

PRACTICAL CASE 5.1

The company "**WALIA, SA**", dedicated to the commercialization of red wine, large packaged reserve, presents the following assets on January 1, 2X19:

	Accounts	Amount (€)
203	Industrial Property	47,000
213	Machinery	500,000
218	Motor vehicles	372,000
300	Merchandise A	600
4300	Trade Receivables	300
540	Current investments in equity instruments	100,000
572	Banks and financial institutions	180,750
100	Capital	1,100,000
112	Legal Reserve	80,000
170	Non-current debt with financial institutions	20,000
4000	Suppliers	500
4100	Payables for rendering of services	150

** Note: All collections and payments are made through the bank checking account.*

During the month of January 2X19 the company performs, among others, the following operations:

1. It acquires on January 7, 2,000 boxes of wine worth 192,000 Euros on credit. Pay for transport expenses, on that same date, 150 Euros and 250 Euros of travel insurance.
2. On January 10, it receives 3,000 Euros transfer for the rental of a manufacturing procedure which it owns, from another company in the sector.
3. Personnel expenses for the month of January, pending payment, have the following detail (January 25):
 - Gross salaries: 150,000 Euros
 - Social Security in charge of the company: 45,000 Euros
 - Social Security discounted to the employees: 9,000 Euros
 - Withholdings for personal income tax: 12,000 Euros.
4. Sales of the month rise to 180,000 Euros. The payment is made as follows: half by bank transfer and the rest at 60 days. The transport costs incurred by the winery, paid by bank, amount to 80 Euros. All transactions are carried out on January 31.

5. On January 31, a customer, who have paid their debt, returns boxes of wine in the amount of 10,000 Euros. The winery's policy is not to return money and record it as a "customer advance."

6. At the end of the month, wine boxes worth 48,000 Euros remain in the warehouse.

It is asked:

a) Make the entries for the previous operations in the Journal book.

b) Calculate the profit/loss of the month of January, recording it in the Journal (Adjustments) book.

c) Analyses the company's equity situation (Balance sheet) as of 01/31/2X19.

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