

# Enterprise Management and Entrepreneurship

## M.EIC

### Financial Accounting Exercises

#### Exercise 3

#### Inventory and Balance sheet

Consider the following balance sheet of the bookstore Artes e Letras, Lds, which sells books, on 01.07.2021.

| Assets                    |                | Equity and Liabilities              |                |
|---------------------------|----------------|-------------------------------------|----------------|
| <b>Non current assets</b> |                | <b>Equity</b>                       |                |
| Buildings                 | 50 000         | Equity                              | 62 650         |
| Transport Equipment       | 12 000         | <i>Total Equity</i>                 | 62 650         |
| Administrative Equipment  | 13 000         | <b>Liabilities</b>                  |                |
| Investments (shares)      | 11 500         | Non Current Liabilities             |                |
|                           |                | Bank Loan                           | 50000          |
| <b>Current Assets</b>     |                |                                     |                |
| Stock                     | 21 000         | Current Liabilities                 |                |
| Clients                   | 6 400          | Suppliers                           | 1 500          |
| Bank deposits             | 2 000          | Other accounts to pay               | 2 000          |
| Cash                      | 250            | <i>Total Liabilities</i>            | 53 500         |
| <i>Total assets</i>       | <u>116 150</u> | <i>Total Equity and Liabilities</i> | <u>116 150</u> |
|                           |                |                                     |                |

During the month of July (from 01.07.2021 to 31.07.2021) the following movements took place:

1. Receipt of a check for €800 relating to the payment of a customer's debt.
2. Deposit of previously received check.
3. Receipt of a debt note from the bank, in the amount of 1.000€, referring to interest of a bank loan.
4. Detection and destruction of a book batch, in the amount of 150€.
5. Sale in cash, for 50€, of set of books (exempt from VAT), which was purchased for 40€.
6. Sale on credit, in the amount of 5.000€, of a set of books that was purchased for 3.000€. VAT is added at the rate of 6%.
7. Payment of a debt to a supplier, in the amount of 1.200€, by bank transfer.
8. Acquisition, on credit, of a computer for the company's commercial services, in the amount of 763€.

9. Purchase of books, on credit, in the amount of 2.000€. VAT is added at the rate of 6%.
10. Payment of the electricity bill in the amount of 50€, in cash.

Questions:

- a) Register the accounting movements that took place during the month of July.
- b) Prepare the Balance Sheet of this company for 31.07.2021.
- c) Prepare the Income Statement of this company for the month of July.