

# Financial accounting

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## *Sole proprietorship – Foundation balance sheet*

Mr. Arthur wants to open a business specializing in the sale of underpants in a store in the region as well as selling on the internet.

He decides to create a company in the form of a sole proprietorship.



Prepare the foundation balance sheet as of 1<sup>st</sup> of November based on the following information:

- He has cash for fr. 8'000.—;
- he opens an account at the bank where he deposits fr. 53'000.—; the credit limit granted to him is fr. 10'000.—;
- he buys a stock of underpants with a purchase price of fr. 49,500.—, he will finance with his own money fr. 34,000.—, for the rest, the suppliers grant him a credit for a period of 90 days;
- he has a patent on the design of ergonomic underpants that he has developed and financed himself, for. 45,000.—; this patent is brought into the company for a value of FR. 20'000.—;
- he buys furniture and fittings for fr. 23'000.—; payment is made by a bank transfer;
- to facilitate transactions with his suppliers, he opens an account at the post office; he makes a bank transfer of FR. 10,000.—;
- three years ago, he bought a commercial vehicle of fr. 45,000.—; this vehicle is taxed today at fr. 19,000.—; the book value is fr. 15,000.— for the sake of prudence;
- Uncle Maurice granted him a loan of fr. 50,000.—, at the annual rate is 1% and maturity on 31 December, for a period of 10 years; this loan will be used to finance the acquisition of the commercial premises;
- he buys a commercial premises, as well as land; the whole is estimated at fr. 580'000.—; on this property is encumbered a mortgage debt with the Raiffeisen of fr. 380'000.—, at the rate of 2.75%, quarterly maturity, the financial amortization will take place on December 31 at 2%;
- he brings into the company, his computer equipment purchased fr. 40'000.—; a depreciation of 50% must be taken into account;
- he must have fr.2,000.— at the bank to start his business. It removes from its 2nd pillar the missing part.