

| | |
|--------|-----|
| Comm | 500 |
| Reserv | 250 |
| Fond f | 170 |
| Retain | 120 |

| |
|----------------------|
| Common stocks issued |
| 500 |

b/f

Movement:

| |
|---|
| Creation of reserves |
| Revaluation of securities (gain) |
| Transfer of the remainder of current period profit to retained earnings |

c/f

500

| Reserves | Fond for revaluation | Retained earnings |
|----------|----------------------|-------------------|
| 250 | 170 | 120 |

70

50

320

220

30
150

| |
|-------------|
| TOTAL |
| 1040 |

70

50

30

1190

| Item | CU'000 |
|--------------------------|---------|
| Advertising | 15,000 |
| Carriage inwards | 1,009 |
| Carriage outwards | 5,666 |
| Depreciation | 10,710 |
| Closing inventory | 13,777 |
| Discounts allowed | 3,444 |
| Discounts received | 5,111 |
| Gas and electricity | 14,122 |
| Irrecoverable debts | 7,134 |
| Loan interest | 4,000 |
| Opening inventory | 12,332 |
| Other operating expenses | 3,142 |
| Other operating income | 4,000 |
| Purchases | 119,098 |
| Revenue | 233,000 |
| Water rates | 8,444 |

| | |
|----------------|----------------|
| Revenue | 233,000 |
| COS | - 118,662 |
| | <u>114,338</u> |
| Other oper | 9,111 |
| Other oper - | 67,662 |
| | <u>55,787</u> |
| Other fin in - | 4,000 |
| | <u>51,787</u> |

Production method

| | BV | Acc dep-n | NBV |
|--------|-----|-----------|-----|
| 1 year | 200 | 20 | 180 |
| 2 year | 200 | 40 | 160 |
| 3 year | 200 | 70 | 130 |
| 4 year | 200 | 100 | 100 |

DDB method - as straight

| | BV | Acc dep-n | NBV |
|--------|-----|-----------|-------|
| 1 year | 200 | 50 | 150 |
| 2 year | 200 | 75 | 125 |
| 3 year | 200 | 87.5 | 112.5 |
| 4 year | 200 | 100 | 100 |

(2*(100% of amount to be depreciated) / n)
dep rate

| | |
|----------|-----|
| 1st year | 50% |
| 2d year | 50% |
| 3d year | 50% |
| 4th | 50% |

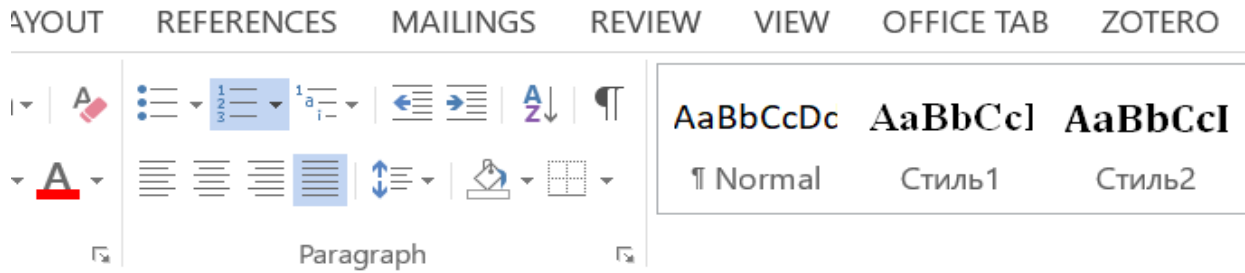
SYD method = sum of years

| | BV | Acc dep-n | NBV |
|--------|-----|-----------|-------|
| 1 year | 200 | 40 | 160 |
| 2 year | 200 | 58 | 142 |
| 3 year | 200 | 66.4 | 133.6 |
| 4 year | 200 | 100 | 100 |

years in use left * 1/coefficient
coefficient (SYD) = (n*(n+1))/2

| | SYD | dep rate |
|----------|-----|------------|
| 1st year | 10 | 0.4 |
| 2d year | 10 | 0.3 |
| 3d year | 10 | 0.2 |
| 4th | 10 | <u>0.1</u> |
| | | 1 |

iated /4 years))/100



TIME IS:

- a) to inform government statistics
 - b) to support entity's tax return
 - c) to meet all information needs of all users of entity's financial statements
 - d) to inform economic decision-making by a broad range of users that are demand reports tailored to their needs (e.g. investors and creditors)
8. Which examples of entities have public accountability?
- a) An entity operates two businesses from its premises - banking and retail. The banking operation takes deposits from the general public in return for a promise to provide the capital plus a return interest for every deposit received from them. The funds generated in its banking operation to partially fund its retail clothing operation.
 - b) An entity's shares are not listed on a stock exchange but do trade 'over-the-counter' market is subject to government regulation though to be listed on the stock exchange.
 - c) An entity's shares are traded on one of the secondary securities markets in the European Union (EU) that are not 'regulated markets' for the purposes of applicable EU Regulation (i.e. EU law does not require the entity to use full IFRS).
 - d) An entity's only business is earning interest on money that it lends to its customers. It obtains all of its funds direct from its two owner-managers both of whom are not listed on the stock exchange.
 - e) The ordinary shares of an entity's parent are listed on a stock exchange.
9. Which examples of entities have public accountability?
- a) An entity that does not have public accountability voluntarily (i.e. it is not required to) prepares its financial statements in compliance with the requirements of IFRS for SMEs. The entity sends the financial statements to the entity's primary supplier.

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b) An entity th

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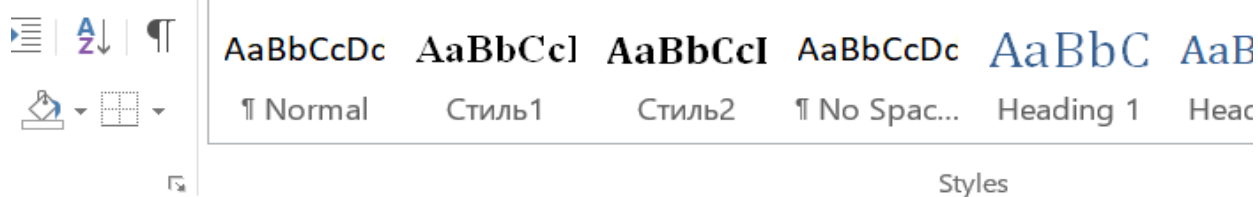
c) The facts are

the financial

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of entities have public accountability?

does not have public accountability voluntarily (i.e. it is not required to do so) financial statements in compliance with the requirements of the IFRS for SME. sends the financial statements to the entity's primary suppliers, bankers and non-

ers. The entity makes an explicit and unreserved statement of compliance with ME in the notes.

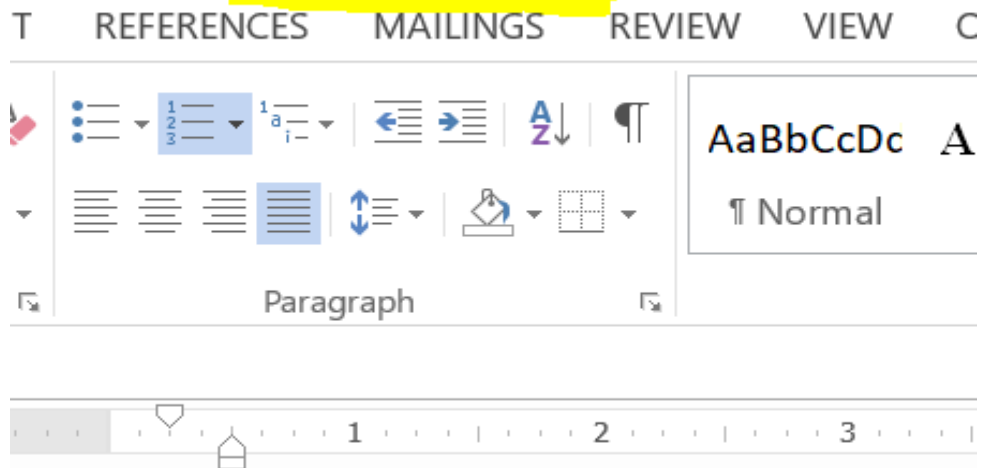
at does not have public accountability prepares financial statements in with the tax requirements for calculating taxable income (and tax expenses) in on in which it operates. The jurisdiction's tax requirements are different from ents of the IFRS for SME. The entity sends the financial statements only to the s. The entity makes an explicit and unreserved statement of compliance with irements in the notes.

the same as previous example. However, in this example, the entity also sends statements to the entity's bankers and the national repository (a legal of the jurisdiction in which the entity operates). A copy of all financial dged with the national repository can be downloaded by anyone free of charge onal repository's website.

IFRS for SMEs - introduction - framework

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6. Decide in which of the following examples income is recognized as gain (according to IFRS for SME)?

- R a) On 31 December 20X5 an entity sold inventory with a carrying amount of CU1,000 and received CU1,000.
- G b) On 31 December 20X5 an entity sold a machine for CU1,500 when the carrying amount of the machine was CU1,000.
- R c) A chain of bicycle shops holds bicycles for short-term hire. The bicycles are used for two or three years and then sold. All shops sell both new and second-hand bicycles. The revenue is recognized from:
 - (i) the sale of new bicycles, (ii) the sale of second-hand bicycles.
- G d) On 31 December 20X5 an entity received settlement from a lawsuit issued in foreign currency. The invoiced amount was FCU1 = CU1. The exchange rate on the date of receipt was FCU1 = CU1.05.

7. Decide in which of the following examples expense is recognized as loss (according to IFRS for SME)?

- L a) On 31 December 20X5 an entity sold inventory with a carrying amount of CU1,000 and received CU1,000.
- L b) On 31 December 20X5 an entity sold a machine for CU900 when the carrying amount of the machine was CU1,000.
- L c) On 31 December 20X5 an entity settled a liability denominated in foreign currency. The invoiced amount was FCU1 = CU1. The exchange rate on the day of its receipt was FCU1 = CU1.05.

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is recognized as **revenue** and in which it is

for CU1,500 when the carrying amount of the

used by the entity in the manufacture of goods machine was CU1,000.

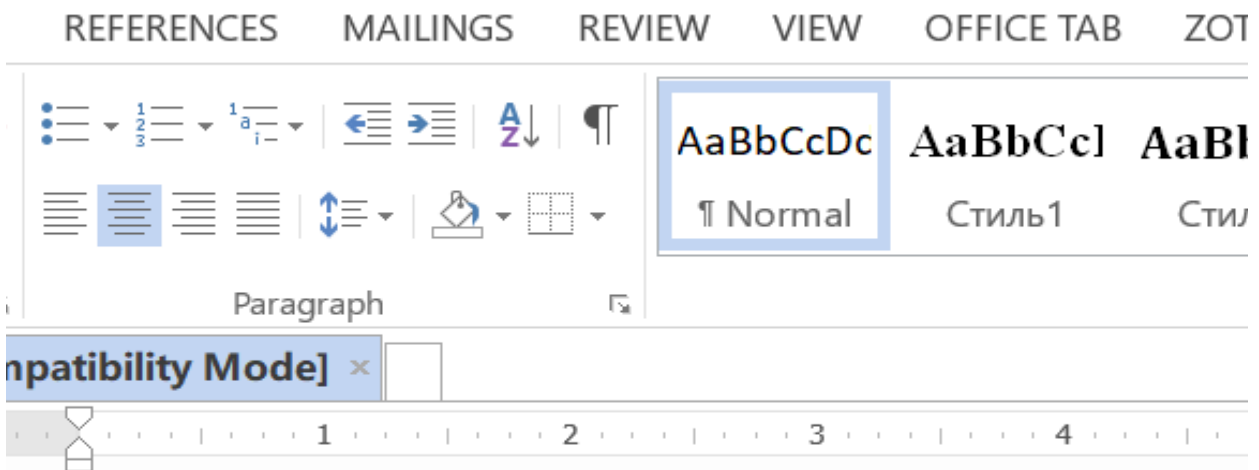
short-term hire and for sale. The bicycles available were sold by the shops as second-hand models. The shops have three sources of revenue: (i) second-hand bicycles and (ii) the rental of bicycles. The amount received from its foreign customer for invoiced amount was FCU100, the exchange rate at the day of 31 December 20X5 was FCU1 = CU1,1.

is recognized as **expense** and in which it is

for CU900 when the carrying amount of the

used by the entity in the manufacture of goods machine was CU1,000.

The amount received from its foreign supplier for the invoice was FCU100, the exchange rate at the exchange rate on 31 December 20X5 was FCU1 =



in the statement of comprehensive income.

5. What information should be disclosed in consolidated financial statements?

- a) the basis for concluding that control exists when the parent exercises control indirectly through subsidiaries, more than half of the voting power of the subsidiaries is held by the parent.
- b) any difference in the reporting date of the financial statements of the parent and subsidiaries used in the preparation of the consolidated financial statements.
- c) intragroup balances and transactions, including income, expenses, and assets of the parent and subsidiary.

6. Decide which statements are true:

- a) IFRS for SME requires a parent to present consolidated financial statements.
- b) IFRS for SME requires a parent or a group of subsidiaries to present consolidated financial statements.
- c) IFRS for SME requires a group of two or more entities to present consolidated financial statements.

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