

Tabular Statements

Theory

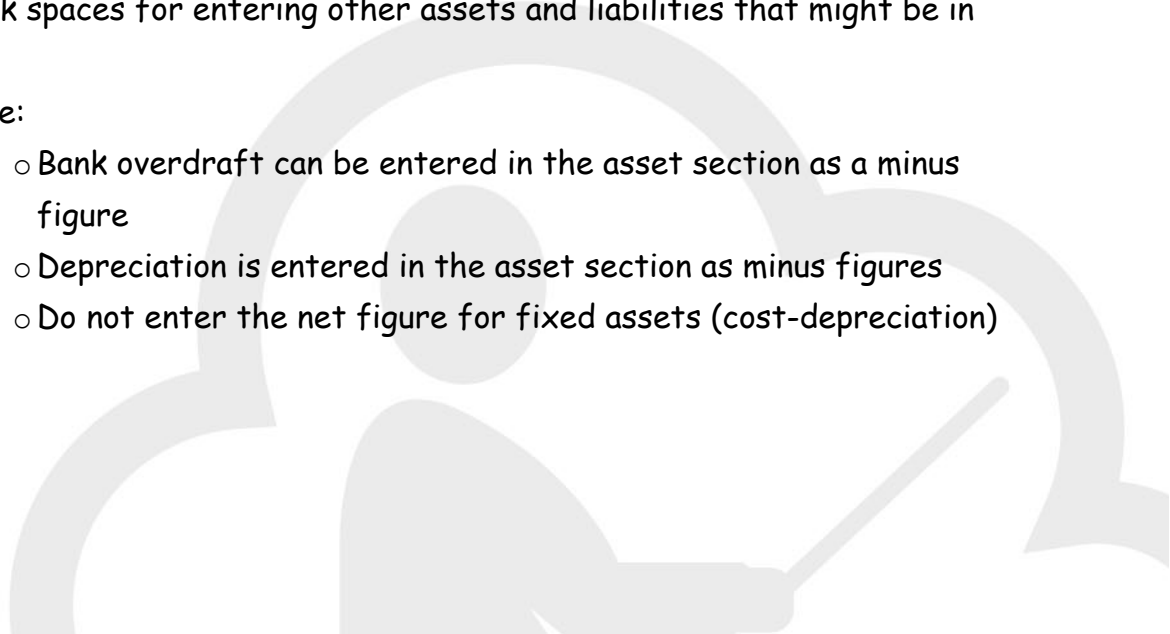
A tabular statement shows the effect of a number of transactions on the assets and liabilities of a business. The assets and liabilities are laid out in column form and, as assets equal liabilities, the total of assets and liabilities always equal each other after every transaction.

If an asset increases in value, then another asset must decrease in value or a liability must increase in value by the same amount, e.g. bought a machine for €6,000; machinery goes up by €6,000 and cash goes down by €6,000. The total of the assets does not change and assets equal liabilities.

In a tabular statement the assets and liabilities are listed at the beginning of the period. As transactions occur, the effect on the asset or liability is shown. At the end of the period the net effect is reflected in the final figures.

Procedure

1. List all the assets and liabilities from the given information in vertical format. Leave blank spaces for entering other assets and liabilities that might be in question.
 - Note:
 - Bank overdraft can be entered in the asset section as a minus figure
 - Depreciation is entered in the asset section as minus figures
 - Do not enter the net figure for fixed assets (cost-depreciation)



2. Figure out which two or more accounts are affected by each transaction.
3. If one asset is increased, then another asset must be decreased or a liability must be increased.
4. Adjust the profit and loss balance with any profit or loss resulting from a transaction.
5. Ensure that total assets and liabilities are ascertained at the end of the period.

Examples of Transactions:

- The purchase of a Business, ensure to check for Goodwill.
- Revaluation of an Asset
- Disposal of an asset
- Bad debt and Bad debt recovered
- Dividends
- Depreciation
- Issue of shares and share of premium
- Prepayments and dues
- Sales, sales returns, purchases and purchases returns.

Some typical transactions:

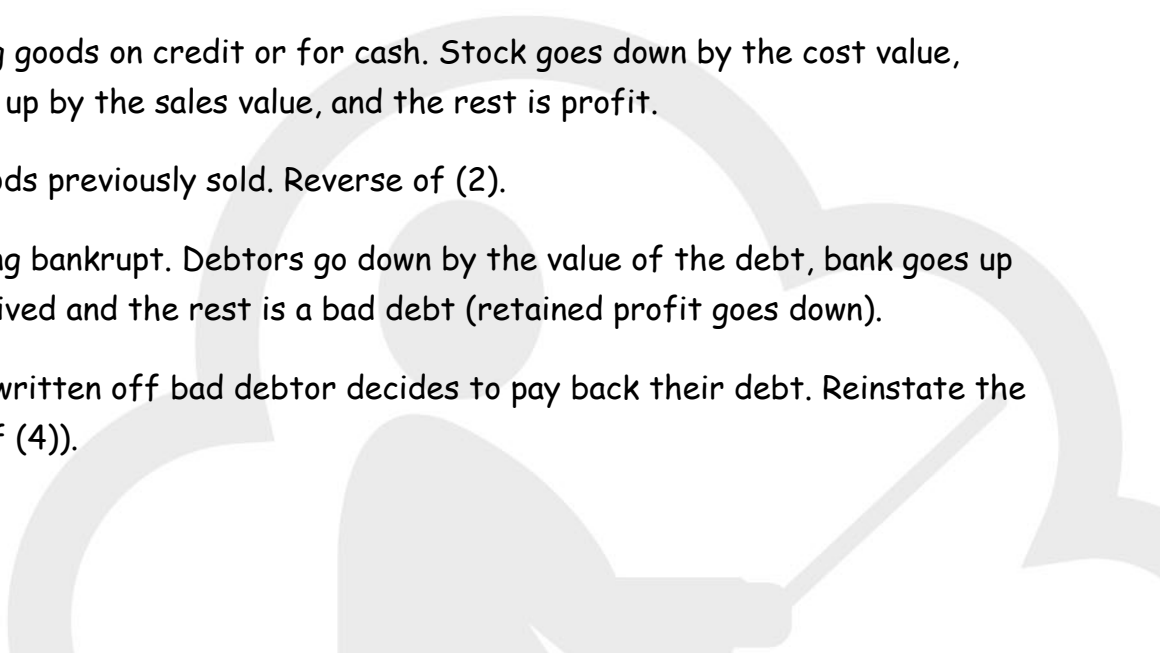
(1) Buying a new business. Remember that if the money paid for the new business is less than the value of the business, then there is goodwill (a new asset).

(2) Buying/selling goods on credit or for cash. Stock goes down by the cost value, Debtors/cash go up by the sales value, and the rest is profit.

(3) Returning goods previously sold. Reverse of (2).

(4) A debtor going bankrupt. Debtors go down by the value of the debt, bank goes up by the cash received and the rest is a bad debt (retained profit goes down).

(5) A previously written off bad debtor decides to pay back their debt. Reinstatement of the debt (opposite of (4)).



(6) Revaluation of Fixed Assets. Cancel depreciation, increase the value of the Fixed Asset and the two amounts are added to Revaluation Reserve (liability).

(7) Depreciation of Fixed Assets. Increase Provision (=minus a minus asset) and reduce Retained Profit.

(8) Sale of Fixed Assets at a profit or loss. Cancel the depreciation written off over the years (=plus Provision), reduce the value of the Fixed Asset, increase the bank, and adjust the Retained Profit with the Profit or Loss.

(9) Issuing shares at a premium. Increase the Issued Capital with the number of shares issued, increased the Bank with the money received, and add the premium to Share Premium account.

(10) Direct debits and credit transfers for incomes and expenses including prepaids. Adjust the bank for the money paid/received, adjust the Retained Profit for the Incomes and Expenses incurred and create new prepaid Asset and/or Liabilities.



Let's take a look at an example:

Q18.1

The following balance sheet shows the financial position of Walker Ltd as at 31/3/2016:

Balance Sheet as at 31/3/2016			
Fixed Assets			
Buildings			€ 320,000.00
Motor Vehicles			€ 45,000.00
			€ 365,000.00
Current Assets			
Stock		€ 40,000.00	
Debtors		€ 25,000.00	
Cash		€ 10,000.00	
		€ 75,000.00	
Less Creditors: amounts falling due within one year			
Trade creditors	€ 30,000.00		
Rates due	€ 1,000.00		
Bank overdraft	€ 14,000.00	€ 45,000.00	€ 30,000.00
			€ 395,000.00
Financed By:			
Capital			€ 395,000.00
			€ 395,000.00

The following transactions took place during the month of April 2016:

- April 2: Bought a new van for €36,000 by cheque.
- April 6: Sold goods on credit, which cost €3,000, to a debtor for €3,500
- April 9: Paid a cheque, €300, to a creditor. Discount received €20.
- April 14: Invested €1,000 lotto win in the business.
- April 20: Bought goods on credit for €5,000
- April 26: Paid rates due by cash.

You are required to:

- a) Record on a tabular statement the effect that each of the above transactions had on the relevant asset and liability.
- b) Figure out the total assets and liabilities on 31/3/2016.

Tabular Statement								
	01/04/2016	Apr-02	Apr-06	Apr-09	Apr-14	Apr-20	Apr-26	Total
Assets	€	€	€	€	€	€	€	€
Building	€320,000.00							€320,000.00
Mot or Vans	€ 45,000.00	€ 36,000.00						€ 81,000.00
Stock	€ 40,000.00		-€ 3,000.00			€ 5,000.00		€ 42,000.00
Debt ors	€ 25,000.00		€ 3,500.00					€ 28,500.00
Cash	€ 10,000.00						-€ 1,000.00	€ 9,000.00
Total	€440,000.00	€ 36,000.00	€ 500.00			€ 5,000.00	-€ 1,000.00	€480,500.00
Liabilities								
Credit ors	€ 30,000.00			-€ 320.00		€ 5,000.00		€ 34,680.00
Rat es due	€ 1,000.00						-€ 1,000.00	
Bank	€ 14,000.00	€ 36,000.00		€ 300.00	-€ 1,000.00			€ 49,300.00
Capital	€395,000.00				€ 1,000.00			€396,000.00
Net Profit			€ 500.00	€ 20.00				€ 520.00
Total	€440,000.00	€ 36,000.00	€ 500.00	€ -	€ -	€ 5,000.00	-€ 1,000.00	€480,500.00

Q18.2

The following balance sheet shows the financial position of James Ltd as at 1/1/2006:

Balance Sheet as at 1/1/2006				
Fixed Assets	Cost	Depreciat ion	Book Value	Total
Buildings	€ 600,000.00	€ 12,000.00	€588,000.00	
Equipment	€ 28,000.00	€ 8,000.00	€ 20,000.00	
Mot or Vehicles	€ 76,000.00	€ 26,000.00	€ 50,000.00	
	€ 704,000.00	€ 46,000.00	€658,000.00	€ 658,000.00
Current Assets				
Stock			€ 86,000.00	
Debt ors			€ 41,000.00	
			€ 127,000.00	
Less Current Liabilities				
Credit ors		€ 53,000.00		
Bank		€ 27,000.00	€ 80,000.00	
Working Capital				€ 47,000.00
Total Net Assets				€ 705,000.00
Financed By:				
500,000 ordinary share capital at €1 each				€ 500,000.00
Profit and Loss balance				€ 205,000.00
Capital Employed				€ 705,000.00

The following transactions took place during the year:

- January: James Ltd bought a business consisting of buildings €120,000, stock €5,000, motor vehicles €15,000 and creditors €30,000. He paid for it by granting the seller 100,000 shares in James Ltd at a premium of 20c per share.
- February: Sold goods on credit which cost €12,000. The selling price is at a mark-up on cost of 25%.
- March: The above goods were returned and a restocking charge of 10% was applied.
- April: Equipment which cost €6,000 was traded in against new equipment costing €15,000. The amount paid by cheque after allowing for the old equipment was €7,200. Depreciation to date on the old van was €3,000.
- August: Paid by cheque a creditors account of €1,000 and received a discount of €100.
- September: Buildings are revalued at €400,000 from €250,000.
- October: Received a bank statement on 31 Sep 2006 showing a direct debit of €6,000 to cover insurance to 31/3/07 and a credit transfer received of €600 representing six months from 1/9/06.

You are required to:

- a) Record on a tabular statement the effect that each of the above transactions had on the relevant asset and liability.
- b) Ascertain the total assets and liabilities on 31/12/2016



TABULAR STATEMENT

	31/12/2006	Jan	Feb	Mar	Apr	Aug	Sep	Oct	Dec	Total
	€	€	€	€	€	€	€	€	€	€
Assets										
Building	€ 600,000.00	€ 120,000.00					€ 150,000.00			€ 870,000.00
Equipment	€ 28,000.00				€ 9,000.00					€ 37,000.00
Mot or Vans	€ 76,000.00	€ 15,000.00								€ 91,000.00
Dep. Building	-€ 12,000.00						€ 12,000.00			€ -
Dep. Equipment	-€ 8,000.00				€ 3,000.00					-€ 5,000.00
Dep. Motors	-€ 26,000.00									-€ 26,000.00
St ock	€ 86,000.00	€ 5,000.00	-€ 12,000.00	€ 12,000.00						€ 91,000.00
Debt ors	€ 41,000.00		€ 15,000.00	-€ 13,500.00						€ 42,500.00
Goddwill		€ 10,000.00								€ 10,000.00
Insurance prepaid								€ 6,000.00	-€ 4,500.00	€ 1,500.00
Total	€ 785,000.00	€ 150,000.00	€ 3,000.00	-€ 1,500.00	€ 12,000.00	€ -	€ 162,000.00	€ 6,000.00	-€ 4,500.00	€ 1,112,000.00
Liabilities										
Credit ors	€ 53,000.00	€ 30,000.00				-€ 1,000.00				€ 82,000.00
Bank	€ 27,000.00				€ 7,000.00	€ 900.00		€ 5,400.00		€ 40,300.00
Share capital	€ 500,000.00	€ 100,000.00								€ 600,000.00
Profit and loss	€ 205,000.00		€ 3,000.00	-€ 1,500.00	€ 5,000.00	€ 100.00			-€ 4,100.00	€ 207,500.00
Share Premium		€ 20,000.00								€ 20,000.00
Reval. Reserve							€ 162,000.00			€ 162,000.00
Rent rec. due								€ 600.00	-€ 400.00	€ 200.00
Total	€ 785,000.00	€ 150,000.00	€ 3,000.00	-€ 1,500.00	€ 12,000.00	€ -	€ 162,000.00	€ 6,000.00	-€ 4,500.00	€ 1,112,000.00



Homework

Q18.3 Ordinary

4. Tabular Statement

The following balance sheet shows the financial position of a sole trader, Brendan Boyle, as at 01/01/2016.

Balance Sheet as at 01/01/2016			
	€	€	€
Fixed Assets			
Buildings		450,000	
Machinery		82,000	
			532,000
Current Assets			
Stock		32,000	
Debtors		28,000	
Bank		30,500	
		90,500	
Less Creditors: amounts falling due within 1 year			
Creditors	24,000		
Rent due	3,500	27,500	
			63,000
			595,000
Financed by:			
Capital		590,000	
Profit/loss account		5,000	
			595,000

The following transactions took place during January 2016:

- Jan 3 Received from a debtor a cheque for €3,700 in full settlement of a debt of €3,900.
- Jan 7 Purchased goods on credit for €14,200.
- Jan 12 Paid by cheque rent that was due at the beginning of the month.
- Jan 16 Paid, by cheque, a creditor's account balance of €4,100 and received a discount of €300.
- Jan 19 Sold goods on credit for €8,200, which originally cost €9,200.
- Jan 21 A debtor who owed €600 was declared bankrupt and paid 30c in the €.
- Jan 23 Paid by cheque from business bank account €3,300 for roof repairs to private house.
- Jan 26 Purchased a new warehouse for €170,000. A deposit of €15,000 was paid by cheque and the remainder borrowed from Warehouse Finance Ltd.

Required:

Record on a tabular statement the effect each of the above transactions had on the relevant assets and liabilities.

Show the **total assets and liabilities** on 31/01/2016

Q18.3 Solution

Tabular Statement

[60]

Assets		Jan. 3	Jan. 7	Jan. 12	Jan. 16	Jan. 19	Jan. 21	Jan. 23	Jan. 26	Totals
Buildings	450,000 [2]								+170,000 [2]	620,000
Machinery	82,000 [2]									82,000
Stock	32,000 [2]		14,200 [2]			(9,200) [2]				37,000
Debtors	28,000 [2]	(3,900) [2]				+8,200 [2]	(600) [2]			31,700
Bank	30,500 [1]	+3,700 [2]		(3,500) [2]	(3,800) [2]		+180 [3]	(3,300) [3]	(15,000) [2]	8,780 [1]
Total	622,500	(200)	+14,200	(3,500)	(3,800)	(1,000)	(420)	(3,300)	155,000	779,480
Liabilities										
Capital	590,000 [2]									590,000
Profit/loss	5,000 [1]	(200) [2]			+300 [1]	(1,000) [1]	(420) [1]			3,680
Drawings								(3300) [2]		(3,300)
Creditors	24,000 [3]		14,200 [2]		(4,100) [1]					34,100 [1]
Rent	3,500 [3]			(3,500) [2]						-----
W. Finance Ltd									+155,000 [2]	155,000
Total	622,500	(200)	+14,200	(3,500)	(3,800)	(1,000)	(420)	(3,300)	155,000	779,480



Q18.4

3. Tabular Statement

The financial position of Watt Ltd, a grocer, on 01/01/2014 is shown in the following balance sheet:

Balance sheet as at 01/01/2014				
	Cost	Dep to date	Net	Total
	€	€	€	€
Fixed Assets				
Goodwill (cost €55,000)				45,000
Land & buildings	690,000	55,100	634,900	
Equipment	30,000	2,500	27,500	
Delivery vans	<u>86,000</u>	<u>32,000</u>	<u>54,000</u>	
	<u>806,000</u>	<u>89,600</u>	<u>716,400</u>	<u>716,400</u>
				761,400
Current Assets				
Stock		73,600		
Insurance prepaid		1,000		
Debtors		<u>52,900</u>	127,500	
Less Creditors: amount falling due within 1 year				
Creditors		82,300		
Bank		11,900		
Expenses due		<u>3,700</u>	<u>97,900</u>	<u>29,600</u>
				<u>791,000</u>
Financed by				
Capital and Reserves				
Authorised - 750,000 ordinary shares @ €1 each				
Issued - 480,000 ordinary shares @ €1 each		480,000		
Share premium		75,000		
Profit and loss balance		<u>236,000</u>		<u>791,000</u>
				<u>791,000</u>

The following transactions took place during 2014:

- Jan Watt Ltd bought an adjoining business on 01/01/2014 which included buildings €240,000, delivery vans €42,000 and creditors €54,000. The purchase price was discharged by granting the seller 220,000 shares in Watt Ltd at a premium 20c per share.
- Feb A creditor who was owed €2,500 by Watt Ltd accepted a fridge freezer, the book value of which was €2,200, in full settlement of the debt. This fridge freezer had cost €4,000.
- April Watt Ltd decided to re-value the land and buildings on 01/04/2014 at €990,000. The land element of the new value is €170,000.
- May Received a bank statement at the end of May showing a direct debit of €3,600 to cover fire insurance for year ended 31/03/2015 and a credit transfer received of €8,600 to cover 10 month's rent receivable in advance from May 1.
- July A delivery van, which cost €15,000 and had a net book value of €3,000, was traded-in against a new van costing €24,000 on 01/07/2014. An allowance of €4,500 was made for the old van.
- Nov A payment of €1,260 was received from T McDonagh, a debtor, whose debt had been previously written off and who now wishes to trade with Watt Ltd again. This represents 90% of the original debt and the debtor had undertaken to pay the remainder of the debt in January 2015. On the same day goods to the value of €720 were sold on credit to McDonagh. This is a mark-up of 20%.
- Dec The depreciation charge on buildings for the year is to be of 2% of value at 01/04/2014. Depreciate delivery vans at 20% of cost per annum from date of purchase to date of sale.

Required:

Record on a tabular statement the effect each of the above transactions had on the relevant asset and liability and ascertain the total assets and liabilities on 31/12/2014.

Q18.4 Solution

Question 3

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	1/1/2014	Jan	Feb	April	May	July	Nov	Dec	Dec	31/12/2014
Goodwill	45,000	36,000 [2]								81,000
Land & Buildings	690,000	240,000 [1]		60,000 [2]						990,000
Depreciation - Buildings	(55,100)			55,100 [2]				(16,400) [2]		(16,400)
Equipment	30,000		(4,000) [2]							26,000
Depreciation - Equipment	(2,500)		1,800 [2]							(700)
Delivery Vans	86,000	42,000 [1]				9,000 [2]				137,000
Depreciation - Delivery Vans	(32,000)					12,000 [2]		(26,500) [2]		(46,500)
Stock	73,600						(600) [2]			73,000
Insurance (prepaid)	1,000				3,600 [2]				(3,700) [2]	900 [1]
Debtors	52,900						860 [2]			53,760
	888,900	318,000	(2,200)	115,100	3,600	21,000	260	(42,900)	(3,700)	1,298,060
Liabilities										
Ord. shares	480,000	220,000 [1]								700,000
Share Premium	75,000	44,000 [1]								119,000
Profit & Loss Balance	236,000		300 [1]			1,500 [1]	1,520 [2]	(42,900) [1]	6,880 [1] (3,700) [1]	199,600 [4]
Creditors	82,300	54,000 [1]	(2,500) [2]							133,800
Bank	11,900				(5,000) [2]	19,500 [2]	(1,260) [2]			25,140 [1]
Expenses due	3,700									3,700 [1]
Revaluation Reserve				115,100 [2]						115,100
Rent Receivable					8,600 [2]				(6,880) [2]	1,720 [1]
	888,900	318,000	(2,200)	115,100	3,600	21,000	260	(42,900)	(3,700)	1,298,060

