

Financial accounting

Closing operations

Mr Stalder operates a kiosk at a resort in the Fribourg Alps as a sole proprietorship. This resort specializes in skiing during the winter and mountain biking during the summer.

It sells newspapers, books, soft drinks and food, Swiss souvenirs, etc. He has a partnership with the hotels to whom he delivers daily and invoices them at the end of the month. He employs 2 part-time employees mainly during the summer and winter seasons.

His inventory management is periodic. VAT rates are the usual rates. Unless otherwise stated, amounts are VAT included. The accounts are closed on 31st of May.

In addition to his main activity, he owns holiday apartments that he rents for the week.

The balance of some accounts, **as of May 3, 1**, is as follows:

| | Debit | Credit |
|--|--------------|---------------|
| Cash | 5'400.00 | |
| Trade receivables | 25'600.00 | |
| Allowance for doubtful debt | | 1'000.00 |
| Tax refund on goods & investments & other expenses | | |
| Stock of goods | 18'600.00 | |
| Accrual assets | | |
| Furniture | 31'250.00 | |
| Vehicle | 35'000.00 | |
| Accumulated depreciation on vehicle | | 28'000.00 |
| Commercial permise | 300'000.00 | |
| Accumulated depreciation on commercial permises | | 20'000.00 |
| Rental appartments | 980'000.00 | |
| Trade payables & other payables | | |
| VAT due | | |
| Accrual liabilities | | |
| Mortgage Raifeisen | | 110'000.00 |
| Mortgage kantonal bank | | 630'000.00 |
| Provisions | | |
| Sales of goods | | |
| Purchase of goods | | |
| Bad debt | | |
| Card fees | | |
| Salaries & sociale charges | | |
| Financial expenses | | |
| Other operating expenses | | |
| Depreciation | | |
| Maintenance of Kiosk | | |
| Extraordinary Expense & Revenue | | |
| Expenses & Revenue on rental apartment | | |

Additional information:

- he is the owner of the commercial premises in PPE (the land is with the building); He has a mortgage with the Raiffeisen, quarterly maturity, fixed rate over 10 years at 2.75%, financial amortization/annuity on 31st December for 3% of the initial debt, i.e. Fr. 130,000 .-;
- the holiday apartments were financed by a mortgage from kantonal bank; the rate is 3.5%, maturing on 31 December; repayment is also on 31 December, over 20 years, i.e. Fr. 42,000 .— per year;
- the accounting depreciation rates are based on the IFD notice in the appendix;
- The furniture was acquired 4 years ago.

Some inventory and closing operations as oi 31 May

1. Goods stolen and waste must be considered for Fr. 850.— VAT not included. These are mainly food products at a rate of 2.5%.
2. A provision needs to be booked for the restoration of the storefront which will take place in 3 years. The estimated cost is fr. 32'310.— VAT included. The provision represents a quarter of this estimated amount without VAT.
3. Book the accrued interest on the mortgage.
4. The employees asked for salary advances of fr. 2,400.—. It is also necessary to consider overtime not yet paid for fr. 2,000.—. For simplicity reason, social charges are not considered.
5. It is planned to hire a new employee at 60% on 1 June. The gross monthly salary is fr. 3'800.— at 100%.
6. The provision on allowance for doubtful debt should be fr. 1,500.—.
7. Book overdue rents for fr. 3'800.—.
8. The company's commercial insurance was paid, fr. 4,560.—, on September 15 of last year, for annual coverage until August 31.
9. Rebate to be received from our suppliers in cash for fr. 2'500.—.
10. Accounting depreciation of furniture (straight line depreciation), vehicles (straight line depreciation) and s buildings (declining) according to the rates of the IFD notice in the annex.

| | Rate | Depreciation amount |
|---------------------|------|---------------------|
| Furniture | | |
| Vehicle | | |
| Commercial building | | |
| Rental apartment | | |

Book all entries in the general ledger.