

Sole proprietorship

Goods and VAT

The sole proprietorship "Mexicano" is a small Mexican restaurant. It has only a few tables. That's why he also delivers at home.



The inventory management follows:

- beverages are managed on the basis of perpetual inventory with a gross margin of 70% of the selling price.
- food is managed based on periodic inventory;

The rent is paid every 30th of the previous month. It cost CHF 4'500.— per month. But, she will acquire new commercial premises, much larger at the beginning of December this year. The restaurant will be closed for 15 days to ensure the move and completion of the installation. The rental lease will end on December 15.

Please find bellow the trial balance as of November 30th :

	Debit	Credit
Cash (petty cash, bank etc.)	124'500.00	
Trade receivables, customers	9'800.00	
Other debtors	3'460.00	
VAT refund on purchases	2'690.00	
VAT refund on investments & other expenses	1'365.00	
Stock of beverage	26'800.00	
Stock of food	2'200.00	
Furniture	22'500.00	
Equipment and machines	3'980.00	
Company vehicle	15'300.00	
Various fixed assets	45'800.00	
Trade payables, suppliers		6'790.00
Other payables, debt		16'900.00
Gift vouchers		3'200.00
VAT due		7'589.00
Private		27'121.00
Equity / Capital		120'000.00
Sales		553'400.00
COGS beverage	145'600.00	
purchase of food	56'900.00	
Deductions obtained		4'690.00
Deductions granted	2'345.00	
Self-service sales		3'450.00
credit, debit card fees, selling expenses	5'090.00	
Salaries & social charges	167'000.00	
Rent	54'000.00	
Insurance	3'400.00	
Cost and mantenant of delivery vehicles	4'510.00	
Other operating expenses	45'900.00	
Total	743'140.00	743'140.00

VAT is booked for on a net basis, based on the agreed consideration services at the usual rates.

Unless otherwise stated, prices include VAT and rounded to the nearest franc if applicable.

Transactions from last month :

1. The new commercial premises, restaurant, is purchased, on December 1st, for an amount of CHF 450,000.—, after negotiation of a discount of CHF 20,000.—.

Notary fees, registration fees and bank charges (mortgage note, application fees, etc.), CHF 19,000.—, need to be booked as well.

Financing is provided by a mortgage at the Kantonal Bank up to 60%. The contract stipulates an annual rate of 4% payable at the end of each calendar quarter and a financial amortization over 10 years payable on December 31st, starting already this year.

For the rest, the boss borrows CHF 100,000.— from her father at 0% interest, repayable over 10 years also, repayment starting next year. The remaining amount is paid from our bank account.

2. Cash sale of old furniture and fittings for a total value of CHF 25'000.—.
3. On December 2nd, new furniture and fittings were ordered from a furniture store in the region. The total amount of the final invoice will be 90,000.— excluding VAT. A deposit/prepayment of 30% is paid by credit card when ordering. It will be delivered and installed on December 15.
4. Bank credit notice for December rent correction.
5. Purchase on credit of food for the new restaurant, CHF 5'330.— and cash purchase of non-alcoholic beverages, CHF 1'281.—.
6. Import of Corona beer directly from Mexico. The bill is 2,000.— Mexican peso. Payment is made by bank transfer. The price of the peso is 0.049. The bank charges for this transaction are CHF 60.—. Delivery and customs clearance are carried out by Planzer Transport AG. VAT paid at customs is due to the Swiss carrier. In addition, Planzer sends us an invoice of CHF 269.— for delivery.
7. Debit advice from the bank for the payment of food suppliers' invoices CHF 5'842.— after a discount of 5%.
8. Payment by bank transfer of an electricity bill already booked for CHF 864.—. The VAT rate is 7.7%.
9. Booking of the insurance invoice for the commercial premises (building insurance) CHF 3,080.— and another for overheads/other expenses CHF 16,155.—.
10. On December 16, the new restaurant is open for a private party. A DJ is invited to mix during this inauguration. Its service is invoiced for CHF 500.—. The amount is paid with the petty cash. It is not subject to VAT.
11. Cash sale of the following:
 - a. food CHF 10'585.— ;
 - b. non-alcoholic beverages CHF 1'128.— ;
 - c. wines and beers CHF 9'585.—.

12. Take away sales as follow:
 - a. food CHF 1'128.— ;
 - b. wines and beers CHF 539.—.
13. A fajitas evening is organized in the restaurant for a local company.. The total final bill is CHF 1,314.—, including CHF 200.— of non-alcoholic beverages. The wine of CHF 215.— is offered. Payment is made by credit card; a 3% fee must be considered.
14. The boss took bottles of wine to offer to his family. COGS is CHF 250.—.
15. A waiter buys gift vouchers for a value of CHF 500.—. A personal discount of 40% on the sale price is granted. The amount will be deducted when paying salaries.
16. The boss invites suppliers for a business meal in a brewery in the region for an amount of CHF 810.—. Payment with petty cash.
17. Payment by bank transfer of salaries for CHF 43'450.— after deducting the gift voucher of the waiter.
18. Payment of the elements relating to the loans/mortgage on the new restaurant (commercial premises).
19. The VAT statement is established for the end of the quarter. Book the entries.

Some inventory and closing operations:

20. Broken bottles must be considered for the inventory of the wine. The sale value was CHF 215.— on the card.
21. COGS value of stocks of food is CHF 2'000.—.

Work to be done :

- Book all the above journal entries