

FINANCIAL ACCOUNTING. GROUP 5. YEAR 2008-2009

EXERCISE LESSON 4 (INCOME STATEMENT)

DUE ON 19 JANUARY 2009 (Office no. 21 FCEE, from 12:00 to 13:30 a.m.)

Company *HNY, Ltd.* shows the following list of accounts at the end of year 2008:

Revenue of long term loans to subsidiaries	540
Losses of held for trading portfolio	600
Reversion of impairment of inventory of raw materials	750
Losses for uncollective accounts	900
Losses from impairment of investment property	1,125
Purchase discount for early payments (raw materials)	1,200
Interest of debt from financial institutions	1,350
Discount for volume of purchase of raw materials	1,500
Operating grants, donations and legacies	1,500
Reversion of impairment of trade accounts receivable	1,500
Losses from impairment of trade accounts receivable	2,700
Work performed by other companies	3,000
Change in inventory of raw materials (Final inventory > Initial inventory)	3,525
Profits from disposal of tangible fixed assets	4,500
Work performed for own assets	4,500
Change in inventory of finished goods (Final inventory < Initial inventory)	5,250
Excess of provision for restructuring	6,300
Insurance expense	9,000
Losses from available for sale financial instruments	12,000
Sales returns	12,000
Intangible assets depreciation expense	15,000
Exceptional revenue	18,000
Rent revenue	18,000
Repairs and conservation	22,500
Capital grants, donations and legacies transferred to income for the year	33,750
Investment property depreciation expense	33,750
Revenue from holdings in equity instruments, other companies	37,200
Tangible assets depreciation expense	45,000
Social security in charge of the company	52,200
Purchase of raw materials	75,000
Income tax expense	102,360
Wages and salaries	261,000
Sale of finished goods	300,000
Services rendered	730,815

REQUIRED: Prepare the **Income Statement** according to the format established by the P.G.C. 2007.

A) CONTINUING OPERATIONS	200X
1. Net turnover.	1.018.815
a) Sales.	288.000
b) Services rendered.	730.815
2. Change in inventory of finished goods and work-in process.	- 5.250
3. Work performed for own assets.	4.500
4. Procurements.	- 71.025
a) Consumption of goods for sale.	
b) Consumption of raw materials and other consumables.	- 68.775
c) Work performed by other companies.	- 3.000
d) Impairment of goods for sale, raw materials and other consumables.	750
5. Other operating revenues.	19.500
a) Accessory and other ordinary income.	18.000
b) Operating subventions included in income for the year.	1.500
6. Personnel expenses.	- 313.200
a) Wages, salaries and similar expenses.	- 261.000
b) Employee welfare expenses.	- 52.200
c) Provisions.	
7. Other operating expenses.	- 33.600
a) Outside services.	- 31.500
b) Taxes other than income tax.	
c) Losses, impairment and change in provisions for trade operations.	- 2.100
d) Other operating expenses.	
8. Fixed assets depreciation expense.	- 93.750
9. Transfer of grants of non-financial non-current assets and others.	33.750
10. Excess of provisions.	6.300
11. Impairment and income from disposal of non-current assets.	3.375
a) Impairment and losses	- 1.125
b) Income from disposals and others.	4.500
12. Other income	18.000
A.1) OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11+12)	587.415
12. Financial revenues.	37.740
a) From holdings in equity instruments.	
a1) Of subsidiaries and associated companies.	
a2) Of third parties.	37.200
b) From marketable securities and other financial instruments.	
b 1) Of subsidiaries and associated companies.	540
b 2) Of third parties.	
13. Financial expenses.	- 1.350
a) Of subsidiaries and associated companies.	
b) Of third parties.	- 1.350
c) From capitalization of provisions.	
14. Change in fair value of financial instruments.	- 12.600
a) Held for trading and others.	- 600
b) Transfer to income for the year for available for sale financial instruments.	- 12.000
15. Exchange diferences.	
16. Impairment and income from disposal of financial instruments.	-
a) Impairment and losses.	
b) Income from disposals and others.	
A.2) FINANCIAL INCOME (12+13+14+15+16)	23.790
A.3) INCOME BEFORE TAXES (A.1+A.2)	611.205
17. Income tax.	- 102.360
A.4) INCOME FROM CONTINUING OPERATIONS (A.3+17)	508.845
B) DISCONTINUED OPERATIONS	-
18. Post-tax income of discontinued operations.	
A.5) INCOME FOR THE YEAR (A.4+18)	508.845