

Entreprise Management and Entrepreneurship

M.EIC

Financial Accounting Exercises

Exercise 1

Suppose that you collected the following information regarding the company OCTANS, LDA.

Movements	(in euros)	Assets	Liabilities	
Debt from a customer	55.000	X		
Small car	15.000	X		
Sales of goods	120.000			Revenue
Computer software	5.000	X		
Debt to a supplier	30.000		X	
Cost of goods sold	85.000			Expense
Factory building	65.000	X		
Coins and notes	300	X		
3 year bank loan	100.000		X	
Stock of raw materials	18.000	X		
Electricity bill	150			Expense
Bill of a heavy duty van that was rented from "Car Rentm Lda"	20.000			Expense
Stock of finished goods	8.000	X		
Portfolio of customer orders	28.000			-
Bank deposits	7.000	X		
Taxes and social security debt	6.000		X	
Furniture and administrative equipment	12.700	X		
TOTAL		186.000	136.000	

1) Classify the movements presented, distinguishing those that represent a change in the company patrimony (that go to the balance sheet) from those that go to the income statement. Regarding the changes in patrimony, classify them as Assets or Liabilities.

2) Calculate the value of the Assets, Liabilities and Equity of this company.

$$\text{Equity} = \text{Assets} - \text{Liabilities} = 186.000 - 136.000 = 50.000$$

3) Prepare the balance sheet of this company after the presented movements.

ASSETS		EQUITY AND LIABILITIES	
Non-current Assets		EQUITY	
Tangible Assets			
		Total Equity	_____

Intangible Assets		Liabilities	
		Non-current Liabilities	

Total Non-current Assets	_____	Current Liabilities	

Current Assets			_____

		Total Liabilities	_____
Total Current Assets	_____		_____
	_____	Total Equity and Liabilities	_____
Total Assets	_____		

Exercise 2

a) Identify the positive and the negative components of the income:

Transactions

Value

1. Staff wages	10.000	-
2. Electricity bill	1.500	-
3. Sales to customers	50.000	+
4. Cost of goods sold	32.500	-
5. Cash discounts granted	300	-
6. Company headquartes rent	500	-
7. Interests received from bank deposits	80	+
8. Journals and magazines bought	50	-
9. Interests paid to the bank from credit obtained	200	-
10. Depreciation and amortization	300	-

b) Prepare the income statement of this company, using the template below:

Revenue and expenses	Period 31-12-N	
Sales	+	
Cost of goods sold	-	
Suppliers and external services	-	
Employee expenses	-	
Other income	+	
Other expenses	-	
EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization	=	
Depreciation and Amortization	-/+	
Operating Income (EBIT – Earnings before Interests and Taxes)	=	
Interests and financial revenues	+	
Interests and financial expenses	-	
Earnings before taxes	=	
Taxes (17%)	-/+	
Net Income	=	