

Sole proprietorship

Closing transactions

Account balances of a tourism company where the VAT rate is 7.7%:

	Debit	Credit
Cash	86'500.00	
Trade receivables	34'800.00	
Allowance for doubtful debt		4'400.00
Accrued income & prepaid/differed expenses		
Vehicle	43'000.00	
Office machinery	30'000.00	
Accumulated depreciation on office machines		12'000.00
Commercial furniture	40'000.00	
Accumulated depreciation on commercial furniture		15'000.00
Rental building	1'200'000.00	
accumulated depreciation on rental building		54'000.00
Land	200'000.00	
VAT Due		9'600.00
Accrued expenses & deferred income		
Provisions for building maintenance		
Mortgage on rental building		800'000.00
Mortgage on commercial building		500'000.00
Bad debt		
Salaries & social charges	89'500.00	
Financial expenses	20'000.00	
Depreciation		
Other operating expenses	67'900.00	
Expenses on rental building	24'500.00	
Revenue on rental building		38'090.00

Book the following journal entries in the general ledger:

Transactions during the year:

1. Payment of the mortgage annuity on the commercial building is due once a year on October 31st. The mortgage is Fr. 500'000.—, rate of 3% p.a. The annuity is fr. 40'000.-.
2. Payment of the last mortgage annuity on the rental property on December 31. The debt is fr. 800,000.—, quarterly maturities, the rate is 2 3/4%. The amount of the reimbursement is fr. 20'000.—.
3. Payment of salaries and social charges for December fr. 25,000.—. An employee asks for a salary advance of fr. 2,200.—.
4. A customer asked us for a agreement on the opening receivable which is for fr. 5'616.—. He pays us fr. 2'160.—. The balance is considered lost (write off)

Some inventory and closing transactions as of 31 December:

5. Consider accrued interest where applicable.
6. Correct salaries if necessary.
7. Depreciation of vehicles, purchase value fr. 70,000.—, residual value of fr. 43,000.—, declining method, according to the IFD notice.
8. Depreciation of office machinery, acquisition value fr. 30,000.—, accumulated depreciation fr. 12,000.—, straight line, according to IFD notice.
9. Depreciation of commercial furniture, purchase value, fr. 40,000.—, accumulated depreciation fr. 15,000.—, according to the IFD notice. To determine if it is a straight line or declining method, this is the 4th depreciation booked.
10. Depreciation of the rental property and land, acquisition value fr. 1'200'000.—, straight line method, according to the IFD notice.
11. Depreciation of land, acquisition value fr. 200'000.—, according to the IFD notice.
12. Allowance for doubtful provision should be at fr. 5,000.—.
13. Creation of a provision for repair of the rental property of fr. 10,000.—.
14. Overheads/expenses paid in advance are Fr. 3,000.—.
15. There are still outstanding rents to be cashed for fr. 4,500.—.