

SEEBACHER-METHOD®

Balance Sheet and P/L

Provision, Formation

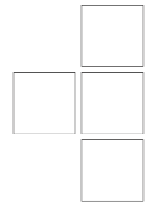
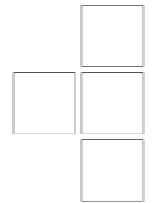


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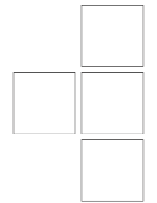


ASSIGNMENT OF TASKS

In this example the enterprise forms provisions for holidays that were not consumed at the end of the business year. 2 weeks holidays were not consumed, the same for all employees.

On the next page the balance sheet and the profit and loss account (p/l) of the enterprise are presented without taking the situation described into account.

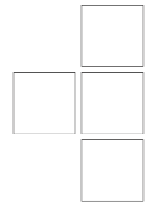
Please present the effect of the situation described on the balance sheet and p/l of the enterprise.



BASIC DATA

Balance Sheet			
Fixed assets	750.000	Equity	500.000
Inventories	500.000	Liabilities	500.000
Receivables	500.000	Bank loan	1.500.000
Bank account	750.000		
Assets	2.500.000	Equity and Liabilities	2.500.000

P / L			
Material expenses	2.700.000	Turnover / Sales	5.000.000
Personnel expenses	1.300.000		
Depreciation	150.000		
Other expenses	750.000		
Interest expenses	100.000		
Expenses	5.000.000	Income	5.000.000



ANSWER FORM

Balance Sheet	
Fixed assets	Equity
Inventories	Liabilities
Receivables	Bank loan
Bank account	
Assets	Equity and Liabilities

P / L	
Material expenses	Turnover / Sales
Personnel expenses	
Depreciation	
Other expenses	
Interest expenses	
Expenses	Income

ANSWER KEY STEP 1-2/2

Balance Sheet			
Fixed assets	750.000	Equity	500.000
Inventories	500.000	Liabilities	500.000
Receivables	500.000	Bank loan	1.500.000
Bank account	750.000		
Assets	2.500.000	Equity and Liabilities	2.500.000

P / L			
Material expenses	2.700.000	Turnover / Sales	5.000.000
Personnel expenses	1.300.000		
Depreciation	150.000		
Other expenses	750.000		
Interest expenses	100.000		
Expenses	5.000.000	Income	5.000.000

Data

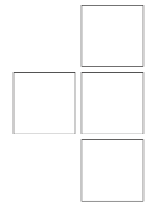
Personnel expenses	1.300.000
not consumed weeks	2
Provision	50.000

Complete Balance Sheet			
Fixed assets	750.000	Equity	500.000
Inventories	500.000	Loss	-50.000
Receivables	500.000	Provision	0
Bank account	750.000	Formation Provision	50.000
		Liabilities	500.000
		Bank loan	1.500.000
Assets	2.500.000	Equity and Liabilities	2.500.000

← 2
← 1

Complete P / L			
Material expenses	2.700.000	Turnover / Sales	5.000.000
Personnel expenses	1.300.000		
Formation Provision	50.000		
Depreciation	150.000		
Other expenses	750.000		
Interest expenses	100.000		
Expenses	5.050.000	Income	5.000.000
		Loss	50.000

← 2



ANNOTATION TO THE ANSWER KEY

The provision amount of 50,000 that must be formed results (to put it simply) from dividing the total personnel expense of 1,300,000 through the number of calendar weeks of the year (52 weeks) multiplied by the number of holiday weeks that were not consumed (2 weeks).

The formation of the provision of 50,000 increases the personnel expense in the p/l. At the same time the item provision becomes an own, new item in the balance sheet of the enterprise. (step1)

Due to the increased personnel expense in the p/l through the formation of the provision by 50,000 in the p/l, the total expense increases in the p/l by 50,000. As the p/l in the example given results in a profit or loss resp of 0 and as there is no effect on the p/l, the formation of the provision results in a loss to the extent of 50,000. This loss that was compiled in the p/l reduces the equity in the balance sheet. (step 2)