

Financial accounting

Basic transactions – closing transactions

Benihana SA is a restaurant offering Japanese dishes grilled at the table by theatrical chefs to experience the charm of live Teppanyaki cuisine and irresistible sushi's, sashimi, makimono, steaks, seafood, chicken and fresh vegetables.



The restaurant employs 5 people full time.

The restaurant often works with hotels in the area. Many sales are invoiced on credit. Hotels receive from the restaurant a commission of 5% on the sales. VAT must be considered on the commission for 7.7% as well, as for the sales. VAT is booked on a net basis. Unless otherwise stated, amounts include VAT.

Food and beverage inventory management is based on periodic inventory.

All calculations must be rounded to the nearest franc. The depreciation rates are based on the IFD notice in the appendix.

Find below the account balances as of 30th of September:

	Debit	Credit
Cash	26'800.00	
Trade receivables / customers	12'450.00	
Allowance for doubtful debts		750.00
VAT Refund on goods (food & beverage)	2'350.00	
VAT Refund on investment & other expenses	3'450.00	
Stock (food & beverage etc...)	35'200.00	
Accrued income		
Prepaid expenses		
Furniture	18'000.00	
IT infrastructure	25'000.00	
Accumulated depreciation on IT		16'000.00
Vehicle	3'500.00	
Rental & Commercial building	990'000.00	
Accumulated depreciation on commercial building		136'125.00
Trade payables / Suppliers		22'450.00
Other debts / Various suppliers		19'560.00
VAT Due		12'420.00
Gift vouchers		4'300.00
Garage "Tacot"		
Accrued expenses		
Prepaid income (cash received in advance)		
Provision on building/renovation fund		100'000.00
Mortgage at bank Migros		300'000.00
Private	6'790.00	
Equity / Capital		100'000.00
Sales		843'400.00
Purchase of goods & beverage	240'500.00	
Deduction obtained from suppliers		7'890.00
Deduction given to customers	3'450.00	
Bad debt /loss on credit	-	
Card fees (Credit card & Debit card)	12'455.00	
Hotels' commissions	10'560.00	
Salaries & social charges	284'625.00	
Other expenses related to employes	5'200.00	
Insurance	9'850.00	
Financial expenses / Interests	2'419.00	
Other operating expenses	25'800.00	
Depreciation		
Expenses on holiday apartments	7'950.00	
Revenue on holiday apartments		22'150.00
Extraordinary expenses & revenue	240.00	

Additional information :

- The building has a restaurant and 2 holiday apartments rented to tourists. The value of the building is equally divided between the two activities.
- Building account includes the value of the land.
- The building is financed with a mortgage at Bank Migros. Interests are paid quarterly, the rate is 3.75% and the financial amortization is constant (reimbursement of the mortgage) is 5% of the initial debt/value, 10 years out of 20 years in total have already been reimbursed.

Few journal entries concerning the previous month:

1. During the month of December, they have concluded sales in cash for a total amount of 96'930 CHF. 1/3 of the customers paid with a card. A commission of 3% must be considered and booked.
2. A regular customer organized his Christmas dinner at the restaurant. The final invoice is for 2'890 CHF. The restaurant gives him a discount of 190 CHF. The customer pays the invoice with gift vouchers for 500CHF and the balance in cash.
3. Invoices have been sent to various hotels regarding previous month sales for a total of 12'924 CHF. A commission is given to hotels, instructions above to be considered.
4. Purchase of food at Prodega for 2'716 CHF.
5. Wine is bought on credit from a local winemaker for 5'200 CHF. He gives to the restaurant some gratuities for 250 CHF (meaning more goods).
6. Debit advice received from the bank for 3'040 CHF (amount after discount/95%) regarding a payment done of beers already booked. A discount of 5% on the price excluding VAT has been deducted. Make sure VAT is adjusted accordingly.
7. A regular customer asks us for an invoice for the purchase of 5 gift vouchers with a nominal value of 100 CHF each.
8. Debt collection office informs us that one of our customer will only be able to pay us an amount of 450 CHF. The initial value of the invoice was 1'100 CHF. The difference is a loss.
9. On November 1st, the restaurant vehicle is changed. The old vehicle is sold cash on autoscout24.ch for 4'000 CHF. He buys a new vehicle from the garage Tacot for 19'000 CHF. Payment is made as follows:
 - a bank transfer of 10'000 CHF:
 - the balance remains due to the garage.
10. On 15th of December, an employee requested a December salary advance of CHF 1'000. The 13th salaries of employees, for a total of 21'500 CHF, will be paid on 15th of January next year.
11. The cash received from rental apartments regarding December month is for an amount of 2'400 CHF and needs to be booked.

12. Booking of an invoice related to a training offered to employees for an amount of 4'500 CHF. Gross amount of the invoice is 5'000 CHF, but they obtained a professional discount of 500 CHF / 10
13. Payment and booking of the annual insurance premium for the building, 3'600 CHF.
14. Debit advice from the bank for the payment of everything relating to the mortgage at Bank Migros. (interests & amortization).

Few inventories and closing transactions:

15. Allowance for doubtful debt should be 1'000 CHF
16. Increase of the building provision for 10'000 CHF.
17. Accrued interest on mortgage debt, if needed.
18. Correct salaries if necessary, please refer to journal entry 10.
19. Insurance on the restaurant was paid on October 15. The annual premiums were Fr. 6,000. Coverage ends on September 30.
20. Valuation of the stock of goods: a decrease of 8'000 CHF must be considered.
21. Book the depreciation based on the IFD notice in the appendix and complete the table below.

Fixed assets	Depreciation rate	Amount of depreciation
Furniture (double declining)		
IT infrastructure (double declining)		
Vehicle (double declining)		
Building (straight line)		

Work to be done

- Book the journal entries in the general ledger.

1. Standard depreciation rates as a percentage of the book value

Assets	% of book value
Residential buildings of real estate companies and staff residences	
– on buildings alone 1)	2%
– on buildings and land together 2)	1.50%
Commercial buildings, office and bank buildings, department stores, cinema buildings	
– on buildings alone 1)	4%
– on buildings and land together 2)	3%
Buildings of the catering and hotel industry	
– on buildings alone 1)	6%
– on buildings and land together 2)	4%
Factory buildings, storage buildings and commercial buildings (especially workshop and silo buildings)	
– on buildings alone 1)	8%
– on buildings and land together 2)	7%
If a building is required for different business purposes (e.g. workshop and office), the individual rates are to be considered appropriately	
High-bay warehouses and similar facilities	15%
Movable construction on foreign ground	20%
Railway sidings	20%
Water pipes for industrial purposes	20%
Tanks (incl. cistern wagons), containers	20%
Business furniture, workshop and storage facilities with furniture character	25%
Means of transport of all kinds without motor vehicles, especially trailers	30%
Equipment and machines for production purposes	30%
Motor vehicles of all kinds	40%
Machines that are mainly used in shift operation or that work under special conditions, such as heavy stone working machines, road construction machines	40%
Machines that are exposed to a high degree of damaging chemical influences	40%
Office machines	40%
Data processing equipment (hardware and software)	40%
Intangible assets serving the business purpose, such as patents, company, publishing, concession, license and other rights of use; goodwill	40%
Automatic control systems	40%
Safety devices, electronic measuring and testing equipment	40%
Tools, work utensils, machine tools, equipment, containers, scaffolding material, pallets, etc.	45%
Hotel and catering utensils and hotel and catering linen	45%
Note	
For depreciation on the acquisition value (straight-line amortization), the above rates must be reduced by 50%.	
1. The higher depreciation rate for buildings alone can only be applied if the remaining book value or acquisition costs of the buildings are capitalized separately. In principle, no depreciation is granted on the value of the land.	
2. This rate shall be applied if buildings and land are recognized together in a single balance sheet item. In this case, depreciation is only allowed up to the value of the land.	

