

PRACTICAL CASE 5.3

The company "TOTILA, S.L." deals with the manufacture and marketing of chocolate tablets with almonds, based on two raw materials: chocolate powder and almonds. On January 1, 2X19 presents the following assets:

	Accounts	Amount (€)
203	Industrial Property	7,000
210	Land and natural resources	30,000
523	Current payables to suppliers of fixed assets	6,000
211	Buildings	350,000
572	Banks and financial institutions	42,900
212	Technical installations	80,000
4000	Suppliers	1,500
213	Machinery	120,000
4100	Payables for rendering of services	300
250	Non-current investments in equity instruments	5,500
310	Raw materials A (Chocolate powder)	3,300
311	Raw materials B (almonds)	7,500
4300	Trade receivables	8,000
100	Capital	600,000
112	Legal Reserve	20,000
173	Non-current payables to suppliers of fixed assets	26.400,00

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

During the year 2X19 the company "TOTILA" carried out the following operations among others:

1. The company pays outstanding debts with suppliers and other debtors from the previous year. Clients, who appear on the balance sheet, cancel the credit with the firm.
2. A fire insurance policy of the company's two production centers was signed with an insurance company. The annual amount of the premium paid was 800 Euros.
3. Throughout the year, the company bought chocolate and peeled almond for 800 and 2,200 Euros respectively.
4. As a consequence of the fact that the order for almonds arrived late, it negotiated a reduction in the price of 350 Euros, paying off the outstanding debt with the supplier.

5. Revenue accrued and pending collection, for assigning to another company in the sector an efficient and fast procedure of grounding of almond patented a year ago by "TOTILA", were 900 Euros.
6. Accrued and unpaid expenses, for the rental of a packaging machine, amounted to 780 Euros.
7. The company is billed for maintenance and repair costs of the oven of the cooking center 1,650 Euros, of which 550 Euros are pending payment at the closing date.
8. As a result of non-compliance with the regulations related to labor risks, the company is facing with a compensation to a worker for 1,900 Euros. The company paid a fine to the authorities for an amount of 1,200 Euros
9. Revenues earned and pending collection for the sale of chocolate tablets to a hypermarket chain amounted to 21,000 Euros.
10. The dividends of the shares held by the company in "Telefonía SA" were collected by bank transfer. The net amount paid was 81 Euros, with a withholding by the paying entity of 19 Euros, for income tax.
11. Personnel expenses paid for the year were (amounts accrued to authorities are pending payment):
 - o Gross salaries: 6,000 Euros
 - o Social Security in charge of the company: 1,800 Euros
 - o Social Security paid by employees: 250 Euros
 - o Withholdings for personal income tax: 970 Euros.
 - o Dining room service deducted from salaries: 350 Euros
12. The intermediation efforts carried out by "TOTILA" to help the "Nigerian Cacao" company to tap into the Spanish market as a cocoa supplier, generated revenues of 5,000 euros, fully collected.
13. At the end of the year, final stocks of chocolate powder and almonds are valued, respectively, at 1,500 Euros and 2,300 Euros. There are no stocks of chocolate tablets.
14. As a result of the fall in prices in the international markets for raw chocolate powder, a net realization value of 1,300 Euros is estimated.

It is asked:

- a) Record the previous operations in the Journal book.
- b) Calculate the profit/loss of the month of January, recording it in the Journal book.
- c) Analyze the company's equity (Balance sheet) and the Profit and Loss account at 12/31/219.