.750,00 €	Adjusted balance 31.12	1.750,00 €
Bad debt expense			
Unadjusted balance 31.12	0,00 €		
[e]	159,00 €		
Adjusted balance 31.12	159,00 €		



ACCOUNTS	Unadjusted Balances 31/12/2020		Adjusting entries 31/12/2020		Adjusted Balances 31/12/2020	
	Dr balance	Cr balance	Dr	Cr	Dr balance	Cr balance
Cash	7.500 €		0 €	0 €	7.500 €	0 €
Accounts receivable	6.500 €		590 €	0 €	7.090 €	0 €
Allowance for doubtful accounts		550 €	0 €	159 €	0 €	709 €
Prepaid insurance	4.500 €		0 €	1.750 €	2.750 €	0 €
Land	175.000 €		0 €	0 €	175.000 €	0 €
Buildings	60.000 €		0 €	0 €	60.000 €	0 €
Accumulated depreciation - Buildings		19.200 €	0 €	1.500 €	0 €	20.700 €
Equipment	75.000 €		0 €	0 €	75.000 €	0 €
Accumulated depreciation - Equipment		35.000 €	0 €	11.250 €	0 €	46.250 €
Share capital		200.000 €	0 €	0 €	0 €	200.000 €
Retained earnings		41.000 €	0 €	0 €	0 €	41.000 €
Unearned revenue			0 €	4.450 €	0 €	4.450 €
Salaries and wages payable			0 €	1.800 €	0 €	1.800 €
Taxes payable			0 €	0 €	0 €	0 €
Revenues from accommodation		100.000 €	4.450 €	0 €	0 €	95.550 €
Revenues from renting hotel facilities		2.950 €	0 €	590 €	0 €	3.540 €
Revenues from restaurants		8.800 €	0 €	0 €	0 €	8.800 €
Utilities expense	27.000 €		0 €	0 €	27.000 €	0 €
Salaries and wages expense	40.000 €		1.800 €	0 €	41.800 €	0 €
Maintenance and repairs expense	12.000 €		0 €	0 €	12.000 €	0 €
Depreciation expense			12.750 €	0 €	12.750 €	0 €
Insurance expense			1.750 €	0 €	1.750 €	0 €
Bad debt expense			159 €	0 €	159 €	0 €
Income Tax			0 €	0 €	0 €	0 €
Net Income			0 €	0 €	0 €	0 €
TOTALS	407.500 €	407.500 €	21.499 €	21.499 €	422.799 €	422.799 €



	Debit	Credit
-----[1]-----		
Revenues from accommodation	95.550,00 €	
Revenues from renting hotel facilities	3.540,00 €	
Revenues from restaurants	8.800,00 €	
Net Income		107.890,00 €
<i>"Close out revenues to net income account"</i>		
-----[2]-----		
Net Income	95.459,00 €	
Utilities expense		27.000,00 €
Salaries and wages expense		41.800,00 €
Maintenance and repairs expense		12.000,00 €
Depreciation expense		12.750,00 €
Insurance expense		1.750,00 €
Bad debt expense		159,00 €
<i>"Close out expenses to net income account"</i>		
-----[3]-----		
Income Tax	2.486,20 €	
Taxes payable		2.486,20 €
<i>"Calculate and account for income tax @20%"</i>		
-----[4]-----		
Net Income	2.486,20 €	
Income Tax		2.486,20 €
<i>"Close out income tax expense to net income account"</i>		
-----[5]-----		
Net Income	9.944,80 €	
Retained earnings		9.944,80 €
<i>"Close out net income account to retained earnings"</i>		
TOTALS	218.266,20 €	218.266,20 €

$(107.890 - 95.459) \times 20\%$

GENERAL LEDGER - CLOSING ENTRIES

ASSETS' ACCOUNTS

Land		Buildings	
Adjusted balance 31.12	175.000,00 €	Adjusted balance 31.12	60.000,00 €
Final balance 31.12	175.000,00 €	Final balance 31.12	60.000,00 €
Equipment		Accumulated depreciation - Buildings	
Adjusted balance 31.12	75.000,00 €		20.700,00 € Adjusted balance 31.12
Final balance 31.12	75.000,00 €		20.700,00 € Final balance 31.12
Accumulated depreciation - Equipment		Prepaid insurance	
	46.250,00 € Adjusted balance 31.12	Adjusted balance 31.12	2.750,00 €
	46.250,00 € Final balance 31.12	Final balance 31.12	2.750,00 €
Cash		Accounts receivable	
Adjusted balance 31.12	7.500,00 €	Adjusted balance 31.12	7.090,00 €
Final balance 31.12	7.500,00 €	Final balance 31.12	7.090,00 €
		Allowance for doubtful accounts	
			709,00 € Adjusted balance 31.12
			709,00 € Final balance 31.12



LIABILITIES & EQUITY ACCOUNTS

Share capital

	200.000,00 €	Adjusted balance 31.12
	200.000,00 €	Final balance 31.12

Retained earnings

	41.000,00 €	Adjusted balance 31.12
	9.944,80 €	[5]
	50.944,80 €	Final balance 31.12

Unearned revenue

	4.450,00 €	Adjusted balance 31.12
	4.450,00 €	Final balance 31.12

Salaries and wages payable

	1.800,00 €	Adjusted balance 31.12
	1.800,00 €	Final balance 31.12

Taxes payable

	0,00 €	Adjusted balance 31.12
	2.486,20 €	[3]
	2.486,20 €	Final balance 31.12



PROFIT AND LOSS ACCOUNTS

Revenues from accommodation			
		95.550,00 €	Adjusted balance 31.12
[1]	95.550,00 €		
		0,00 €	Final balance 31.12

Revenues from renting hotel facilities			
		3.540,00 €	Adjusted balance 31.12
[1]	3.540,00 €		
		0,00 €	Final balance 31.12

Revenues from restaurants			
		8.800,00 €	Adjusted balance 31.12
[1]	8.800,00 €		
		0,00 €	Final balance 31.12

Utilities expense			
Adjusted balance 31.12	27.000,00 €		
		27.000,00 €	[2]
Final balance 31.12	0,00 €		

Salaries and wages expense			
Adjusted balance 31.12	41.800,00 €		
		41.800,00 €	[2]
Final balance 31.12	0,00 €		

Maintenance and repairs expense			
Adjusted balance 31.12	12.000,00 €		
		12.000,00 €	[2]
Final balance 31.12	0,00 €		

Depreciation expense			
Adjusted balance 31.12	12.750,00 €		
		12.750,00 €	[2]
Final balance 31.12	0,00 €		

Insurance expense			
Adjusted balance 31.12	1.750,00 €		
		1.750,00 €	[2]
Final balance 31.12	0,00 €		

Bad debt expense			
Adjusted balance 31.12	159,00 €		
		159,00 €	[2]
Final balance 31.12	0,00 €		

Income Tax			
Adjusted balance 31.12	0,00 €		
[3]	2.486,20 €		
		2.486,20 €	[4]
Final balance 31.12	0,00 €		

Net Income			
		0,00 €	Adjusted balance 31.12
		107.890,00 €	[1]
[2]	95.459,00 €		
[4]	2.486,20 €		
[5]	9.944,80 €	9.944,80 €	Final balance 31.12

ACCOUNTS	Adjusted Balances 31/12/2020		Closing entries 31/12/2020		Final Balances 31/12/2020	
	Dr balance	Cr balance	Dr	Cr	Dr balance	Cr balance
Cash	7.500 €	0 €	0 €	0 €	7.500 €	0 €
Accounts receivable	7.090 €	0 €	0 €	0 €	7.090 €	0 €
Allowance for doubtful accounts	0 €	709 €	0 €	0 €	0 €	709 €
Prepaid insurance	2.750 €	0 €	0 €	0 €	2.750 €	0 €
Land	175.000 €	0 €	0 €	0 €	175.000 €	0 €
Buildings	60.000 €	0 €	0 €	0 €	60.000 €	0 €
Accumulated depreciation - Buildings	0 €	20.700 €	0 €	0 €	0 €	20.700 €
Equipment	75.000 €	0 €	0 €	0 €	75.000 €	0 €
Accumulated depreciation - Equipment	0 €	46.250 €	0 €	0 €	0 €	46.250 €
Share capital	0 €	200.000 €	0 €	0 €	0 €	200.000 €
Retained earnings	0 €	41.000 €	0 €	9.945 €	0 €	50.945 €
Unearned revenue	0 €	4.450 €	0 €	0 €	0 €	4.450 €
Salaries and wages payable	0 €	1.800 €	0 €	0 €	0 €	1.800 €
Taxes payable	0 €	0 €	0 €	2.486 €	0 €	2.486 €
Revenues from accommodation	0 €	95.550 €	95.550 €	0 €	0 €	0 €
Revenues from renting hotel facilities	0 €	3.540 €	3.540 €	0 €	0 €	0 €
Revenues from restaurants	0 €	8.800 €	8.800 €	0 €	0 €	0 €
Utilities expense	27.000 €	0 €	0 €	27.000 €	0 €	0 €
Salaries and wages expense	41.800 €	0 €	0 €	41.800 €	0 €	0 €
Maintenance and repairs expense	12.000 €	0 €	0 €	12.000 €	0 €	0 €
Depreciation expense	12.750 €	0 €	0 €	12.750 €	0 €	0 €
Insurance expense	1.750 €	0 €	0 €	1.750 €	0 €	0 €
Bad debt expense	159 €	0 €	0 €	159 €	0 €	0 €
Income Tax	0 €	0 €	2.486 €	2.486 €	0 €	0 €
Net Income	0 €	0 €	107.890 €	107.890 €	0 €	0 €
TOTALS	422.799 €	422.799 €	218.266 €	218.266 €	327.340 €	327.340 €





#	Entries	Dr	Cr
	Insurance receivable	30.000 €	
	Accumulated depreciation of machine	15.600 €	
[1] b	Loss from machine damage	4.400 €	
	Machine		50.000 €
	<i>"Machine destroyed on June 1, 2021"</i>		
	Cash	32.000 €	
	Accumulated depreciation of machine	22.400 €	
[2] b	Gain on sale of machine		4.400 €
	Machine		50.000 €
	<i>"Sale of machine on November 1, 2022 for 32.000€ cash"</i>		
	New equipment	38.800 €	
	Accumulated depreciation of machine	11.200 €	
[3] b	Machine		50.000 €
	<i>"Exchange of machine with new equipment with no additional cash"</i>		

$$\text{Annual Depr.} = \frac{50.000 - 2.000}{10 \text{ years}} = 4.800 \text{ €}$$

$$\text{Depreciation}_{2018} = 4.800 \times \frac{10}{12} = 4.000 \text{ €}$$

$$\text{Depreciation}_{2019} = 4.800$$

Case #1

$$\text{Depreciation}_{2020} = 4.800 \text{ €}$$

$$\text{Depreciation}_{2021} = 4.800 \times \frac{5}{12} = 2.000 \text{ €}$$

$$\text{Accum. Depr.} = \underset{\substack{\downarrow \\ 2018}}{4.000} + \underset{\substack{\downarrow \\ 2019}}{4.800} + \underset{\substack{\downarrow \\ 2020}}{4.800} + \underset{\substack{\downarrow \\ 2021}}{2.000} = 15.600$$

		Dr Cr
Depreciation expense	1x	2.000 €
Accum Depr.		2.000

Case # 2

$$\text{Depreciation } 2020 = 4.800$$

$$\text{Depreciation } 2021 = 4.800$$

$$\text{Depreciation } 2022 = 4.800 \times \frac{10}{12} = 4.000$$

$$\text{Accum. Dep.} = \overset{2018}{4.000} + \overset{2019}{4.800} + \overset{2020}{4.800} + \overset{2021}{4.800} + \overset{2022}{4.000} = 22.400€$$

	2α		Dr		Cr
Depreciation expense			4.000 €		
		Accum. Dep.			4.000 €

Case #3

$$\text{Depreciation}_{2020} = 4.800 \times \frac{6}{12} = 2.400 \text{ €}$$

$$\text{Accum. Dep.} = \overset{2018}{4.000} + \overset{2019}{4.800} + \overset{2020}{2.400} = 11.200 \text{ €}$$

	Dr	Cr
3α		
Depreciation expense	2.400 €	
Accum Dep.		2.400 €



PERIODIC INVENTORY SYSTEM - WEIGHTED AVERAGE METHOD - DECEMBER 2020

	Units	Unit cost	Value	Sold units	COGS	Ending Inventory (units)	Ending Inventory (method valuation)
Initial Inventory	200	€10,00	€2.000,00				
Purchase #1	150	€12,00	€1.800,00				
Purchase #2	120	€15,00	€1.800,00				
Purchase #4	170	€16,00	€2.720,00				
	640	€13,00	€8.320,00	300	€3.900,00	340	€4.420,00
Net realizable value @ 31/12		€16,00					€5.440,00
Avg sale price		€20,00					
Ending Inventory value							€4.420,00

$\frac{8.320 \text{ €}}{640 \text{ units}}$

$= 340 \text{ units} \times 13 \text{ €}$

Initial Inventory + Purchases - Ending Inventory = COGS

$8.320 \text{ €} - 4.420 = 3.900 \text{ €}$

Income Statement 1/12 - 31/12/2020	
Sales	€6.000,00
COGS	-€3.900,00
Gross Profit	€2.100,00
Other expenses	-€1.500,00
EBT	€600,00
Tax @ 20%	-€120,00
Net Income	€480,00

PERIODIC INVENTORY SYSTEM - F.I.F.O. METHOD - DECEMBER 2020

	Units	Unit cost	Value	Sold units	COGS	Ending Inventory (units)	Ending Inventory (method valuation)
Initial Inventory	200	€10,00	€2.000,00	200		0	€0,00
Purchase #1	150 50	€12,00	€1.800,00	100		50	€600,00
Purchase #2	120	€15,00	€1.800,00	0		120	€1.800,00
Purchase #3	170	€16,00	€2.720,00	0		170	€2.720,00
	640		€8.320,00	300	€3.200,00	340	€5.120,00
Net realizable value @ 31/12		€16,00					€5.440,00
Avg sale price		€20,00					
Ending Inventory value							€5.120,00

Income Statement 1/12 - 31/12/2020	
Sales	€6.000,00
COGS	-€3.200,00
Gross Profit	€2.800,00
Other expenses	-€1.500,00
EBT	€1.300,00
Tax @ 20%	-€260,00
Net Income	€1.040,00

COGS = Initial Inventory + Purchases - Ending Inventory
 $3.200€ = 8.320€ - 5.120€$

PERIODIC INVENTORY SYSTEM - L.I.F.O. METHOD - DECEMBER 2020

	Units	Unit cost	Value	Sold units	COGS	Ending Inventory (units)	Ending Inventory (method valuation)
Initial Inventory	200	€10,00	€2.000,00	0		200	€2.000,00
Purchase #1	150 140	€12,00	€1.800,00	10		140	€1.680,00
Purchase #2	120	€15,00	€1.800,00	120		0	€0,00
Purchase #4	170	€16,00	€2.720,00	170		0	€0,00
	640		€8.320,00	300	€4.640,00	340	€3.680,00
Net realizable value @ 31/12		€16,00					€5.440,00
Avg sale price		€20,00					
Ending Inventory value							€3.680,00

Income Statement	
1/12 - 31/12/2020	
Sales	€6.000,00
COGS	-€4.640,00
Gross Profit	€1.360,00
Other expenses	-€1.500,00
EBT	-€140,00
Tax @ 20%	€28,00
Net Income	-€112,00

$$COGS = 8.320€ - 3.680€ = 4.640€$$

PERIODIC INVENTORY SYSTEM - SPECIFIC IDENTIFICATION - DECEMBER 2020							
	Units	Unit cost	Value	Sold units	COGS	Ending Inventory (units)	Ending Inventory (method valuation)
Initial Inventory	200	€10,00	€2.000,00	180		20	€200,00
Purchase #1	150	€12,00	€1.800,00	0		150	€1.800,00
Purchase #2	120	€15,00	€1.800,00	0		120	€1.800,00
Purchase #4	170	€16,00	€2.720,00	120		50	€800,00
	640		€8.320,00	300	€3.720,00	340	€4.600,00
Net realizable value @ 31/12		€16,00					€5.440,00
Avg sale price		€20,00					
Ending Inventory value							€4.600,00

Income Statement 1/12 - 31/12/2020	
Sales	€6.000,00
COGS	-€3.720,00
Gross Profit	€2.280,00
Other expenses	-€1.500,00
EBT	€780,00
Tax @ 20%	-€156,00
Net Income	€624,00

$$\text{COGS} = 8.320\text{€} - 4.600\text{€} = 3.720\text{€}$$

	WAVCO	FIFO	LIFO	SPECIFIC IDENTIFICATION
Inventory	€4.420,00	€5.120,00	€3.680,00	€4.600,00
COGS	-€3.900,00	-€3.200,00	-€4.640,00	-€3.720,00
EBT	€600,00	€1.300,00	-€140,00	€780,00
Tax	-€120,00	-€260,00	€28,00	-€156,00
Net Income	€480,00	€1.040,00	-€112,00	€624,00

Income Statement	
1/12 - 31/12/2020	
Sales	€6.000,00
COGS	-€5.600,00
Gross Profit	€400,00
Other expenses	-€1.500,00
EBT	-€1.100,00
Tax @ 20%	€220,00
Net Income	-€880,00

$$NRV = 8€ \Rightarrow 340 \text{ units} \times 8€ = 2.720€$$

$$COGS = 8.320€ - 2.720€ = 5.600€$$

πω άρα η
 ζημιά είναι



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