

Várkonyi – Füredi-Fülöp – Kántor – Murányi

Accounting workbook 2024

KMKF Press

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Press

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1. Initial exercises

Example 1.

Name the balance sheet group and balance sheet line to which the asset can be classified, based on the example of the first item, by entering it in the appropriate column.

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
1.	Wooden chest arrived with purchased material				Goods			
2.	Office furniture							
3.	Parking lot in the area of the factory							
4.	Waste generated by production							
5.	Euro in cash							
6.	Building lease right							
7.	Own utility line in the area of the factory							
8.	Cardboard box purchased for packaging (one-time use)							

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
9.	Amount transferred in advance for the purchase of an import printer							
10.	Own sidewalk and road network in the area of the factory							
11.	Purchased copy paper in stock							
12.	Semi-finished warehouse building							
13.	Shares purchased for investment purposes (10% share)							
14.	Cash register in the store (for issuing receipts)							
15.	Share for sale (5% participation)							
16.	Repurchased own shares							
17.	Spare wheel purchased together with the truck							

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
18.	Purchased painting on the office wall							
19.	Treasury notes purchased for sale							
20.	GPS navigation system purchased for a company car							
21.	A long-term (given) loan to a worker for construction of an apartment							
22.	Tennis ball purchased for a company pleasure resort							
23.	Watchdog							
24.	Value of foreign currency held for travelling abroad							
25.	A handgun purchased for the security guard							
26.	Amount due on the basis of Casco insurance due to a damage event							
27.	A tennis court built in the company pleasure resort							

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
28.	Purchased study							
29.	Pallet purchased for delivery							
30.	Bank deposit fixed for 3 years							
31.	Amount of money transferred in advance to the supplier for purchase of software							
32.	Purchased right to use an antivirus program package							
33.	Invoiced, not yet received price of delivered finished product							
34.	Curtains in stock purchased for the customer service office							
35.	Fattening zebra							

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
36.	Alarm system installed in the plant hall							
37.	Purchased cable drum for sale							
38.	In-house manufactured part intended for further processing							
39.	Car purchased for sale							
40.	Government bond for investment purposes							
41.	Safety glasses not yet issued to workers							
42.	Pond in the company's resort area							
43.	Trailer for transporting products within the plant							
44.	Self-produced furniture delivered to sample store							
45.	VAT refund amount							

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
46.	Photocopier							
47.	Separated bank account for a half year for development purposes							
48.	Drink vending machine in the plant hall							
49.	Therapy horse for leisure purposes							
50.	Conveyor belt for conveying raw material							
51.	Protective clothing and protective equipment in stock							
52.	Advance payment of wages paid to an employee							
53.	Coffee machine in the company cafeteria							
54.	Tax overpayment to the municipality							
55.	Right to use the ADUI brand name							

No.	Items	Fixed assets			Current assets			
		I. INTANGIBLE ASSETS	II. TANGIBLE ASSETS	III. FINANCIAL INVESTMENTS	I. STOCKS	II. DEBTORS	III. SECURITIES	IV. CASH AT BANK AND IN HAND
56.	Capacity-enhancing expenditure on a production machine							
57.	Loan to a worker for a period of six months							
58.	Share for sale (55% participation)							
59.	Checks stored in a vault							
60.	Government bond maturing next year							

Example 2.

Name the balance sheet group and balance sheet line to which the asset can be classified, based on the example of the first item, by entering it in the appropriate column.

No.	Items	Equity	Provisions	Creditors		
				I. Subordinated Liabilities	II. Long-term Liabilities	III. Current Liabilities
1.	Unpaid corporate tax					Other short-term liabilities
2.	Payable tax duty on imported material					
3.	Capital reserve					
4.	The instalment due next year of the 3-year received loan					
5.	Received amount for later delivery of the finished product (origin)					
6.	Profit from two years ago					
7.	A half-year term credits hired to settle debt					
8.	Received loan from the parent company for a term of 7 months					

No.	Items	Equity	Provisions	Creditors		
				I. Subordinated Liabilities	II. Long-term Liabilities	III. Current Liabilities
9.	The amount of a 2-year term credit for investment					
10.	Compensation amount awarded in favour of an employee based on a court decision					
11.	Debt due to purchase of materials					
12.	The part of the subscribed capital has not yet been made available to the company					
13.	A bond issued by a company for a 5-year term					
14.	Promissory note of a payment given to trade creditors					
15.	Social contribution tax payable after wages					
16.	The amount paid by the owner at the time of establishment (registered)					
17.	Separated part of the source for warranty repair purposes					
18.	Local tax payable to the municipality					

No.	Items	Equity	Provisions	Creditors		
				I. Subordinated Liabilities	II. Long-term Liabilities	III. Current Liabilities
19.	Separated part of the source for annual severance pay					
20.	Payable wages					
21.	Accumulated loss from previous years					
22.	(Borrowed) Loan for a term of six months					

2. Balance Sheet

Example 1.

The Key Figures of the ledger extract of December 31 20X1. of SIMPLE SCALE Ltd. are the followings:

Items	T HUF	Items	T HUF
Cash	300	Accounts payable	30,000
Semi-finished building	50,000	Gross value of factory building	350,000
Raw materials	80,000	Depreciation of factory building	130,000
Payments related to employees (salary, wages)	18,000	Issued capital stock	280,000
Domestic trade debtors	63,700	Bank deposit	40,000
Gross value of saw machine	50,000	Semi-finished products	6,000
Depreciation of saw machine	10,000	Tax payment	5,000
Profit after tax	.....	Capital reserve	100,000

1. Calculate the amount of profit after tax!
2. Prepare your company's final balance sheet based on the layout prescribed by the Accounting Act!

Example 2.

The Key Figures of the ledger extract of December 31 20X1. of RE-PORT Ltd. are the followings:

Items	T HUF	Items	T HUF
Treasury bills for trading purposes	200,000	Net value of warehouse building	800,000
Cash	3,000	Net value of technical equipment	900,000
Bank deposit	150,000	Net value of know-how	520,000
Loan received from parent company	88,000	Net value of goodwill	110,000
Wage debts	236,000	Semi-finished product	325,000
Social contribution tax	116,000	Finished product	672,000
Other tax liabilities	20,000	Raw materials	210,000
Advances on inventory	165,000	Protective equipment	25,000
Advances received from customers	200,000	A long-term credit	1,500,000
Buyers	320,000	Subscribed capital	600,000
Suppliers	1,540,000	Capital reserve	250,000
Net value of office building	300,000	Profit after tax	.....

1. Calculate the amount of profit after tax!
2. Prepare your company's final balance sheet based on the layout prescribed by the Accounting Act!

Example 3

The Key Figures of the ledger extract of December 31 20X1. of PART Ltd. are the followings:

Items	T HUF	Items	T HUF
Advance payment for investments	5,600	Loan given to a partner (5-year term)	1,250
Advance payment received from customers	200	Share capital	42,000
Cash in EUR	100	Debts from bond issues (over one year)	1,400
Corporate tax liability	.....	Short-term loan	1,870
Wage debts	3.100	Finished products	800
Loan received from parent company for 2 years	2,300	Raw material	1,600
Net value of production equipment	5,500	Protective equipment	400
Loan received from associated company for 2 months	1,040	Credit (6-year term)	8,000
Convertible bonds (over one year)	5,000	Mediated services	2,000
Unfinished production	2,300	Bank deposit	1,000
Loan received for a period of 4 years	1,700	Net value of manufacturing patent	350
Semi-finished product	1,400	Foreign suppliers	.....
Subordinated liabilities towards other entrepreneurs	800	Gross value of business building	22,000
		Depreciation of business building	2,000
Domestic suppliers	650	Refundable packaging	700
Credit received for a term of 6 months	600	Investment and development credit	12,000
Fuel	3,300	Advance payment on inventory	500

Additional information:

1. The company have received the 4-year loan (received from a company with a shareholding relationship, 5% participation) and the loan received from the parent company on 20X1 January 1. These must be repaid in full at the deadline.
2. The adjusted basis of the corporate tax to be paid is HUF 10,500,000, the tax rate is 10%.
3. The company received the investment and development credit a year ago (it has already paid the first installment), and its annual repayment is a given, same percent every year of the current net amount. The amount of the originally received credit is HUF 15,000,000.
4. Some of the materials were acquired for 11,600 DEV, the exchange rate on the date of performance was 250 HUF/DEV. The financial settlement did not take place in 20X1.
5. The credit received for 6 years is repaid in equal instalments. (The company must pay the last instalment in the year after the following year.)

Task:

1. **Calculate** the missing amounts!
2. **Prepare the balance sheet groups of stocks, cash at bank and in hand and long-term liabilities based on** the layout prescribed by the Accounting Act. Please detail your additional calculations!

Solution

(data in T HUF)

<i>B/I. STOCKS</i>	
<i>B/IV. CASH AT BANK AND IN HAND</i>	
<i>F/II. LONG-TERM LIABILITIES</i>	

Example 4

The Key Figures of the ledger extract of December 31 20X1. of BI-LAN Ltd. are the following:

Items	T HUF	Items	T HUF
Semi-finished warehouse building	5,000	Bank deposit (EUR)	2,000
Investment credit	18,000	Social contribution overpayment	135
Bank deposit fixed for 3 months	900	Debts from bond issues (over one year)	2,000
Bank deposit (CHF)	750	Corporate tax liability	390
Bank deposit fixed for 5 years	7,000	Wage debts	250
Claims against employees	85	Domestic suppliers (against parent company)	45
Given loan to a subsidiary (term 5-year)	1,850	Loan received from the parent company for a term of 4 months	1,850
Business tax claim	150	Fattening pig	1,000
"C" partnership share	3,000	Own partnership shares	650
Credit received for a term of 6 months	250	Credit received for 6 years (taken out: February 11, 20X1)	4,000
"A" Bond (long-term)	1,600	Separated deposit detached for paying customs duties	1,000
Government bonds (over one year)	2,600	Advance payments to suppliers (for the purchase of goods)	585
Given loan to parent company (over one year)	3.100	"B" Bond (expiration: 30 July 20X2)	3.150
Other long-term participations	1,300	Rubber duck for sale	1,800
Subordinated liabilities to other economic entities	900	Long-term loan to other companies linked by virtue of participating interests (term 4 year)	2,400
Customs debt	2,500	Trade payables	1,100
Bank deposit fixed for three years	3,000	Profit after tax	1,400
Protective equipment	100	VAT payment obligation	600

Example 5

The Key Figures of the ledger extract of December 31 20X1. of FACTORY Ltd. are the following:

<i>Items</i>	T HUF	<i>Items</i>	T HUF
Unfinished investment in a production line	3,200	Personal income tax obligations	410
Investment credit	27,000	Debts from bond issues (over one year)	2,000
Subordinated liabilities to subsidiaries	900	Loan received from the parent company for a term of 4 months (taken : October 1, 20X1)	1,850
Gross value of office building	7,000	VAT payment obligation	600
Loan received for a term of 4 years	2,200	Domestic trade debtors	450
Value adjustment of tangible assets	....	Domestic supplier	310
Net value of land use right	1,400	Credit taken received for 6 years (taken out: February 11, 20X1)	4,000
Social contribution overpayment	135	Advance payment for office equipment	1,100
Net value of production equipment	5,500	Advances payment received from customers	200
Customs debt	.....	Depreciation of office building	....
Corporate tax liability	.....	Building lease right	1,300
Foreign supplier	890	Investment supplier	.....

Additional information:

1. The 6-year credit have to be repaid in one sum at the end of the term.
2. The company received the investment credit a year ago (it has already paid the first instalment), and its annual repayment is a given, same percent every year of the current net amount. The amount of the originally received credit was HUF 30,000,000.
3. The instalment due next year of the 4-year loan is HUF 400,000.
4. The company does not choose the possibility of valuation at market value.
5. The company's customs debt comes from two items:
 - a) On December 10, 1,500 special cheese slicers were bought from abroad (with the intention of selling), for 10 foreign currency each. The established customs debt was 10%, and the exchange rate at the time of delivery was 210 HUF/DEV.
 - b) On December 18, Easter chocolate bunnies were imported in the value of HUF

460,000, for which the established customs debt was HUF 110,000.

6. The adjusted basis of the corporate tax to be paid is HUF 5,700, the tax rate is 10%.
7. The company owes the investment supplier only the consideration for the investment currently in progress.
8. The office building was bought by the company 2 years and 3 months ago, and the linear method is used to determine its depreciation, with an annual depreciation rate of 2%.

Task:

Calculate the missing amounts!

Prepare the balance sheet groups **of tangible assets** and the main balance group of **liabilities** of the layouts prescribed by the Accounting Act. Please detail your additional calculations!

Solution

(data in T HUF)

<i>A/II. Tangible assets</i>	
<i>F/I. Subordinated liabilities</i>	
<i>F/II. Long-term liabilities</i>	
<i>F/III. Short-term liabilities</i>	

Example 6.

Name the balance sheet main group, group and balance sheet line to which the item can be classified!

Nr.	Item	Main group	Group	Line
1.	Long-term loans			
2.	A bond purchased for a six-month maturity			
3.	Customs debt			
4.	Shares purchased for investment purposes			
5.	Work in progress			
6.	Land			
7.	Local tax overpayment			
8.	Wage debt			
9.	State bond purchased for 2 years			
10.	Permanent investment in the parent company			
11.	Goodwill			
12.	Loan for a term of six months			
13.	2-year bank deposit			
14.	Know-how			
15.	Office computer			
16.	Table for resale			

Nr.	Item	Main group	Group	Line
17.	Claims from the delivery of goods			
18.	Provision for expected liabilities (long term)			
19.	Advance paid to an employee			
20.	Assets in the course of construction			
21.	Photocopy paper			
22.	Corporate tax payment obligation			
23.	Subscribed but not yet paid capital			
24.	Heating materials			
25.	Fish pond			
26.	After tax profit			
27.	Waste generated in production			
28.	Shares for sale			
29.	Capital reserve			
30.	Semi-finished product			
31.	Protective clothes (gloves, hat)			
32.	Suppliers			
33.	Investment loan (taken for a term of 4 years)			
34.	Executive's car			
35.	Bank account			

Nr.	Item	Main group	Group	Line
36.	Profit reserve			
37.	Permanent share (10 % share)			
38.	Manufacturing machine line			
39.	Work clothes			
40.	Advance payment received from customers			
41.	Loan received for a six-month term			
42.	Subscribed capital			
43.	Provision for future costs (short term)			
44.	Office equipment			
45.	Debts from bond issuance (long term)			

3. Bookkeeping

Example 1.

The Key Figures of the ledger extract of December 31 20X1. of BEGINER Ltd., are the followings: (HUF):

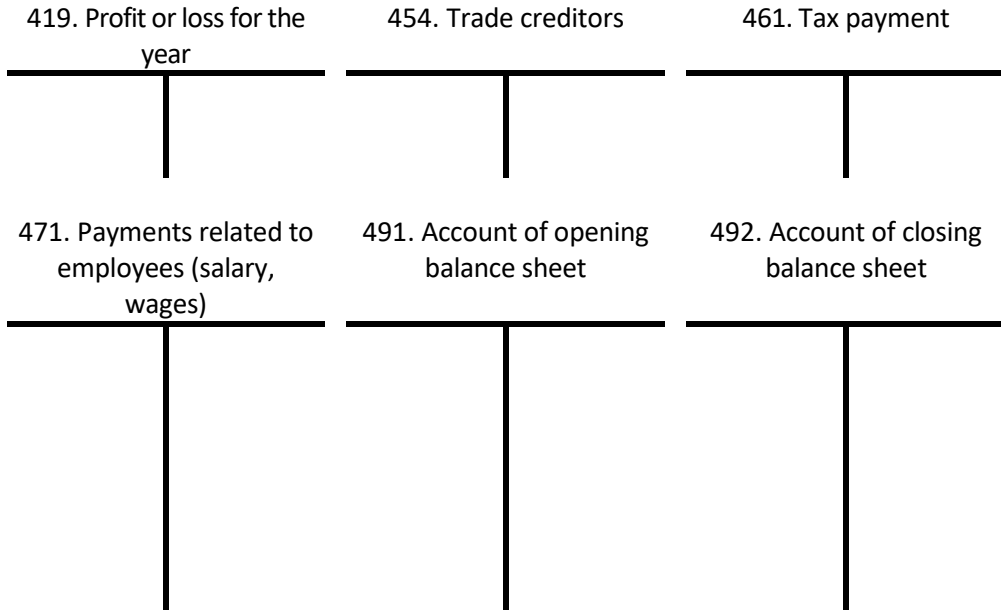
13.	Plant and machinery, vehicles	4.300.000
211.	Raw materials and consumables	3.100.000
381.	Cash in hand	2.700.000
384.	Cash at bank	10.900.000
411.	Subscribed capital	16.600.000
419.	Profit or loss for the year	3.300.000
461.	Tax payment	700.000
471.	Payments related to employees (salary, wages)	400.000

BEGINER Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry.
2. The company transferred the last year's profit to the retained earnings.
3. Purchased raw materials costing HUF 1.200.000 on account.
4. The company lent HUF 500.000 loan to the BEGGAR Ltd. for short-term.
5. The firm transferred the tax payments from the bank account.
6. The company purchased treasury bill for HUF 800.000 for long-term.
7. A deposit of HUF 2.000.0000 was paid into the bank account.
8. Paid monthly salaries by cash in hand.
9. The BEGGAR Ltd. repaid the short-term loan.
10. Recorded the closing entry at the end of the year 20X1.

Record the transactions directly into the T-accounts provided. (Use the number to identify each transaction.)

13. Plant and machinery, vehicles	181. Securities signifying a long-term creditor relationship	211. Raw materials and consumables
368. Other receivables	381. Cash in hand	384. Cash at bank
411. Subscribed capital	413. Retained earnings	



Prepare journal entire to record the transactions above:

No	Transaction	Debit	Credit	Amount (T HUF)

Example 2.

The Key Figures of the ledger extract of December 31 20X1. of START Ltd., are the followings (HUF):

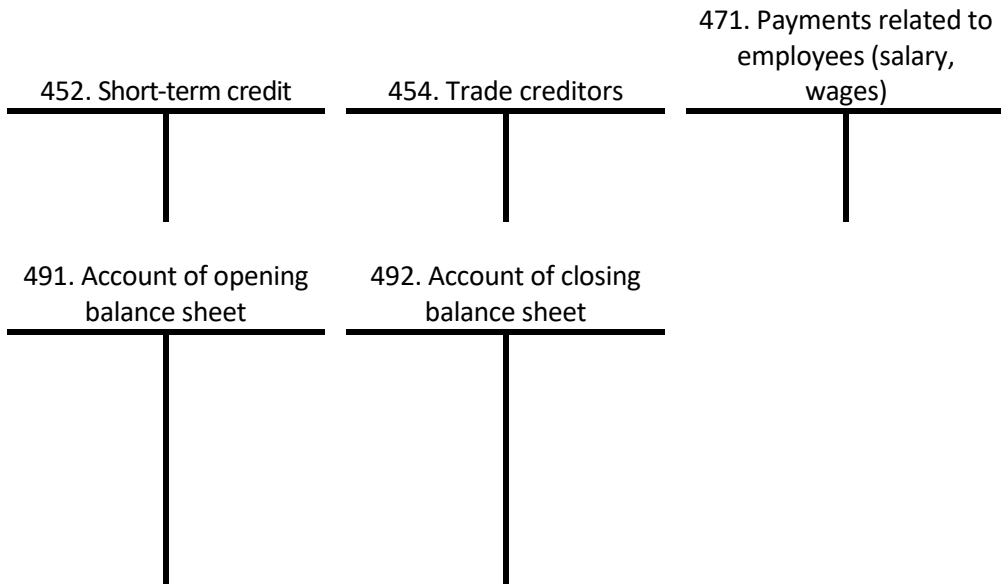
211.	Raw materials and consumables	2.000.000
311.	Trade debtors	6.000.000
381.	Cash in hand	100.000
384.	Cash at bank	3.400.000
411.	Subscribed capital	5.000.000
419.	Profit or loss for the year	1.000.000
454.	Trade creditors	2.500.000
471.	Payments related to employees (salary, wages)	3.000.000

START Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry.
2. The company transferred the last year's profit to the retained earnings.
3. The company asked for a credit HUF 3.000.000 from the bank for short-term. (Without interest...)
4. Paid salaries for the month.
5. Paid for the suppliers (purchased on account in previous year).
6. Purchased raw material on account from suppliers costing HUF 1.000.000.
7. The owner invested additional HUF 1.000.000 in the company. (Paid to the company's bank account.)
8. The costumers payed HUF 2.000.000 (previously billed).
9. The START Ltd. repaid the short-term credit to the bank.
10. Recorded the closing entry at the end of the year 20X1.

Record the transactions directly into the T-accounts provided. (Use the number to identify each transaction.)

<p>384. Cash at bank</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 200px; margin: 0 auto;"></div>	<p>211. Raw materials and consumables</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 auto;"></div> <p>381. Cash in hand</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 auto;"></div> <p>413. Retained earnings</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 auto;"></div>	<p>311. Trade debtors</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 auto;"></div> <p>411. Subscribed capital</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 auto;"></div> <p>419. Profit or loss for the year</p> <hr style="border: 1px solid black;"/> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin: 0 auto;"></div>
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Prepare journal entire to record the transactions above:

No	Transaction	Debit	Credit	Amount (T HUF)

Example 3.

The Key Figures of the ledger extract of December 31 20X1. of STARTER Ltd., are the followings: (HUF):

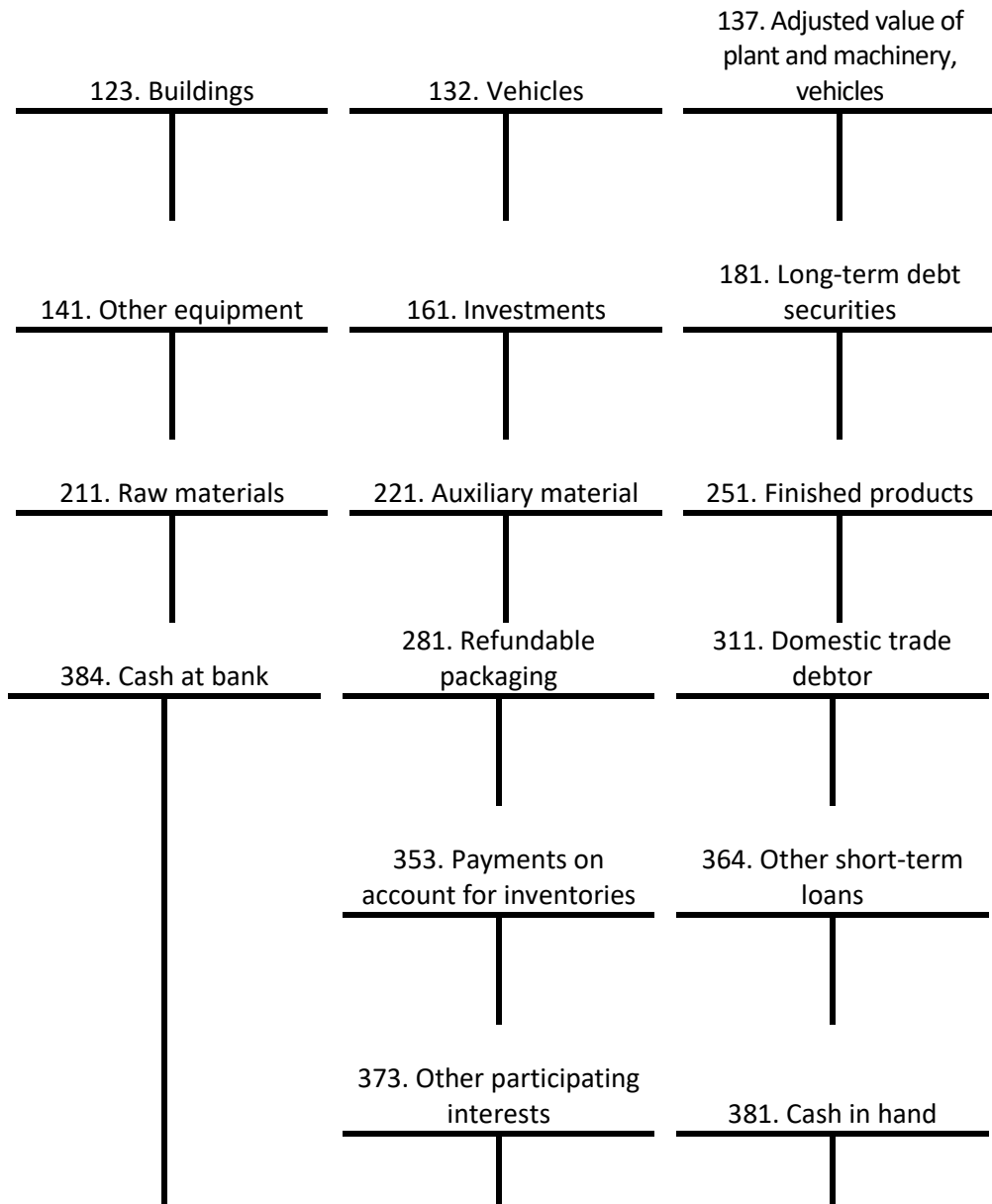
123.	Buildings	13,200,000
132.	Vehicles	4,600,000
211.	Raw materials	3,100,000
251.	Finished products	1,200,000
311.	Domestic trade debtor	2,700,000
373.	Other participating interests	1,200,000
381.	Cash in hand	200,000
384.	Cash at bank	10,900,000
411.	Subscribed capital	26,650,000
419.	Profit or loss for the year	3,300,000
452.	Short-term credits	200,000
454.	Trade creditors	2,200,000
461.	Tax payment	700,000
463.	Payments related to employees (contributions)	250,000
465.	Tax duty	3,200,000
471.	Payments related to employees (salary, wages)	600,000

STARTER Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry.
2. The company transferred the last year's profit to the retained earnings.
3. Purchased raw materials costing HUF 1,200,000 on account.
4. The company lent HUF 500,000 loan to the BEGGAR Ltd. for short-term.
5. The firm transferred the payments related to employees (contributions) from the bank account.
6. Paid for the suppliers purchased on account.
7. The firm transferred HUF 100,000 to PALLET Ltd. in order to confirm the purchase of the pallet.
8. The company purchased treasury bill for HUF 800.000 for long-term.
9. The costumers payed HUF 1.350.000 (previously billed).
10. Cash withdrawal of full monthly salaries from the bank. Paid monthly salaries by cash in hand.
11. The BEGGAR Ltd. repaid the short-term loan.
12. The STARTER Ltd. repaid the short-term credit to the bank.
13. Purchased pallet from PALLET Ltd. in the amount of HUF 300,000. The previously paid advance was credited.
14. Purchased a computer for administrative purposes in the amount of HUF 480,000 from a supplier.
15. Increased subscribed capital from retained earnings in the amount of HUF 2,300,000.

16. Settlement of HUF 1,000,000 value adjustment in case of vehicles.
17. Commissioned the computer.
18. Transferred the debt resulting from the purchase of the pallet. (The amount was reduced by the advance payment.)
19. Purchased office supplies worth HUF 50,000 for cash.
20. Recorded the closing entry at the end of the year 20X1.

Record the transactions directly into the T-accounts provided. (Use the number to identify each transaction.)



411. Subscribed capital	413. Retained earnings	417. Revaluation reserve
419. Profit or loss for the year	452. Short-term credits	454. Trade creditors
461. Tax payment	463. Payments related to employees (contributions)	465. Tax duty
471. Payments related to employees (salary, wages)	491. Account of opening balance sheet	492. Account of closing balance sheet

Prepare journal entire to record the transactions above:

No	Transaction	Debit	Credit	Amount (T HUF)		

Example 4.

The Key Figures of the ledger extract of December 31 20X1. of START Ltd., are the followings (HUF):

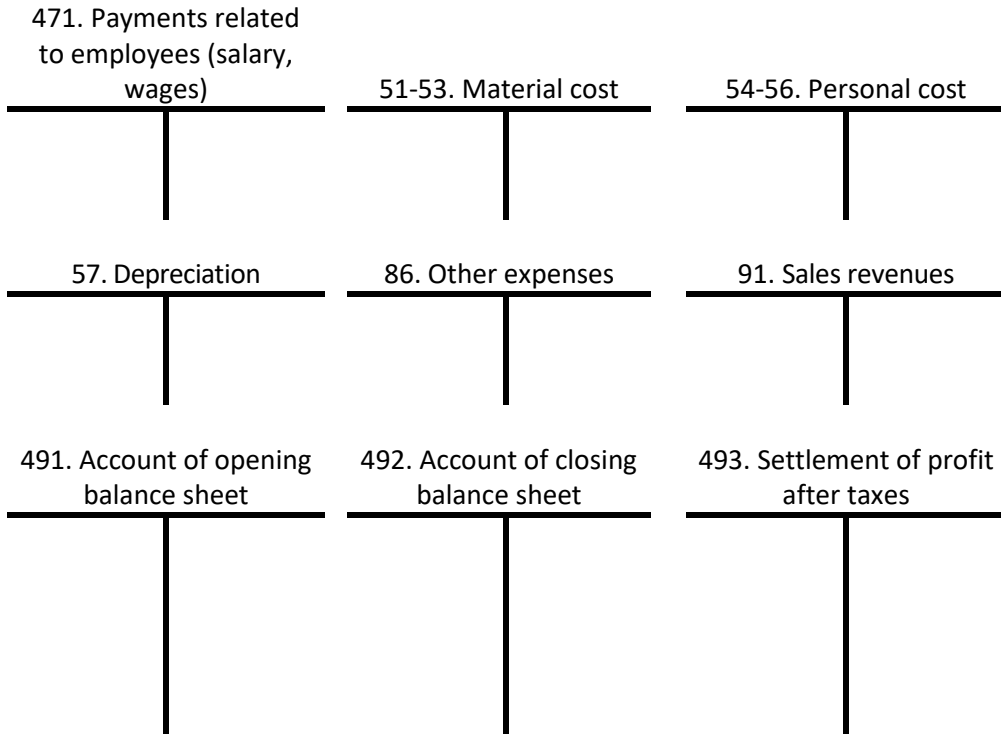
132.	Producing vehicles	15.000.000
139.	Depreciation of technical equipments	1.000.000
384.	Cash at bank	2.000.000
411.	Issued capital stock	16.000.000

START Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry. (Only on T-account!)
2. Bought raw materials in HUF 500.000 from Vendors.
3. Used raw materials in HUF 200.000 directly to the production.
4. For production, the direct used labor was HUF 140.000 and payed it from cash at bank.
5. Bought a producing vehicle in HUF 1.000.000.
6. Direct depreciation of producing vehicle was HUF 300.000.
7. Rented our producing vehicle for HUF 1.500.000.
8. For the Vendors, the paid default interest was HUF 50.000.
9. Closing the result accounts. Tax payment was HUF 90.000.
10. Recorded the closing entry at the end of the year 20X1. (Only on T-account!)

Record the transactions directly into the T-accounts provided. (Use the number to identify each transaction.)

132. Plant and machinery, vehicles	139. Depreciation of technical equipments	211. Raw materials and consumables
311. Trade debtor	384. Cash at bank	411. Subscribed capital
419. Profit or loss for the year	454. Accounts payable	461. Tax payment



Prepare journal entire to record the transactions above:

No	Transaction	Debit	Credit	Amount (T HUF)

Example 5.

The Key Figures of the ledger extract of December 31 20X1. of SIMPLE Ltd., are the followings (HUF):

121.	Land	20.000.000
129.	Depreciation of land and buildings ...	12.000.000
21-22.	Raw materials and consumables	1.000.000
384.	Cash at bank	6.000.000
411.	Issued capital stock	15.000.000

SIMPLE Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry. (Only on T-account!)
2. Used raw materials in HUF 100.000 directly to the production.
3. Paid HUF 750.000 for the rental car from cash at bank.
4. Had to pay HUF 5.000 bank charges from cash at bank.
5. For production, the value of the direct used labor was HUF 280.000 and the contributions on wages and salaries were HUF 80.000.
6. Direct depreciation of tangible assets was HUF 150.000.
7. Income from consulting activities was HUF 1.950.000.
8. The received penalty was HUF 50.000.
9. Had to pay HUF 30.000 penalty.
10. The paid bank interest was HUF 10.000.
11. Closing the result sections. Tax payment was HUF 45.000.
12. Recorded the closing entry at the end of the year 20X1. (Only on T-account!)

Record the transactions directly into the T-accounts provided. (Use the number to identify each transaction.)

121. Land	129. Depreciation of land and buildings ...	211. Raw materials and consumables
311. Trade debtor	384. Cash at bank	411. Issued capital
419. Retained profit of the year (net profit)	454. Accounts payable	461. Tax payment

463. Payments related to employees	471. Payments related to employees (salary, wages)	51-53. Material cost
54-56. Personal cost	57. Depreciation	86. Other expenses
87. Expenses on financial transactions	91. Sales revenues	96. Other income
491. Account of opening balance sheet	492. Account of closing balance sheet	493. Settlement of profit after taxes

Prepare journal entire to record the transactions above:

No	Transaction	Debit	Credit	Amount (T HUF)

Example 6.

The Key Figures of the ledger extract of December 31 20X1. of XS Ltd., are the followings (HUF):

142.	Other vehicles	4,500,000
149.	Depreciation of other vehicles	1,000,000
231.	Work in progress	500,000
384.	Cash at bank	12,000,000
411.	Subscribed capital	16,000,000

XS Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry. (Only on T-account!) Transfer of the opening balance of work in progress.
2. Purchased raw materials costing HUF 5,000,000 on account.
3. Used raw materials in HUF 3,200,000 directly to the production.
4. For production, the value of direct used labor was HUF 1,000,000 and the contributions on wages and salaries were HUF 200,000.
5. The value of the finished product taken into storage was HUF 4,200,000.
6. Indirect depreciation of other vehicles was HUF 750,000.
7. Sold the entire finished product stock, invoiced amount was HUF 7,000,000.
8. The amount of transferred late interest was HUF 50,000.
9. Transfer of the closing balance of work in progress. (Inventory value: HUF 700,000.) Transfer of costs, closing the result sections. Tax payment was HUF 200,000.
10. Recorded the closing entry at the end of the year 20X1. (Only on T-account!)

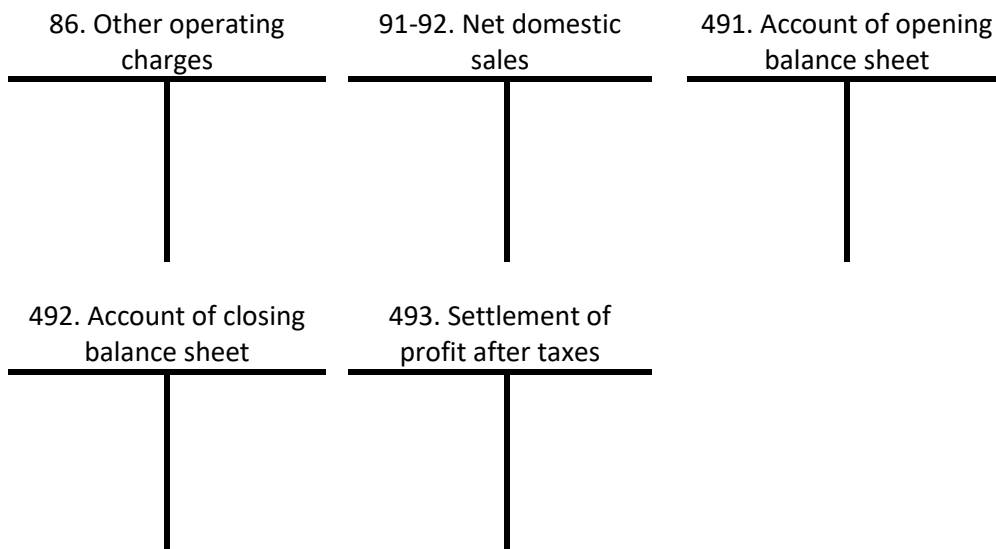
Record the transactions directly into the T-accounts provided. (Use the number to identify each transaction.) In case:

1. the costs are only recorded by cost type,
2. the costs are recorded primarily by cost centre, cost object, and secondarily by cost type!

1. In case the costs are only recorded by cost type

No	Transaction	Debit	Credit	Amount (T HUF)		

142. Other vehicles	149. Depreciation of other vehicles	211. Raw materials
231. Work in progress	251. Finished products	311. Domestic trade debtors
384. Cash at bank	411. Subscribed capital	419. Profit or loss for the year
454. Trade creditors	461. Tax payment	463. Payments related to employees (contributions)
471. Payments related to employees (salary, wages)	51-53. Material costs	54-56. Staff costs
57. Depreciation	581. Variation in stocks of finished goods and in work in progress	59. Transition account of expenses
81. Material costs	82. Staff costs	83. Depreciation



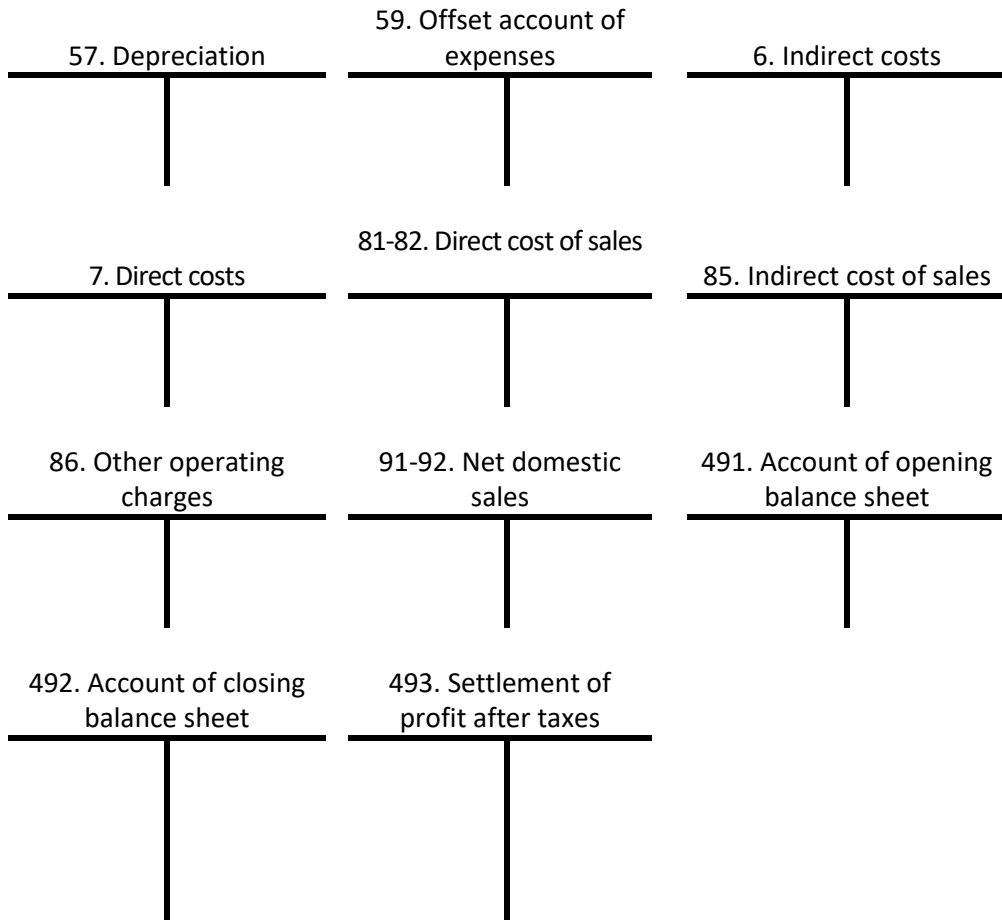
Profit and loss account (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

No	Transaction	Debit	Credit	Amount (T HUF)		

142. Other vehicles	149. Depreciation of other vehicles	211. Raw materials
231. Work in progress	251. Finished products	311. Domestic trade debtors
384. Cash at bank	411. Subscribed capital	419. Profit or loss for the year
454. Trade creditors	461. Tax payment	463. Payments related to employees (contributions)
471. Payments related to employees (salary, wages)	51-53. Material costs	54-56. Staff costs



Variation in stocks of finished goods and in work in progress:

Profit or loss statement (function of expense method)

(T HUF)

I.	<i>Total net sales</i>	
II.	<i>Direct cost of sales</i>	
III.	<i>Gross profit or loss</i>	
IV.	<i>Indirect cost of sales</i>	
V.	<i>Other income</i>	
VI.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Profit or loss statement (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Example 7.

The opening work in progress of I-RON Ltd. is HUF 0, the opening finished product inventory for the current period is HUF 3,000,000. At the end of the current period the stock of work in progress is HUF 1,500,000.

<i>Cost type</i>	<i>Direct costs</i>	<i>Indirect costs</i>	<i>Total</i>
Material costs	6,000,000	2,000,000	.....
Staff costs	500,000	400,000	.....
Depreciation	-	.....	.....
Total	.....	2,550,000	.....

I-RON Ltd. had the following transactions during the year 20X1:

1. Accounting of costs.
2. Stocking finished products.
3. The selling price of the sold finished products is HUF 8,500,000, which is HUF 2,800,000 more than the production cost.
4. Transfer of the closing balance of work in progress. (Inventory value: HUF 1,500,000.) Transfer of costs.
5. Closing the result section. Corporate tax payment obligation of the year is HUF 35,000.

Record the transactions directly into the journal in case:

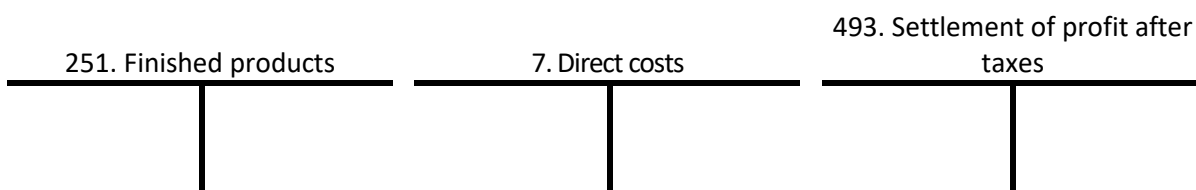
1. the costs are recorded primarily by cost centre, cost object, and secondarily by cost type,
2. the costs are only recorded by cost type!

Record the transactions directly into the T-accounts provided.

1. In case the costs are recorded primarily by cost centre, cost object, and secondarily by cost type

<i>No</i>	<i>Transaction</i>	<i>Debit</i>	<i>Credit</i>	<i>Amount</i>

No	Transaction	Debit	Credit	Amount



Profit or loss statement (function of expense method)

(T HUF)

I.	<i>Total net sales</i>	
II.	<i>Direct cost of sales</i>	
III.	<i>Gross profit or loss</i>	
IV.	<i>Indirect cost of sales</i>	
V.	<i>Other income</i>	
VI.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Profit or loss statement (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Variation in stocks of finished goods and in work in progress:

Profit or loss statement (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Example 8.

The opening work in progress of TERRI-R Ltd. is HUF 1,000,000, the opening finished product inventory for the current period is HUF 3,000,000. At the end of the current period the stock of work in progress is HUF 0.

<i>Cost type</i>	<i>Direct costs</i>	<i>Indirect costs</i>	<i>Total</i>
Material costs	6,000,000	2,000,000	.....
Staff costs	.....	400,000	900,000
Depreciation	-	.....	100,000
Total	.....	.....	.....

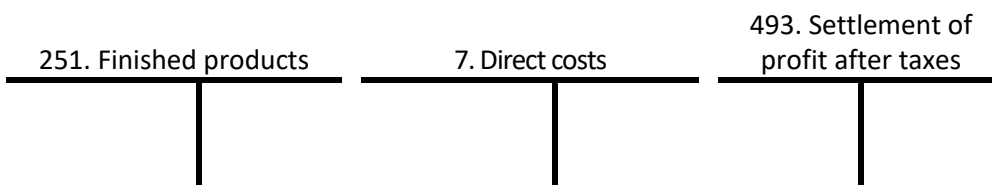
TERRI-R Ltd. had the following transactions during the year 20X1:

1. Transfer of the opening balance of work in progress.
2. Accounting for costs.
3. Stocking finished products.
4. Sale of a finished product with a production cost of HUF 8,500,000. The profit generated in connection with the sale is HUF 3,000,000.
5. Transfer of costs.
6. Closing the result sections. Tax payment is HUF 20,000.

Record the transactions directly into the journal in case the costs are recorded primarily by cost centre, cost object, and secondarily by cost type.

<i>No</i>	<i>Transaction</i>	<i>Debit</i>	<i>Credit</i>	<i>Amount</i>

No	Transaction	Debit	Credit	Amount



Profit or loss statement (function of expense method) (T HUF)

<i>I.</i>	<i>Total net sales</i>	
<i>II.</i>	<i>Direct cost of sales</i>	
<i>III.</i>	<i>Gross profit or loss</i>	
<i>IV.</i>	<i>Indirect cost of sales</i>	
<i>V.</i>	<i>Other income</i>	
<i>VI.</i>	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Profit or loss statement (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Variation in stocks of finished goods and in work in progress:

Example 9.

The Key Figures of the ledger extract of December 31 20X1. of RIO Ltd., are the followings (HUF):

Opening work in progress	.....
Closing work in progress	3,300,000
Opening finished product inventory	.....
Cost of finished product	.....
Cost of finished product sold	7,000,000
Closing finished product inventory	3,300,000
Sales revenues	14,000,000
Material costs	6,000,000
Staff costs	4,800,000
The value of own performance (tangible assets)	2,000,000
Other operating charges	400,000
Other income	900,000

RIO Ltd. had the following transactions during the year 20X1:

1. Transfer of the opening balance of work in progress.
2. Accounting for costs.
3. Stocking finished products.
4. Finished product sales.
5. Transfer of the closing balance of work in progress. Transfer of costs.
6. Closing the result sections. Tax payment is HUF 1,000,000.

Record the transactions directly into the journal in case the costs are only recorded by cost type!

Record the transactions directly into the T-accounts provided.

No	Transaction	Debit	Credit	Amount

No	Transaction	Debit	Credit	Amount

	251. Finished products	581. Variation in stocks of finished goods and in work in progress	493. Settlement of profit after taxes
o/	4.000	231/ 800	

Profit and loss account (nature of expense method)

(T HUF)

I.	Total net sales	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	Work performed by the company for its own purposes and capitalized	
III.	Other income	
IV.	Material costs	
V.	Staff costs	
VI.	Depreciation	
VII.	Other operating charges	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Example 10.

The Key Figures of the ledger extract of December 31 20X1. of FUNNY Ltd., are the followings (T HUF):

231. Work in progress o/ 16,000	251. Finished products o/ 2,000	493. Settlement of profit after taxes
6. Indirect costs	7. Direct costs	
	^{231/} 4.750	

20X1. accounting events that occurred during the year:

1. Transfer of the opening balance of work in progress.
2. Accounting for costs. Cost incurred in the subject period is HUF 9,000, ¾ of which is a directly chargeable cost.
3. Stocking finished products.
4. The selling price of product sales is HUF 22,000,000, the profit from the sale is HUF 5,000,000.
5. Deposit interest received on bank account is HUF 200,000, credit interest paid is HUF 250,000.
6. Transfer of the closing balance of work in progress. Transfer of costs.
7. Closing the result sections. Tax payment is HUF 600,000.

Record the transactions directly into the journal in case the costs are recorded primarily by cost centre, cost object, and secondarily by cost type. Record the transactions directly into the T-accounts provided.

No	Transaction	Debit	Credit	Amount

Profit or loss statement (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Variation in stocks of finished goods and in work in progress:

Example 11.

The Key Figures of the ledger extract of December 31 20X1. of SUMM Ltd., are the followings (T HUF):

131. Machinery	22,000
139. Depreciation of plant and machinery, vehicles	2,000
141. Other equipment	5,000
149. Depreciation of other equipment, fixtures and fittings, vehicles	1,600
211. Raw materials	9,000
221. Auxiliary material	1,000
231. Work in progress	6,500
251. Finished products	11,000
311. Domestic trade debtors	3,500
381. Cash in hand	500
384. Cash at bank	8,600
411. Subscribed capital	40,000
419. Profit or loss for the year	5,000
445. Other long-term credits	16,000
454. Trade creditors	700
463. Payments related to employees (contributions)	300
471. Payments related to employees (salary, wages)	1,500

SUMM Ltd. had the following transactions during the year 20X1:

1. Recorded the opening entry. (Only on T-account!)
2. The company transferred the last year's profit to the retained earnings and the opening balance of work in progress.
3. The value of the raw material used for product production is HUF 3,860,000, the value of administrative materials used was HUF 210,000.
4. The wage of blue-collar workers was HUF 6,000,000, and the wage of intellectual workers was HUF 1,000,000.
5. The contributions on wages and salaries were HUF 1,740,000 and HUF 290,000.
6. Depreciation had to be accounted for equipment:
 - HUF 1,800,000 for production machines
 - HUF 200,000 for administrative machines
7. A special equipment was produced in-house, costs incurred in connection with this:
 - raw material cost HUF 1,110,000
 - wage costs HUF 1,000,000
 - social contribution HUF 290,000
8. HUF 700,000 of the indirect costs were classified as direct costs. It must be divided in proportion of direct wages.
9. The value of the finished product took into storage was HUF 16,500,000.

10. The production of the special equipment has been completed. Commissioning the equipment.
11. Sale of finished product stock. The cost of the sold finished product was HUF 24,000,000, the invoiced amount was HUF 31,000,000.
12. The amount of late interest transferred was HUF 500,000.
13. Deposit interest received on bank account was HUF 300,000, credit interest paid was HUF 1,800,000.
14. A computer with a gross value of HUF 300,000 and a net value of HUF 200,000 - registered among office equipment - was handed over to a school without compensation.
15. Transfer of costs.
16. Transfer of the closing balance of work in progress. (Inventory value: HUF 4,000,000.)
17. Closing the result section. Corporate tax payment obligation of the year was HUF 800,000.
18. Made the closing entry at the end of the year 20X1. (Only on T-account!)

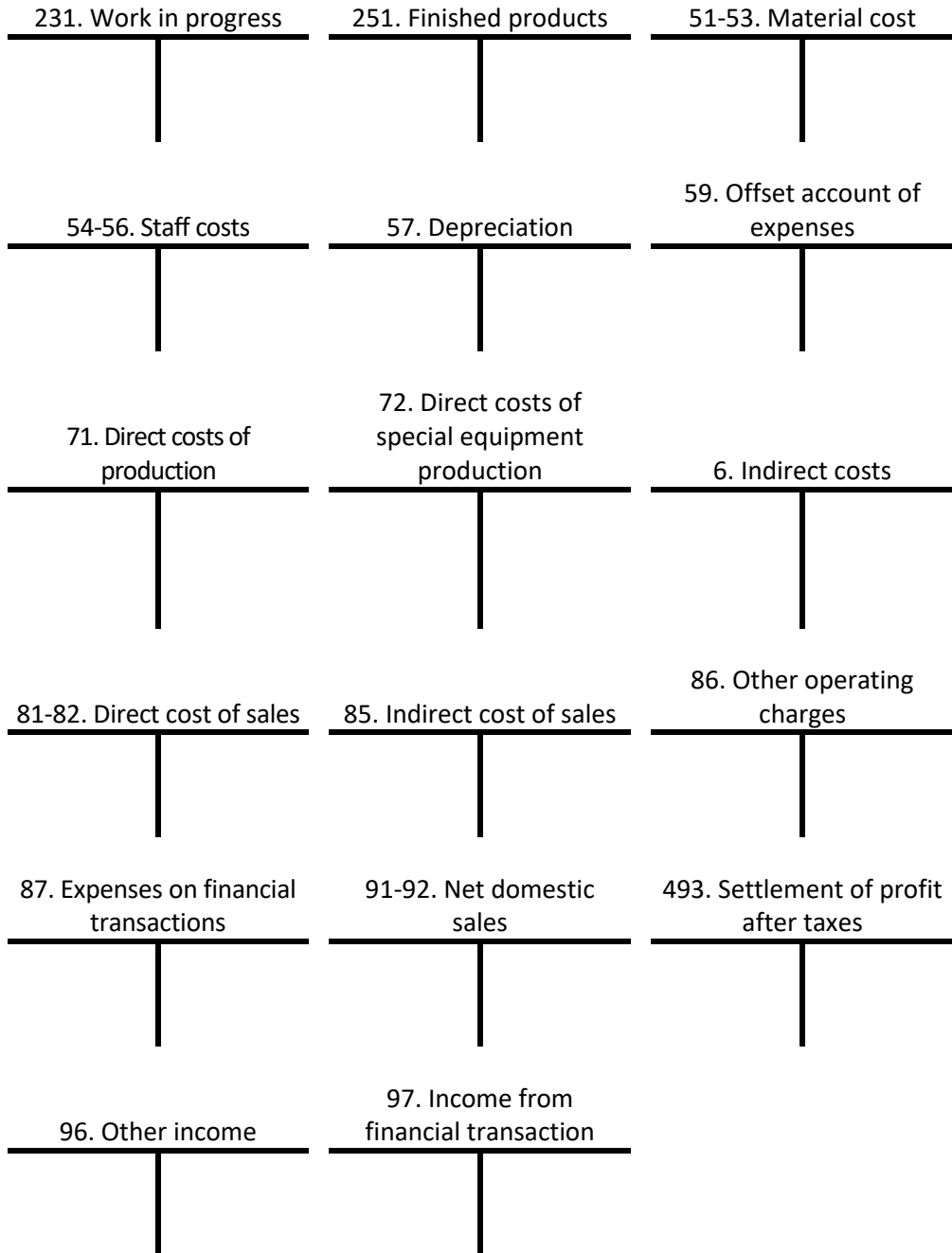
Record the transactions directly into the journal in case:

3. the costs are recorded primarily by cost centre, cost object, and secondarily by cost type,
4. the costs are only recorded by cost type!

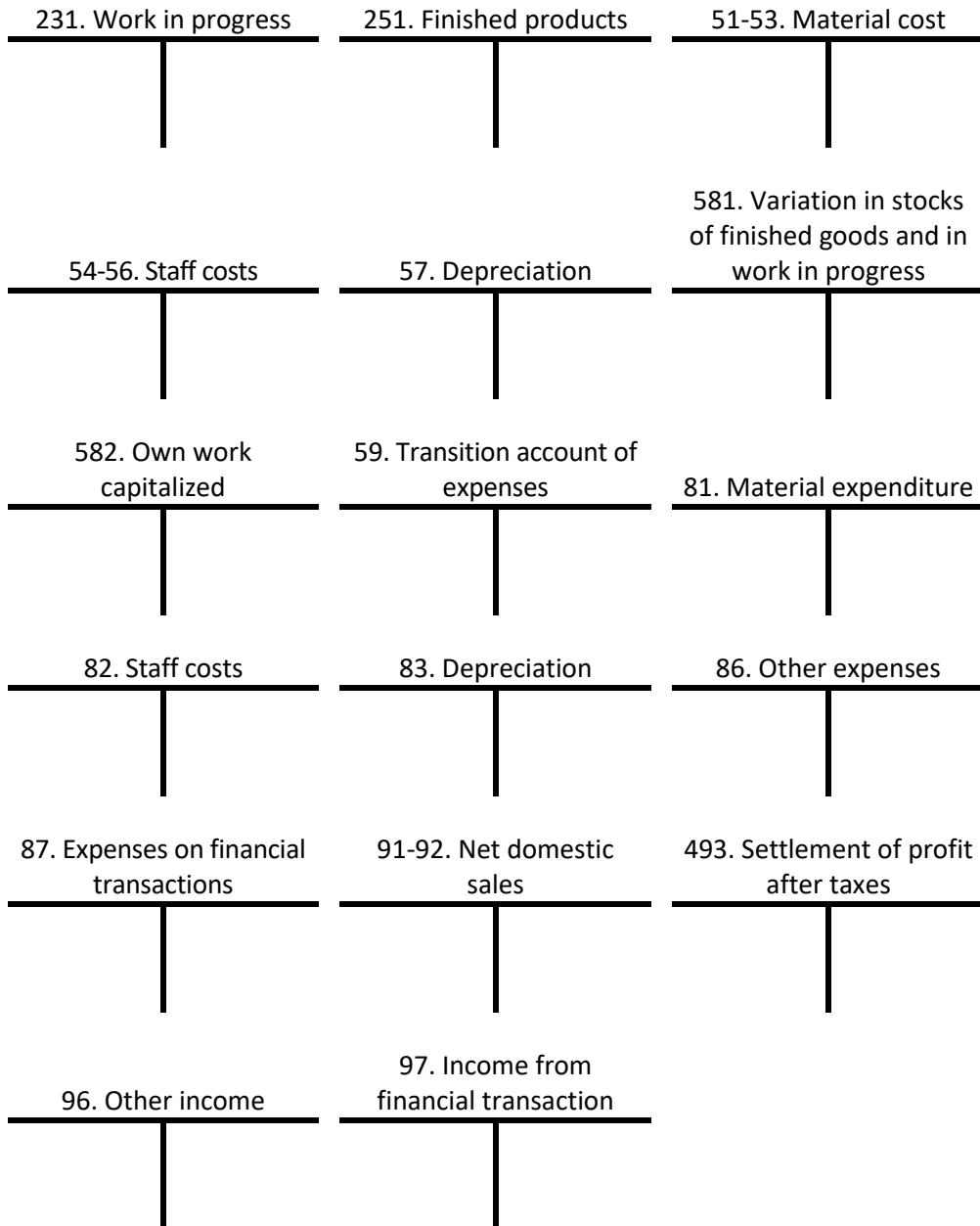
Record the transactions directly into the T-accounts provided.

No.	Transactions	Primary 6.-7., secondary 5. cost accounting			Only 5. cost accounting		
		D	C	Amount	D	C	Amount

1. In case the costs are recorded primarily by cost centre, cost object, and secondarily by cost type



2. In case the costs are only recorded by cost type



Variation in stocks of finished goods and in work in progress:

Profit or loss statement (function of expense method)

(T HUF)

I.	<i>Total net sales</i>	
II.	<i>Direct cost of sales</i>	
III.	<i>Gross profit or loss</i>	
IV.	<i>Indirect cost of sales</i>	
V.	<i>Other income</i>	
VI.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

Profit or loss statement (nature of expense method)

(T HUF)

I.	<i>Total net sales</i>	
03.	Variation in stocks of finished goods and in work in progress	
04.	Own work capitalized	
II.	<i>Work performed by the company for its own purposes and capitalized</i>	
III.	<i>Other income</i>	
IV.	<i>Material costs</i>	
V.	<i>Staff costs</i>	
VI.	<i>Depreciation</i>	
VII.	<i>Other operating charges</i>	
A.	Results of operating activities	
VIII.	Income from financial transactions	
IX.	Expenses on financial transactions	
B.	Profit or loss from financial transactions	
C.	Profit or loss before tax	
X.	Tax expense	
D.	Profit after tax	

4. Control exercises

Example 1.

Mark the property changes that occur **with X!**

<i>Transactions</i>	<i>Asset</i>		<i>Passive</i>	
	↑	↓	↑	↓
Purchasing raw material on account				
Transferring money to the bank account, fix for 2 years				
Reclassification of a tool from current assets to fixed asset				
Purchasing securities by transfer from bank account				
Settlement of supplier debt by taking out a credit				
Purchasing government bonds for investment purposes by transfer				
Trade debtors settle their debts				
Employees repay their short-term debt - with cash				
Buying fattening pigs for cash				
Paying for the suppliers purchased on account				

Example 2.

Mark the property changes that occur **with X!**

<i>Transactions</i>	<i>Asset</i>		<i>Passive</i>	
	↑	↓	↑	↓
Purchasing tools on account				
Paying monthly salaries by cash in hand				
Transferring a loan to another company for a long term				
Purchasing goods on account				
Increasing subscribed capital from retained earnings				
Settlement of corporate tax debt				
Transferring short-term cash loan to employees				
Settlement of bills payable by transfer				
Acceptance of an advance payment for later performance				
Repayment of short-term credit from a bank account				

Example 3.

Mark the effect of the transactions with X and account the transactions, if the costs are recorded primarily by cost centre, cost object, and secondarily by cost type! (Secondarily, you don't need to account!)

<i>Transactions</i>	<i>Assets</i>		<i>Passives</i>		<i>Costs</i>		<i>Expenses</i>		<i>Incomes.</i>		<i>Accounts</i>	
	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	D	C
Buying raw materials for cash												
Commissioning of the executive director's new car												
Use of raw material directly for production												
Accounting for the value of a broken concrete mixer												
Arrangement of auxiliary material supplier												
Settlement of the telephone bill												
Transferring long-term loans to employees												
Transfer of an advance payment to an investment supplier												
Settlement of credited dividends received												
Purchase of copy paper for cash for inventory												

Example 4.

Mark the effect of the transactions with X and account the transactions if the costs are only recorded by cost type!

<i>Transactions</i>	<i>Assets</i>		<i>Passives</i>		<i>Costs</i>		<i>Expenses</i>		<i>Incomes.</i>		<i>Accounts</i>	
	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	<i>D</i>	<i>C</i>
Purchase of diesel for storage from supplier												
Settlement of supplier debt with a long-term loan												
Accounting for the contribution of administrative workers												
Exchange rate gain on the sale of permanent shares												
Repayment of a short-term loan												
Settlement of real estate depreciation												
Transfer of suppliers of assets in course of construction												
Purchase of stock for sale (5% stake)												
Accounting for sales revenue from computer salon monitor sales												
Withdrawing euros from a bank account												

Example 5.

The XY Ltd. purchases a machine, in connection with which the following transactions occurred:

(data in T HUF)

..... 1/... .. ..... | c/ 0	384. Cash at bank 0/ 9.000 | 1/352 1.000 | 4/... ..	..... 2/455 4.200 | ..... ..... | c/ 0	
..... 3/352 ..... | 2/161 4/... ..... | c/ 0	131. Machinery 5/... ..... |		

Transactions:

1.
2.
3.
4.
5.

Complete the missing data of the ledger accounts and name the economic events!

Example 7.

The following transactions occurred in relation to the sale of finished products by SALE Ltd.

(data in T HUF)

<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">384. Cash at bank</th> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> o/ 2.000 1/453 </td> <td style="width: 50%; padding: 5px;"> </td> </tr> </table>	384. Cash at bank		o/ 2.000 1/453	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">453. Advances received from customers</th> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> c/ 0 </td> <td style="width: 50%; padding: 5px;"> 700 </td> </tr> </table>	453. Advances received from customers	 c/ 0 700	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">.....</th> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> 3/... 4.200 </td> <td style="width: 50%; padding: 5px;"> 4/453 5/384 c/ 0 </td> </tr> </table>		3/... 4.200	4/453 5/384 c/ 0
384. Cash at bank														
o/ 2.000 1/453													
453. Advances received from customers														
..... c/ 0 700													
.....														
3/... 4.200	4/453 5/384 c/ 0													
<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">91-92. Net domestic sales</th> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> 3/... </td> <td style="width: 50%; padding: 5px;"> </td> </tr> </table>	91-92. Net domestic sales		3/...	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">81-82. Direct domestic cost of sales</th> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> 2/... </td> <td style="width: 50%; padding: 5px;"> </td> </tr> </table>	81-82. Direct domestic cost of sales		2/...	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">.....</th> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> o/ 4.000 </td> <td style="width: 50%; padding: 5px;"> ./81-82 c/ 1.500 </td> </tr> </table>		o/ 4.000	./81-82 c/ 1.500
91-92. Net domestic sales														
3/...													
81-82. Direct domestic cost of sales														
2/...													
.....														
o/ 4.000	./81-82 c/ 1.500													

Transactions:

1.
2.
3.
4.
5.

Complete the missing data of the ledger accounts and name the economic events!

Example 8.

The following transactions occurred in relation to the securities of SECURITIES Ltd

(data in T HUF)

375. Debt securities held for trading				.....				97. Income from financial transaction			
1/384	.....	2/...	6.000	Ny/	9.000	.....		.....		.....
		c/	0		2/...	.....	c/	9.500		.....	.....
									

Transactions:

1.
2.
3.

Complete the missing data of the ledger accounts and name the economic events!

5. Reporting Obligation

Economic entities shall prepare a financial statement - in the Hungarian language - on their operation and on their financial position and performance, supported by an accounting system prescribed in the Accounting Act, following the closing of the books pertaining to the financial year.

The financial statement must give a true and fair view of the holdings of the economic entity and the contents thereof (assets and liabilities), of its financial standing and profitability.

The type of the financial report is specified in accordance with the amount of annual net sales revenues, the balance sheet total, the number of employees, and the limits thereof.

The following types of financial reports shall be applied:

- a) annual account,*
- b) simplified annual account,*
- c) consolidated annual account,*
- d) simplified report.*

Economic entities shall maintain double-entry bookkeeping, based on which to prepare the financial report.

Economic entities keeping double-entry books, with the exceptions set out in the next subsection, are required to draw up annual accounts and annual reports.

Economic entities keeping double-entry books may prepare a simplified annual account if, on the balance sheet date in two consecutive financial years, two of the following three size-related indices do not exceed the limits indicated below:

- a) the balance sheet total does not exceed 1,200 million forints;
- b) the annual net sales revenue does not exceed 2,400 million forints;
- c) the average number of employees in the financial year does not exceed 50 persons.

The provisions of previous subsection hereof may not be applied by public limited companies, parent companies and public-interest entities, and by any economic entity that has been authorized to introduce its securities issued on the stock exchange for trading, or whose authorization is already in progress. Any enterprise that is not subject to statutory audits shall have the option to prepare its simplified annual account (including the simplified annual accounts of micro-entities) in accordance with the government decree if, on the balance sheet date in two consecutive financial years, two of the following three size-related indices do not exceed the limits indicated below:

- a)^{*} the balance sheet total does not exceed one hundred fifty million forints;
- b)^{*} annual net sales revenue does not exceed three hundred million forints;
- c) the average number of employees in the financial year does not exceed ten persons.

The following may draw up annual accounts in accordance with IFRSs:

- a) economic entities owned directly or indirectly by a parent company, if such parent prepares consolidated annual accounts in accordance with IFRSs;
- b) insurance companies;
- c) financial enterprises, payment institutions, electronic money institutions, investment firms, the central securities depository, central counterparty, stock exchange, institutions for occupational retirement provision supervised by the Magyar Nemzeti Bank (*National Bank of Hungary*) acting within its function as supervisory authority of the financial

intermediary system, covering also financial intermediaries and insurance intermediaries included - by decision of the parent company - in consolidated financial statements prepared in accordance with IFRSs, and funds and fund managers covered by the Act on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations;

d) business associations subject to statutory audits;

e)^{*} Hungarian branches of foreign-registered companies.

The following shall draw up annual accounts in accordance with IFRSs:

a) economic entities whose securities are admitted to trading on a regulated market of any Member State of the European Economic Area;

b) credit institutions, as well as financial enterprises equivalent to credit institutions under prudential requirements.

Financial Year

Financial year shall mean the period for which the financial report is to be prepared. With some exceptions, the financial year shall coincide with the calendar year.

The financial year may differ from the calendar year for companies other than credit institutions, financial firms and insurance companies, and for foreign higher education institutions authorized to operate in the territory of Hungary, where so justified by the characteristics of the business activity (such as the cyclicity of operations, or the parent company's need for information in the case of companies included in the consolidation).

With some exceptions, the duration of a financial year shall be 12 months.

The financial year of companies established without legal predecessor shall commence - unless otherwise prescribed in this Act - on the date of foundation (the date when the instrument of constitution is signed, sealed and notarized or when registered in the register of companies), and shall end

on the date when its application for registration is rejected or the company registration procedure is terminated (balance sheet date) irrespective of the duration involved (pre-company period).

The financial year may be less than 12 months for the pre-company period and for the following financial year, furthermore, when switching from a calendar year for a financial year that differs from the calendar year, or from a financial year to a new financial year.

Layout and Definition of the Items in the Balance Sheet

Balance Sheet, december 31. 20X1.

A/ FIXED ASSETS	D/ EQUITY
<u>I. INTANGIBLE ASSETS</u>	<u>I. SUBSCRIBED CAPITAL</u>
<u>II. TANGIBLE ASSETS</u>	<u>II. SUBSCRIBED CAPITAL UNPAID (-)</u>
<u>III. FINANCIAL ASSETS</u>	<u>III. CAPITAL RESERVE</u>
B/ CURRENT ASSETS	<u>IV. RETAINED EARNINGS</u>
<u>I. STOCKS</u>	<u>V. TIED-UP RESERVE</u>
<u>II. DEBTORS</u>	<u>VI. REVALUATION RESERVE</u>
<u>III. SECURITIES</u>	<u>VII. PROFIT OR LOSS FOR THE YEAR</u>
<u>IV. CASH AT BANK AND IN HAND</u>	E/ PROVISIONS
C/ ACCRUED AND DEFERRED ASSETS	F/ CREDITORS
	<u>I. SUBORDINATED LIABILITIES</u>
	<u>II. LONG-TERM LIABILITIES</u>
	<u>III. CURRENT LIABILITIES</u>
	G/ ACCRUALS AND DEFERRED INCOME
TOTAL	TOTAL

Fixed assets and current assets, which are held or used by the company for its operations (not including leased assets), shall be shown in the balance sheet under assets, regardless of whether the company gains ownership of such assets upon meeting certain conditions prescribed by law or fixed in a contract. Deferred expenses and accrued income shall also be shown under assets.

Assets shall be listed under fixed assets or current assets on the basis of their purpose and use.

If the use or purpose of a particular asset has changed after it is classified, for the asset no longer serves the relevant activities or operations, or vice versa, its classification shall be changed accordingly, i.e. the fixed asset must be reclassified - at the latest during the period covered by the balance sheet, relating to the balance sheet date - and transferred from fixed assets to current assets, or vice versa, transferred from current assets to fixed assets.

Balance Sheet, december 31. 20X1.

<p>A/ FIXED ASSETS</p> <p>I. INTANGIBLE ASSETS _____</p> <p>II. TANGIBLE ASSETS _____</p> <p>III. FINANCIAL ASSETS _____</p> <p>B/ CURRENT ASSETS</p> <p>I. STOCKS _____</p> <p>II. DEBTORS _____</p> <p>III. SECURITIES _____</p> <p>IV. CASH AT BANK AND IN HAND _____</p> <p>C/ ACCRUED AND DEFERRED ASSETS</p>	<p>D/ EQUITY</p> <p>I. SUBSCRIBED CAPITAL _____</p> <p>II. SUBSCRIBED CAPITAL UNPAID (-) _____</p> <p>III. CAPITAL RESERVE _____</p> <p>IV. RETAINED EARNINGS _____</p> <p>V. TIED-UP RESERVE _____</p> <p>VI. REVALUATION RESERVE _____</p> <p>VII. PROFIT OR LOSS FOR THE YEAR _____</p> <p>E/ PROVISIONS</p> <p>F/ CREDITORS</p> <p>I. SUBORDINATED LIABILITIES _____</p> <p>II. LONG-TERM LIABILITIES _____</p> <p>III. CURRENT LIABILITIES _____</p> <p>G/ ACCRUALS AND DEFERRED INCOME</p>
<p>TOTAL</p>	<p>TOTAL</p>



The concept of **fixed assets** shall cover any asset whose purpose is to serve the company's activities and operations on a long-term basis, for a period of not less than one year. The concept of fixed assets shall include intangible assets, tangible assets and financial investments.

1. Intangible assets
1. Capitalized value of formation/restructuring expenses
2. Capitalized value of research and development
3. Concessions, licenses and similar rights
4. Intellectual property products
5. Goodwill
6. Advances and payments on account in respect of tangible assets
7. Adjusted value of intangible assets

Assets other than tangible assets (such as concessions and similar rights with the exception of rights attached to immovables, intellectual property, goodwill), advances and prepayments on intangible assets and value adjustments of intangible assets shall be shown under **intangible assets**.

The capitalized value of formation/restructuring expenses and the capitalized value of experimental development may also be shown under intangible assets.

The **capitalized value of formation/restructuring expenses** shall consist of the costs incurred in connection with starting up the company and commencing operations, including any major expansion, restructuring or reorganization - other than capital expenditure or renovation - which are likely to be recovered following formation or restructuring, such as expenses invoiced by subcontractors and incurred during operations shown under direct costs. This shall *inter alia* cover expenses related to the introduction of a quality assurance system, and the expenditures incurred in connection with the exploration for mineral resources, which may not be shown under the costs of related improvements and renovations, provided that these expenditures are expected to be recovered in the revenues likely to arise

upon the ensuing development of mineral resources.

The **capitalized value of experimental development** shall consist of the sums paid to subcontractors as invoiced to achieve the purpose of the experimental development and the direct costs of own activities incurred in the course of experimental development procedures, which are likely to be recovered during future use of the results produced by such activities, and which are not included among other products that can be capitalized (such as intellectual property, tangible assets, inventories) as they exceed the - estimated - market value of the final product. The capitalized value of experimental development, when activated, may not exceed the amount that is likely to be recovered by future profits it is presumed to generate, after the deduction of further development-related expenses, estimated production costs, or the direct costs of sales when applicable.

Costs of basic and applied research and the indirect costs and overhead of experimental development may not be capitalized.

Under intangible assets, **concessions and similar rights** shall include those acquired rights which are not related to real estate property. This includes, in particular, lease rights, rights of use, trusteeship, rights of use of intellectual property, licenses, furthermore, concessions, gaming rights, and other rights which are not related to real estate property.

The following shall be shown under **intellectual property**:

a)* industrial property rights (such as, in particular, patents, utility models, designs rights, trademarks, geographical indications and trade names);

b) copyrighted works and neighboring rights (such as, in particular, software products and engineering plans);

c)* intellectual property (in particular, know-how) without legal protection but monopolized through secrecy;
irrespective of whether or not used.

Goodwill shall mean the difference between the consideration payable for the acquisition of a line of business and the market value of the assets, less the value of liabilities assumed, if the consideration paid is higher It shall include the additional payment that is performed in hope of future economic benefits.

Advance payments transferred (paid, remitted) to suppliers, exclusive of any amount of value added tax that may be deducted, shall be shown under **advances/prepayments on intangible assets**.

Under **value adjustments of intangible assets** only the difference between the market value - in excess of the book value - and the book value (cost, less the amount of ordinary depreciation applied) may be shown for concessions and similar rights and for intellectual property.

II. Tangible assets

1. Land and buildings and rights to immovables
2. Plant and machinery, vehicles
3. Other fixtures and fittings, tools and equipment, vehicles
4. Breeding stock
5. Assets in the course of construction
6. Payments on account and tangible assets in the course of construction
7. Adjusted value of tangible assets

Material assets (landed property, building plot, land improvement, forest, plantation, building, other structures, technological equipment, machinery, vehicle, business and operational accessories, other equipment) and breeding stock that are regularly used (directly or indirectly) for business activities on a long term basis shall be shown in the balance sheet under **tangible assets**,

furthermore, the advances and prepayments provided for the acquisition of these assets or for those in the course of construction, and the value adjustments made on tangible assets.

Landed property and other tangible assets attached permanently to land shall be shown under **land and buildings** when put into use. Land and buildings shall include landed property, plots of land, forests, plantations, buildings - or part of a building - or both, other building structures, non-operational properties, including any percentage of ownership in these, also rights to immovables, whether purchased or constructed by the company itself, and whether on the company's own property or on a leased property. The capitalized value of remodeling costs and any other investment made on leased properties shall be shown under land and buildings.

Rights in immovables include, in particular, use of land, beneficial ownership and the right of use, lease rights, easement rights, right of use received through payment of various contributions and fees prescribed by the relevant legislation in connection with the normal use of real estate property (such as water utilities development contributions, electricity distribution systems connection charges, natural gas distribution systems connection charges), and other rights related to real estate property.

Power machinery, equipment for power stations, instruments, tools, transport equipment, communications equipment, computer and accessories, and the means of railroad, road, water, and air transport which are dominant for the company's principle profile and are put into regular use and directly serve the company's operations shall be shown under **plant and machinery and vehicles**, as well as the capitalized costs of improvements and renovations on leased equipment of the like.

Other fixtures and fittings, vehicles shall include the fixtures and fittings, tools and equipment and vehicles - when put into use - which are not shown

under plant and machinery and vehicles, and which indirectly serve the company's operations. These shall include, in particular, other plant (operational) equipment, fittings, equipment, vehicles, office and administration equipment, non-operational equipment, fittings and vehicles, as well as the capitalized costs of improvements and renovations on leased equipment of the like.

Animals which generate individual products (progeny or other products of animal origin) during breeding and husbandry operations shall be shown under **breeding stock**, if the costs of husbandry are covered by the future sale of these products or by other type of utilization (drawing, guarding services, horseback riding), irrespective of the duration for which the company benefits from these services.

Payments on account and tangible assets in course of construction shall include the cost of the tangible assets, which are not commissioned or put into use, and the (not yet capitalized) costs of the expansion, conversion, transformation, improvement or renovation of tangible assets which are already in operation.

The sums, exclusive of any amount of value added tax that may be deducted, transferred (paid, remitted) to suppliers - or to importers for imported goods -, and payments for rights to immovables made to the seller of such rights shall be shown under **advance payments on assets in course of construction**.

Under **value adjustments of tangible assets** only the difference between the market value - in excess of the book value - and the book value (cost, less the amount of ordinary depreciation applied) may be shown for the tangible assets.

III. Financial investments

1. Long-term participations in affiliated companies
2. Long-term loans to affiliated companies
3. Long-term major participating interests
4. Long-term loans to companies linked by virtue of major participating interests
5. Other long-term participations
6. Long-term loans to other companies linked by virtue of participating interests
7. Other long-term loans
8. Long-term debt securities
9. Adjusted value of financial investments
10. Valuation margin of financial investments

Assets (participating interests, securities, loans) which have been invested by the company in another company or have been transferred to another company for the purpose of drawing income over the long term (dividends or interest) or for the ability to exercise influence, management or control therein shall be shown in the balance sheet under **financial investments**. Any value adjustments in long-term liabilities relating to trust funds, and in financial investments shall also be shown in the balance sheet under financial investments.

Affiliated company' shall mean

1. **'parent company'**: a company that effectively exercises a **dominant influence** over another company (hereinafter referred to as "subsidiary company"), either directly or through its subsidiary company, because it meets at least one of the following conditions:

a) based on its ownership percentage in the share capital, it solely controls the majority (in excess of 50 per cent) of the votes of the owners (shareholders), or

b) it solely controls the majority of votes based on agreement with the other owners (shareholders), or

c) in its capacity as an owner (shareholder) of the company, it is entitled to elect or dismiss the majority of executive employees or members of the supervisory board, or

d) based on a contract concluded with the owners (shareholders), or a provision of the instrument of constitution, it exercises dominant supervision and control, irrespective of its percentage in the share capital, voting ratio and the right to elect and dismiss executive employees;

2. **'subsidiary company'**: the business association over which the parent company exercises a **dominant influence**;

3. **'jointly controlled entity'** shall mean a business association in which, on the one hand, the parent company (or the consolidated subsidiary of the parent company), and on the other hand, one (or several) other enterprise(s), have **dominant influence** on an equal basis, with at least 33 per cent voting rights. A jointly controlled entity is managed jointly by the owners;

Investments (stocks, participating interests, other partnership shares) in equity securities ensuring long-term influence or control in affiliated companies shall be shown under **long-term participations in affiliated**

companies.

Long-term loans to affiliated companies shall include loans (including the receivables from financial leasing contracts and from sales by installment or deferred payment) and long-term bank deposits, where the performance of payment in the form of money or the closing of account is not due according to the agreement signed with a debtor (which can be defined as affiliated company) in the financial year following the current year.

Major participating interest' shall mean

- rights in the capital of other companies, whether or not represented by certificates, which, by creating a durable link with those companies, are intended to contribute to the activities of the company which holds those rights, and where it has **more than 20 per cent of the voting rights** in that other company.

Long-term loan to a company linked by virtue of major participating interest covers loans and bank deposits, where the debtor is a company linked by virtue of participating interest.

Other long-term participations shall include

- all long-term investments in equity securities, other than the participations in affiliated company and major participating interest. (under 20%)

Long-term loans to other companies linked by virtue of participating interest shall include the loans and long-term bank deposits where the debtor is another company linked by virtue of participating interest.

Other long-term loans shall include the loans and long-term bank deposits, where the debtor is not linked by virtue of participating interest.

Long-term debt securities shall include securities obtained for the purpose of investment, the maturity or redemption of which is not due in the financial year following the current year, and which the company does not intend to alienate in the financial year following the current year.

Under **value adjustments of financial investments** the difference between the market value - in excess of the cost - and the cost of the participating interests may be included.

Balance Sheet, december 31. 20X1.

<p>A/ FIXED ASSETS</p> <p>I. INTANGIBLE ASSETS _____</p> <p>II. TANGIBLE ASSETS _____</p> <p>III. FINANCIAL ASSETS _____</p> <p>B/ CURRENT ASSETS</p> <p>I. STOCKS _____</p> <p>II. DEBTORS _____</p> <p>III. SECURITIES _____</p> <p>IV. CASH AT BANK AND IN HAND _____</p> <p>C/ ACCRUED AND DEFERRED ASSETS _____</p>	<p>D/ EQUITY</p> <p>I. SUBSCRIBED CAPITAL _____</p> <p>II. SUBSCRIBED CAPITAL UNPAID (-) _____</p> <p>III. CAPITAL RESERVE _____</p> <p>IV. RETAINED EARNINGS _____</p> <p>V. TIED-UP RESERVE _____</p> <p>VI. REVALUATION RESERVE _____</p> <p>VII. PROFIT OR LOSS FOR THE YEAR _____</p> <p>E/ PROVISIONS _____</p> <p>F/ CREDITORS</p> <p>I. SUBORDINATED LIABILITIES _____</p> <p>II. LONG-TERM LIABILITIES _____</p> <p>III. CURRENT LIABILITIES _____</p> <p>G/ ACCRUALS AND DEFERRED INCOME _____</p>
TOTAL	TOTAL



Current assets shall comprise inventories, receivables which do not serve the company's interests on a long term basis, debt securities, equity securities and liquid assets.

I. Stocks

1. Raw materials and consumables
2. Work in progress and intermediate goods
3. Rearing animals, hogs and other livestock
4. Finished products
5. Goods
6. Payments on account for inventories

Inventories encompass assets serving the company's activities, directly or indirectly, which:

a) were acquired for the purpose of resale within the framework of regular (routine) business operations, and which remain unaltered before sold (goods, packaging, mediated services), however, their value may change;

*b)** are in a specific phase of production prior to sale [work in progress, (including services unfinished and not yet invoiced) and semi-finished products] or which are processed and completed, and are in the process of sale (finished products);

c) are to be used for the production of products to be sold or during the supply of services (raw materials).

Inventories shall, furthermore, include:

a) tangible assets (tools, instruments, equipment, fittings, work clothing, uniforms, protective clothing) until they are put into use, which serve the company's activities for a period of less than one year;

b) animals for breeding and fattening and other livestock, which increase in size and weight in result of production (husbandry), irrespective of the duration for which the company benefits from such animals;

The amounts - exclusive of any amount of deductible value added tax - transferred (paid, remitted) to suppliers of materials or goods, to suppliers of mediated services or to importers for imported supplies, on such grounds shall be shown under **advance payments on inventories**.

II. Debtors
1. Trade debtors
2. Amounts owed by affiliated companies
3. Amounts owed by companies with which the company is linked by virtue of major participating interests
4. Receivables from other companies linked by virtue of participating interests
5. Notes receivable
6. Other debtors
7. Valuation margin of receivables
8. Valuation margin of derivative instruments

Receivables are claims expressed in money for payment, arising lawfully from various supply, work, service and other contracts which are related to the supply of products and services, the sale of debt securities and equity securities, lending arrangements, advance payments (including interim dividends), covering also various other receivables, such as purchased receivables and receivables assumed without consideration and under other titles, which have already been performed by the company and have been accepted and acknowledged by the other party, furthermore, claims awarded by final court decisions.

Trade receivables (debtors) shall cover all accounts receivable for goods and services supplied by the company and accepted and acknowledged by the customer.

Receivables from affiliated companies shall include the claims the debtor of which is an affiliated company.

Receivables from companies linked by virtue of major participating interest shall include the claims where the major participating interest is held in the debtor company.

Receivables from companies linked by virtue of participating interests shall include the claims the debtor of which is a company linked by virtue of participating interests.

Bills receivable shall only include those which are due from companies linked by virtue of participating interests.

Other receivables shall include employee debts, tax refunds, subsidies already applied for but not yet received.

III. Securities

1. Shares in affiliated companies

2. Major participating interests

3. Other participating interests

4. Own shares and own partnership shares

5. Debt securities held for trading

6. Valuation margin of securities

Securities under current assets shall include securities purchased for investment purposes, as temporary, non-permanent investments, debt securities and investments in equity securities.

Short-term investments (equity shares, partnership shares, other participating interests) in equity securities of affiliated companies, usually purchased for dealing purposes for making a profit, shall be shown under participating interests in affiliated companies.

Major participating interest covers equity securities of company linked by virtue of major participating interest, held for trading and purchased in particular for making a profit.

Other participating interests shall include all temporary investments in equity securities, other than mentioned previously, purchased for dealing purposes.

Own shares and own partnership shares shall mean the company's own equity securities repurchased (acquired) by the company itself.

Securities purchased for dealing purposes or to earn interest revenues or achieve foreign exchange gains, and those which expire during the financial year following the current year shall be shown under debt securities held for trading.

IV. Cash at bank and in hand

1. Cash in hand, checks

2. Cash at bank

Liquid assets shall include cash, electronic money and checks, and bank deposits.

Balance Sheet, december 31. 20X1.

A/ FIXED ASSETS I. INTANGIBLE ASSETS II. TANGIBLE ASSETS III. FINANCIAL ASSETS B/ CURRENT ASSETS I. STOCKS II. DEBTORS III. SECURITIES IV. CASH AT BANK AND IN HAND C/ ACCRUED AND DEFERRED ASSETS	D/ EQUITY I. SUBSCRIBED CAPITAL II. SUBSCRIBED CAPITAL UNPAID (-) III. CAPITAL RESERVE IV. RETAINED EARNINGS V. TIED-UP RESERVE VI. REVALUATION RESERVE VII. PROFIT OR LOSS FOR THE YEAR E/ PROVISIONS F/ CREDITORS I. SUBORDINATED LIABILITIES II. LONG-TERM LIABILITIES III. CURRENT LIABILITIES G/ ACCRUALS AND DEFERRED INCOME
TOTAL	TOTAL

C. Accrued and deferred assets

1. Accrued income
2. Accrued expenses
3. Deferred expenses

Expenses incurred prior to the balance sheet date of the financial year, which can only be recognized as costs or expenditures (including deferred expenditures) in respect of the period following the balance sheet date, as well as revenues, interest and other income, which are only due after the balance sheet date but are to be accounted for in respect of the period concluded by the balance sheet.

Principle of accruals

The consequences of economic events concerning two or more financial years shall be recognized under the revenues and costs of the period in question in the proportion in which they are incurred between the underlying period and the accounting period.

In the balance sheet the company's equity capital, provisions, liabilities, and accrued expenses and deferred income shall be shown under liabilities.

Balance Sheet, december 31. 20X1.

A/ FIXED ASSETS	D/ EQUITY
I. INTANGIBLE ASSETS _____	I. SUBSCRIBED CAPITAL _____
II. TANGIBLE ASSETS _____	II. SUBSCRIBED CAPITAL UNPAID (-) _____
III. FINANCIAL ASSETS _____	III. CAPITAL RESERVE _____
B/ CURRENT ASSETS	IV. RETAINED EARNINGS _____
I. STOCKS _____	V. TIED-UP RESERVE _____
II. DEBTORS _____	VI. REVALUATION RESERVE _____
III. SECURITIES _____	VII. PROFIT OR LOSS FOR THE YEAR _____
IV. CASH AT BANK AND IN HAND _____	E/ PROVISIONS
C/ ACCRUED AND DEFERRED ASSETS	F/ CREDITORS
	I. SUBORDINATED LIABILITIES _____
	II. LONG-TERM LIABILITIES _____
	III. CURRENT LIABILITIES _____
	G/ ACCRUALS AND DEFERRED INCOME
TOTAL	TOTAL

Equity instruments may be shown under owner's equity only if made available to the company by its owner (shareholder), or which has been left by the owner (shareholder) with the company from the after-tax profit. The valuation reserve of adjustments and the fair value reserve shall also be directly included in equity.

A company's equity shall consist of subscribed capital (decreased by the amount which has not yet been paid up), capital reserve, retained earnings, tied-up reserves, valuation reserve, and the results after tax for the current year.

In the case of public limited companies, private limited-liability companies and other companies (if required to be registered by the court of registry in this respect), **subscribed capital** shall mean the capital registered by the court of registry in the amount specified in the instrument of constitution.

Subscribed capital unpaid shall mean the part of the capital registered by the court of registry that has not yet been paid or provided by the owners (shareholders) at the time of foundation, or the increase of the subscribed capital if the instrument of constitution (amendment of the instrument of constitution), pursuant to authorization conferred under the relevant legislation, permits payment after registration.

The following shall be shown as an increase in the **capital reserve**:

- in respect of limited companies, the difference between the issue price of the shares, including the price upon any capital increase (subscription price), and their face value;
- decrease of subscribed capital against the capital reserve;
- the amount transferred back from the tied-up capital reserve, at the time when released;
- the liquid assets and the value of assets transferred to the capital reserve on the basis of legal provisions, simultaneously upon realization of the cash or asset.

The following shall be shown as a decrease in the capital reserve:

- an increase of the subscribed capital from the available capital reserve;

- the amount used to off-set any deficit;
- the amount transferred from the capital reserve into the tied-up reserve;

The following shall be shown as an increase in **retained earnings**:

- the results after tax (profit) for the previous financial year,
- a reduction of the subscribed capital against the retained earnings;
- the capital reserve used to offset any deficit, as well as tied-up reserves;
- the amount returned from reserves tied-up from retained earnings, when released;
- liquid assets and the value of other assets placed into retained earnings on the basis of legal provisions, at the time of the transaction or transfer;

The following shall be shown as a decrease in retained earnings:

- the results after tax (loss) for the previous financial year,
- the increase of the subscribed capital from the available retained earnings;
- the amount transferred from retained earnings to a tied-up reserve;
- any dividends, profit-sharing and the yields on interest-bearing shares (including applicable taxes);
- for the owner (shareholder) of the company, the supplementary payment provided to cover the losses of the company, as required by law, at the time of the financial transaction, asset transfer;

The **tied-up reserve** shall consist of sums tied up from the capital reserve and/or from the retained earnings, and supplementary payments received.

The following shall be transferred from the capital reserve to the tied-up reserve: the reserves tied up pursuant to the relevant legislation or at the company's own discretion to cover liabilities;

The following shall be transferred from retained earnings to the tied-up reserve:

- the face value of repurchased own shares and own partnership shares and the book value of redeemable shares;
- the capitalized value of formation/restructuring and the capitalized value of experimental development, the amount of which is not yet written off;
- the reserves tied up pursuant to the relevant legislation or at the company's own discretion to cover liabilities or for its own purposes.

The following shall be shown separately as a **valuation reserve**:

- the value adjustments determined by market valuation shall be shown as the valuation reserve for adjustments, as well as
- the valuation difference deducted from equity on the basis of a fair valuation shall be shown as the fair value reserve.

The valuation reserve for adjustments, the fair value reserve and the valuation difference may only change by the same amount and only in relation to one another. Other equity components may not be supplemented and liabilities may not be satisfied from the valuation reserve.

Balance Sheet, december 31. 20X1.

A/ FIXED ASSETS

I. INTANGIBLE ASSETS _____

II. TANGIBLE ASSETS _____

III. FINANCIAL ASSETS _____

B/ CURRENT ASSETS

I. STOCKS _____

II. DEBTORS _____

III. SECURITIES _____

IV. CASH AT BANK AND IN HAND _____

C/ ACCRUED AND DEFERRED ASSETS

D/ EQUITY

I. SUBSCRIBED CAPITAL _____

II. SUBSCRIBED CAPITAL UNPAID (-) _____

III. CAPITAL RESERVE _____

IV. RETAINED EARNINGS _____

V. TIED-UP RESERVE _____

VI. REVALUATION RESERVE _____

VII. PROFIT OR LOSS FOR THE YEAR _____

E/ PROVISIONS

F/ CREDITORS

I. SUBORDINATED LIABILITIES _____

II. LONG-TERM LIABILITIES _____

III. CURRENT LIABILITIES _____

G/ ACCRUALS AND DEFERRED INCOME

TOTAL

TOTAL



E. Provisions

1. Provisions for contingent liabilities

2. Provisions for future expenses

3. Other provisions

Provisions shall be set aside from the pre-tax profit - to the extent necessary - to cover payment liabilities towards third persons which originate from past and current transactions and contracts [including, in particular, guarantee commitments prescribed in the relevant legislation, environmental protection obligations] and which, on the balance sheet date, are assumed or sure to be incurred, however, the amounts and the due dates of such liabilities are uncertain.

Provisions may be set aside from the pre-tax profit - to the extent necessary to establish the actual profit or loss - to cover contingent, major and recurrent liabilities (in particular, maintenance and upkeep costs, restructuring costs, payments related to environmental protection obligations) which, on the balance sheet date, are assumed or sure to be incurred in the future, however, the amounts and the actual date of such liabilities are uncertain.

Balance Sheet, december 31. 20X1.

<p>A/ FIXED ASSETS</p> <p>I. INTANGIBLE ASSETS _____</p> <p>II. TANGIBLE ASSETS _____</p> <p>III. FINANCIAL ASSETS _____</p> <p>B/ CURRENT ASSETS</p> <p>I. STOCKS _____</p> <p>II. DEBTORS _____</p> <p>III. SECURITIES _____</p> <p>IV. CASH AT BANK AND IN HAND _____</p> <p>C/ ACCRUED AND DEFERRED ASSETS _____</p>	<p>D/ EQUITY</p> <p>I. SUBSCRIBED CAPITAL _____</p> <p>II. SUBSCRIBED CAPITAL UNPAID (-) _____</p> <p>III. CAPITAL RESERVE _____</p> <p>IV. RETAINED EARNINGS _____</p> <p>V. TIED-UP RESERVE _____</p> <p>VI. REVALUATION RESERVE _____</p> <p>VII. PROFIT OR LOSS FOR THE YEAR _____</p> <p>E/ PROVISIONS _____</p> <p>F/ CREDITORS</p> <p>I. SUBORDINATED LIABILITIES _____</p> <p>II. LONG-TERM LIABILITIES _____</p> <p>III. CURRENT LIABILITIES _____</p> <p>G/ ACCRUALS AND DEFERRED INCOME _____</p>
TOTAL	TOTAL

Liabilities are the acknowledged debts expressed in money and arising from supply, work, service and other contracts which are related to supplies, services and the provision of money already performed by the supplier, company, service provider, creditor or lender, and accepted and acknowledged by the company, including the management operations concerning state property or local government property entrusted to an asset management company on the strength of statutory provision or legal authorization. There are subordinated, long-term and short-term liabilities.

I. Subordinated liabilities

1. Subordinated liabilities to affiliated companies
2. Subordinated liabilities to companies linked by virtue of major participating interests
3. Subordinated liabilities to other companies linked by virtue of participating interests
4. Subordinated liabilities to other economic entities

Subordinated liabilities shall include all loans that were in fact provided to the company, and where the relevant contract contains the lender's consent by which to permit the company to use the loan to pay off its debts and to acknowledge that the installments to repay the loan are ranked one before the last, preceding only the claims payable to the owners, and that - in the event of liquidation or bankruptcy of the borrower - repayment is subordinated whereas to satisfy the other creditors first, furthermore, that the deadline of repayment of the loan is either unspecified or is adjusted to future events, however, the original term is set for five or more years and that the loan cannot be repaid before the original maturity or before the date of termination fixed in the contract.

I. LONG TERM liabilities

1. Long-term loans
2. Convertible and equity bonds
3. Debenture loans
4. Investment and development credits
5. Other long-term credits
6. Long-term liabilities to affiliated companies
7. Long-term liabilities to companies linked by virtue of major participating interest
8. Long-term liabilities to other companies linked by virtue of participating interests
9. Other long-term liabilities

Long-term liabilities are, based on the contract concluded with the creditor, loans and credits received for a term of more than one year (including the issue of bonds), less repayments due within one financial year of the balance sheet date, including other long-term liabilities.

Liabilities in connection with convertible or equity bonds and with **other bonds issued** by the company shall be recorded separately from long-term loans.

The heading **long-term liabilities to affiliated companies** shall include those liabilities, where the maturity date of payment obligations (expressed in money) is beyond one year as fixed in the contract concluded with the creditor referred as affiliated company, including liabilities in connection with convertible or equity bonds and with other bonds issued by the company, if financial settlement thereof is not due in the year following the current year.

The heading **long-term liabilities to companies linked by virtue of major participating** interest shall include those liabilities, where the maturity date of payment obligations (expressed in money) is beyond one year as fixed in the contract concluded with the creditor holding a major participating interest, including liabilities in connection with convertible or equity bonds and with other bonds issued by the company, if financial settlement thereof is not due in the year following the current year.

The heading **long-term liabilities to companies linked by virtue of participating interests** shall include all liabilities of a term of over one year where the creditors are companies linked by virtue of other participating interests, if financial settlement is not due in the year following the current year.

1. CURRENT liabilities

1. Short-term loans
- showing separately: convertible or equity bonds
2. Short-term credits
3. Advances received from customers
4. Trade creditors
5. Bills payable
6. Short-term liabilities to affiliated companies
7. Short-term liabilities to companies linked by virtue of major participating interest
8. Short-term liabilities to other companies linked by virtue of participating interests
9. Other short-term liabilities
10. Valuation margin of liabilities

11. Valuation margin of derivative instruments

Short-term liabilities are loans and credits received for a term of one financial year or less, including, from long-term liabilities, installments repayable within one financial year from the balance sheet date (the amount of which shall be detailed in the notes on the accounts). Short-term liabilities, in general, include advance payments received from customers, obligations from the purchase of goods and services from suppliers, bills payable, dividends, profit-sharing and the yields on interest-bearing securities, and other short-term liabilities.

Payments related, in particular, to employees, the central budget and to local governments, the liabilities prescribed by legally binding resolutions shall be shown under other short-term liabilities.

Balance Sheet, december 31. 20X1.

A/ FIXED ASSETS	D/ EQUITY
I. INTANGIBLE ASSETS _____	I. SUBSCRIBED CAPITAL _____
II. TANGIBLE ASSETS _____	II. SUBSCRIBED CAPITAL UNPAID (-) _____
III. FINANCIAL ASSETS _____	III. CAPITAL RESERVE _____
B/ CURRENT ASSETS	IV. RETAINED EARNINGS _____
I. STOCKS _____	V. TIED-UP RESERVE _____
II. DEBTORS _____	VI. REVALUATION RESERVE _____
III. SECURITIES _____	VII. PROFIT OR LOSS FOR THE YEAR _____
IV. CASH AT BANK AND IN HAND _____	E/ PROVISIONS
C/ ACCRUED AND DEFERRED ASSETS	F/ CREDITORS
	I. SUBORDINATED LIABILITIES _____
	II. LONG-TERM LIABILITIES _____
	III. CURRENT LIABILITIES _____
	G/ ACCRUALS AND DEFERRED INCOME
TOTAL	TOTAL

The following shall be separately shown under **accrued expenses and deferred income**:

- income received and recognized prior to the balance sheet date, which form a part of revenues pertaining to the period following the balance sheet date;
- costs or expenditures charged to the period preceding the balance sheet date, which are incurred and invoiced only in the period following the balance sheet date;
- claims for compensation enforced and submitted against the company between the balance sheet date and the date of closing thereof, related to the financial year concluded by the balance sheet, any indemnification and costs of court proceedings which became known during such period of time;
- premiums and bonuses and any incidental charges thereof related to the financial year concluded by the balance sheet, which were established by the body authorized for approval, but not yet registered as liabilities.

The part of any financially settled non-repayable grant or subsidy, accounted for as other income, received to offset costs (expenditures), which was not used to offset any costs or expenditures during the financial year shall be shown under accrued expenses and deferred income. Such grant or subsidy shall be cancelled from accrued expenses and deferred income as soon as the costs or expenditures are actually realized, or the contract or financing agreement is performed.

Profit or loss statement (nature of expense method)

01. Net domestic sales
02. Net external sales
I. TOTAL NET SALES (01+02)
03. Variation in stocks of finished goods and in work in progress
04. Own work capitalized
II. WORK PERFORMED BY THE COMPANY FOR ITS OWN PURPOSES AND CAPITALIZED (+03+04)
III. OTHER INCOME
<i>Showing separately: impairment loss reversed</i>
05. Raw materials and consumables
06. Value of services consumed
07. Cost of other services
08. Cost of goods sold
09. Value of services sold (mediated)
IV. MATERIAL COSTS (05+06+07+08+09)
10. Wages and salaries
11. Other employee benefits
12. Contributions on wages and salaries
V. STAFF COSTS (10+11+12)
VI. DEPRECIATION
VII. OTHER OPERATING CHARGES
<i>Showing separately: impairment loss</i>
A. RESULTS OF OPERATING ACTIVITIES (I+II+III-IV-V-VI-VII)
13. Dividends and profit-sharing receivable
<i>Showing separately: from affiliated companies</i>
14. Income from participating interests, capital gains
<i>Showing separately: from affiliated companies</i>
15. Income from financial investments (equity shares, loans), capital gains
<i>Showing separately: from affiliated companies</i>
16. Other interest receivable and similar income
<i>Showing separately: from affiliated companies</i>
17. Other income from financial transactions
<i>Showing separately: valuation margin</i>
VIII. INCOME FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)
18. Expenses and losses on participating interests
<i>Showing separately: to affiliated companies</i>
19. Expenses on financial investments (equity shares, loans), losses
<i>Showing separately: to affiliated companies</i>
20. Interest (paid) payable and similar charges
<i>Showing separately: to affiliated companies</i>
21. Losses on shares, securities, long-term loans and bank deposits
22. Other expenses on financial transactions <i>Showing separately: valuation margin</i>
IX. EXPENSES ON FINANCIAL TRANSACTIONS (18+19+20+21+22)
B. PROFIT OR LOSS FROM FINANCIAL TRANSACTIONS (VIII-IX)
C. PROFIT OR LOSS BEFORE TAX (+A+B)
X. Tax expense
D. PROFIT AFTER TAX (+C-X)

Profit or loss statement (function of expense method)

01. Net domestic sales
02. Net external sales
I. TOTAL NET SALES (01+02)
03. Direct cost of sales
04. Cost of goods sold
05. Value of services sold (mediated)
II. DIRECT COST OF SALES (03+04+05)
III. GROSS PROFIT OR LOSS (I-II)
06. Sales and distribution costs
07. Administrative expenses
08. Other general overhead costs
IV. INDIRECT COST OF SALES (06+07+08)
V. OTHER INCOME
<i>Showing separately: impairment loss reversed</i>
VI. OTHER OPERATING CHARGES
<i>Showing separately: impairment loss</i>
A. RESULTS OF OPERATING ACTIVITIES (+III-IV+V-VI)
09. Dividends and profit-sharing receivable
<i>Showing separately: from affiliated companies</i>
10. Income from participating interests, capital gains
<i>Showing separately: from affiliated companies</i>
11. Income from financial investments (equity shares, loans), capital gains
<i>Showing separately: from affiliated companies</i>
12. Other interest receivable and similar income
<i>Showing separately: from affiliated companies</i>
13. Other income from financial transactions
<i>Showing separately: valuation margin</i>
VII. INCOME FROM FINANCIAL TRANSACTIONS (09+10+11+12+13)
14. Expenses and losses on participating interests
<i>Showing separately: to affiliated companies</i>
15. Expenses on financial investments (equity shares, loans), losses
<i>Showing separately: to affiliated companies</i>
16. Interest (paid) payable and similar charges
<i>Showing separately: to affiliated companies</i>
17. Losses on shares, securities, long-term loans and bank deposits
18. Other expenses on financial transactions <i>Showing separately: valuation margin</i>
VIII. EXPENSES ON FINANCIAL TRANSACTIONS (14+15+16+17+18)
B. PROFIT OR LOSS FROM FINANCIAL TRANSACTIONS (VII-VIII)
C. PROFIT OR LOSS BEFORE TAX (+A+B)
IX. Tax expense
D. PROFIT AFTER TAX (+C-IX)

Contents and Breakdown of the Profit and Loss Account

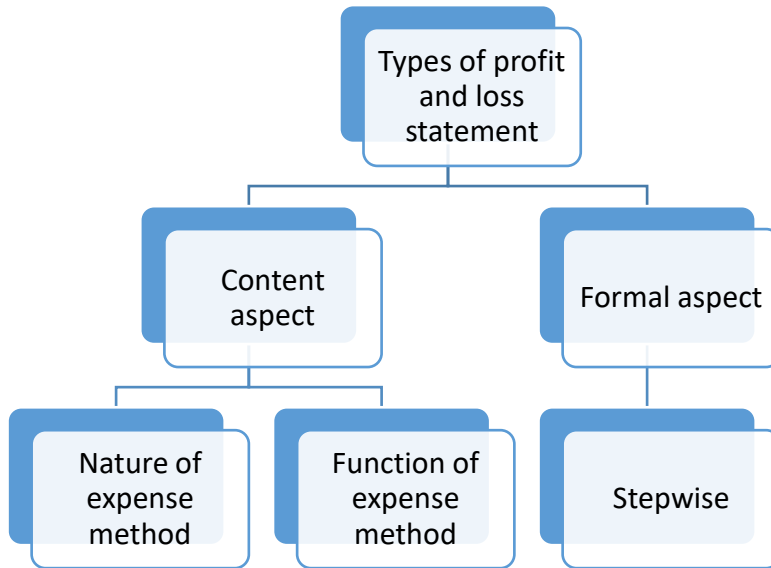
The profit and loss account shall contain a detailed account of the company's results after tax - with the effect of any major errors on the results after tax of (the) previous financial year(s) shown separately -, the main factors of import concerning the development or modification of profits or losses, as well as the components and elaboration of the results after tax.

The results after tax for the financial year shall comprise the income from operations and the income from financial transactions (hereinafter referred to collectively as "profit before tax"), less tax liabilities.

Income from operations can be determined in two different ways, depending on the company's decision:

a) one comprises the net sales revenues recognized for the financial year, the value of own work shown under assets and other income, less the total amount of material costs claimed for the financial year, staff costs, depreciation allowances and other operating charges (nature of expense method);

b) the other comprises the difference between net sales revenues recognized for in the financial year and the direct and indirect cost of sales, plus the difference between other income and other operating charges (function of expense method).



Types of profit and loss statement

- A. Results of operating activities
- B. Profit or loss from financial transactions
- C. Profit or loss before tax
- D. Profit after tax

Result categories of the profit and loss statement

Definition of the Items of the Profit and Loss Account

<i>Nature of expense method</i>	<i>Function of expense method</i>
+Net sales revenues	
+Other income	
±Own performance capitalized	
-Material costs	-Direct cost of sales
-Staff costs	
-Depreciation costs	-Indirect cost of sales
-Other operating charges	
±A. Results of operating activities	

Structure of results of operating activities

The consideration, excluding value added tax, received for the sale of inventories, whether purchased or own production, and for services supplied during the period of contractual performance in the financial year, increased by any price support and premium and reduced by discounts shall be shown under **net sales revenues**.

Own performance capitalized shall include the total (consolidated) amount of the capitalized value of assets of own production (shown among assets) in the financial year, including changes in inventories of self-constructed assets. The value of own performance effected within the company and shown among assets [tangible assets, intangible assets, value-added work], and young stock reclassified as breeding stock, as well as the value of assets of own production and own performance to be accounted for as other operating charges, calculated at direct cost, shall be shown under own performance capitalized (including any impairment loss in self-constructed assets).

Changes in inventories of self-constructed assets shall mean the difference between the closing inventory at the end of the financial year and the opening inventory at the beginning of the financial year.

Other income shall mean revenues not forming part of net sales revenues, which arise in the course of regular operations (business activity), and which are not shown under income from financial transactions. The following shall be recognized as other income:

- revenues related to insurance settlements;
- fines, contractual penalties, demurrage, late fees, fixed recovery costs, compensations, restitutions received;
- receivables previously declared irrecoverable and written off as credit losses for the previous financial year(s), when received;
- non-repayable grant or subsidy received to offset costs (expenditures) from resident or nonresident economic entities or natural persons, or from foreign organizations based on intergovernmental agreement or other contractual arrangement;
- in the case of the sale of intangible assets and tangible assets, furthermore, the difference between the income from the sale, transfer of intangible assets and tangible assets and their book value, if the income is higher than the book value, at the time of the sale, transfer;
- insurance settlements received or approved and confirmed before the balance sheet date in connection with insurance events that took place during the year under review or during the financial year preceding the current year;
- the positive margin on rounding off operations;
- the amounts of impairment loss reversed [including the amount of extraordinary depreciation reversed for intangible assets and tangible assets, and the amount of loss written down in connection with receivables and the impairment loss of inventories reversed].

Material costs shall include the value of raw materials purchased and used, the value of services used (purchased) including any non-deductible value added tax, the value of other services, the original cost of goods sold, and the value of services sold (intermediated).

- **Raw materials and consumables** shall include the cost of purchased raw materials used during the financial year, and the cost of animals for breeding and fattening and other livestock. Material costs shall be reduced by the value of any waste and recycled materials generated in the course of the production, the activity or the service, and by customs charges, excise taxes, product charges and return fees refunded.
- **Value of services consumed** shall include the cost of material- and non-material-type services, including any non-deductible value added tax, used during the financial year as invoiced, paid and contracted.
- **Other service activities** shall include the duties charged during the financial year, and not included (which may not be taken into account) in the cost of assets, administrative and service charges of authorities based on legal provisions, other administrative, service and procedural charges, bank costs (other than interests paid and payable) and sums charged as negative return (negative interest), insurance premiums, the amount of any tax, levy or product charge on goods of own production when delivered to the company's own retail establishment or when utilized in its own plant, in the amount invoiced, paid or contracted (calculated) or in the amount declared.
- **The original cost of goods sold** shall include the cost of materials and goods sold - on general principle - in an unaltered form during the financial year. The cost of refundable packaging sold shall be added to the cost of goods sold, and shall be deducted when refunded.

- **The value of services sold (intermediated)** shall include the cost of services purchased and sold in an unaltered state, at the time of sale.

Staff costs shall include the amounts accounted for as wages and salaries to employees or as labor charges to cooperative members, the amount withdrawn as consideration for the personal involvement of the owner (member) as a natural person, as well as other employee benefits and contributions on wages and salaries.

- **Wages and salaries** shall include all payments related to the financial year as remuneration to employees, workers and members in accordance with the relevant legislation, including the amount withdrawn as consideration for the personal involvement of the owner (member) as a natural person, the sums paid for work - and accounted as such - to persons in any form of employment relationship for the financial year (including any premiums and bonuses and extra monthly salaries paid and accounted for the financial year) all constituents of which can be considered as wages according to statistical accounts.
- **Other employee benefits** shall include the amounts paid to natural persons, and not accounted for as wage costs or contract fees, including any non-deductible value added tax thereof and the amount of personal income tax payable (paid) by the company on such payments.
- **Contributions on wages and salaries** shall include social contribution tax, vocational training contributions, and all other costs payable as taxes, which are established on the basis of staff costs or by the number of employees, irrespective of their designation.

The following shall be shown as **depreciation**:

- the amount of depreciation of intangible assets and tangible assets planned (defined)
- the amount charged upon commencement of use: the acquisition value of concessions and similar rights, intellectual property and tangible assets with an original or production cost of 200,000 forints each or less may, depending on the company's decision, be claimed in one lump sum as depreciation upon the commencement of use.

The cost (original or production cost) of intangible assets and tangible assets less the residual value estimated for the end of the useful life of the asset shall be distributed over the number of years in which such assets are expected to be used (ordinary depreciation).

The ratio of the annual depreciation to be recognized for the purchase and manufacturing costs (gross value) - or for the purchase and manufacturing costs (gross value) less any residual value in the case of realization of a residual value -, or for the net value (gross value less the amount of accumulated depreciation) or the cost as related to performance, and the absolute amount of depreciation shall be scheduled with regard to the expected use - and consequently the useful life - of the individual asset, its physical wear and tear and market obsolescence, as well as to the circumstances typical of the company's operations, and shall be applied following entry thereof in the accounting records from the date of commissioning or validation. The date when the asset is put into use within the framework of regular business operations shall be construed as the date of commissioning. Commissioning and validation shall be properly documented. Ordinary depreciation shall apply relating to intangible and tangible assets already commissioned, validated and put into operation while

such assets are used for their intended purpose.

Other operating charges shall cover the costs which are not related directly or indirectly to net sales revenues and which are incurred in the course of the regular operations (business activity), and which are not shown under expenses on financial transactions.

The following shall be recognized as other operating charges:

- settlements and other accounted payments, including any non-deductible value added tax, paid or to be paid in connection with insurance events that occurred before the balance sheet date and that became known before the balance sheet date;
- fines, penalties, default interests, demurrage, late fees, fixed recovery costs, compensations, restitutions paid or recognized and accounted for as payable before the balance sheet date, that were charged for periods preceding the balance sheet date;
- any non-repayable grant or subsidy provided to offset costs (expenditures) to resident or nonresident economic entities in connection with the current financial year;
- the amounts of any declared or payable taxes, duties and contributions for the current year, which do not constitute a part of costs and cannot be shown under expenses, settled with the subsystems of the central budget (central government accounts, extra-budgetary funds, accounts of local self-governments or the social security administration);
- the negative margin on rounding off operations;
- the value of record of assets - other than shares, securities, loans shown under financial investments and purchased receivables - transferred without consideration, and the cost of services provided

without consideration, including the value added tax charged and unpaid by the recipient;

- the amounts of provisions created during the financial year and any amounts added to such provisions;
- the amounts of receivables shown under current assets - other than purchased receivables - written off during the financial year as bad debts;
- in the case of the sale of intangible assets and tangible assets, furthermore, the difference between the income from the sale, transfer of intangible assets and tangible assets and their book value, if the book value is higher than the income, at the time of the sale, transfer;
- the book value of inventories, whether purchased or own production, that are missing or were destroyed during the financial year, and removed from the records;
- the difference between the value of a transferred (assigned) claim - shown under current assets - acknowledged by the assignee and recognized by the assignor (seller) of the original claim and its book value, if the book value is higher than the value acknowledged, at the time of transfer;
- any impairment loss, including extraordinary depreciation of intangible assets and tangible assets, the impairment of receivables and inventories claimed respectively;

Direct cost of sales shall include the direct costs of self-constructed assets sold and services supplied, the original cost of goods sold, and the value of services sold (intermediated).

The **indirect cost of sales** shall include the costs of sales and marketing activities and other general overhead.

- Sales and marketing costs shall include any extra costs related to sales (packaging, transport costs, commissions), warehousing costs of finished products and other merchandize, the costs of sales divisions and offices, and the costs of advertising, publicity and market research whether or not directly related to sales.
- The personnel, material and other costs of administration shall be shown under administration costs.
- Other general overhead shall include the other indirect costs of operations.

+Income from financial transactions
- Expenses on financial transactions
= ±Profit or loss from financial transactions

Profit or loss from financial transactions shall mean the difference between the income from and the expenses on financial transactions.

Income from financial transactions shall include dividends and profit-sharing (received or due), income from participating interests, capital gains, income from financial investment (equity shares, loans), capital gains, other interest and similar income (received or due), and other income from financial transactions.

Expenses on financial transactions shall include expenses, losses on participating interests, expenses, losses on financial investments (equity shares, loans), interest payable (paid) and similar expenses, other expenses on financial investments, and impairment loss of participating interests, equity shares, long term loans and bank deposits.

A. Results of operating activities
B. Profit or loss from financial transactions
=C. Profit or loss before tax

-The amount of tax established

=D. Profit after tax

Profit before tax comprises the results of operating activities and the income from financial transactions combined.

The amount of tax established (declared, levied) as payable on the pre-tax profit for the financial year (such as in particular corporate tax, foreign taxes that may be included therein, and any foreign tax where the income on which it is based is exempt from corporate tax under international agreement), and the amount of small business tax shall be shown under tax liabilities.

After-tax profit means the difference between profit before tax and tax liabilities, including changes in the deferred tax differential in the year.

6. ANNEXES
CHART OF ACCOUNTS (COA)

Section 1: FIXED ASSETS

11. Intangible assets

- 111. Capitalized value of formation/restructuring expenses
- 112. Capitalized value of research and development
- 113. Concessions, licenses and similar rights
- 114. Intellectual property products
- 115. Goodwill
- 117. Adjusted value of intangible assets
- 118. Extraordinary depreciation and reversal of intangible assets
- 119. Depreciation of intangible assets

12-16. Tangible assets

12. Land and buildings and rights to immovables

- 121. Land
- 123. Buildings
- 126. Rights to immovables
- 127. Adjusted value of land and buildings and rights to immovables
- 128. Extraordinary depreciation and reversal of land and buildings and rights to immovables
- 129. Depreciation of land and buildings and rights to immovables

13. Plant and machinery, vehicles

- 131. Machinery
- 132. Vehicles
- 137. Adjusted value of plant and machinery, vehicles
- 138. Extraordinary depreciation and reversal of plant and machinery, vehicles
- 139. Depreciation of plant and machinery, vehicles

14. Other equipment, fixtures and fittings, vehicles

- 141. Other equipment
- 142. Other vehicles
- 147. Adjusted value of other equipment, fixtures and fittings, vehicles
- 148. Extraordinary depreciation and reversal of other equipment, fixtures and fittings, vehicles
- 149. Depreciation of other equipment, fixtures and fittings, vehicles

15. Breeding stock

16. Assets in course of construction

- 161. Investments

162. Renovations

17-19. Financial investments

17. Long-term participations

171. Long-term participations in affiliated companies

172. Long-term major participating interests

173. Other long-term participations

177. Adjusted value of financial investments

178. Valuation margin of financial investments

179. Impairment loss and reversal

18. Securities signifying a long-term creditor relationship

181. Long-term debt securities

188. Valuation margin of financial investments

189. Impairment loss and reversal

19. Long-term credit

191. Long-term loans to affiliated companies

192. Long-term loans to companies linked by virtue of major participating interests

193. Long-term loans to other companies linked by virtue of participating interests

194. Other long-term loans

198. Valuation margin of financial investments

199. Impairment loss and reversal

Section 2: STOCKS

21-22. Raw materials and consumables

211. Raw materials

221. Auxiliary material

225. Consumables

23. Work in progress, intermediate and semi-finished products

231. Work in progress

235. Intermediate and semi-finished products

24. Animals for breeding and fattening and other livestock

25. Finished products

26-28. Goods

26. Commercial inventories

27. Mediated services

28. Refundable packaging

29. Impairment loss and reversal of stocks

Section 3: LIQUID ASSETS, SECURITIES, TRADE DEBTORS, DEBTORS, EMPLOYEES AND MEMBERS, THE CENTRAL BUDGET AND OTHER ORGANIZATIONS, AND DEFERRED EXPENSES AND ACCRUED INCOME
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31. Trade debtors

- 311. Domestic trade debtors
- 316. External trade debtors
- 319. Impairment loss and reversal of trade debtors

32. Receivables from affiliated undertakings

- 321. Amounts owed by affiliated companies
- 322. Amounts owed by companies with which the company is linked by virtue of major participating interests
- 323. Receivables from other companies linked by virtue of participating interests
- 329. Impairment loss and reversal of receivables from affiliated undertakings

33. Subscribed capital unpaid**34. Notes receivable****35. Advances and prepayments**

- 351. Advances and payments on account in respect of tangible assets
- 352. Payments on account and tangible assets in the course of construction
- 353. Payments on account for inventories
- 354. Other advances
- 359. Impairment loss and reversal of advances and prepayments

36. Other receivables

- 361. Employee debts
- 364. Other short-term loans
- 368. Other receivables
- 369. Impairment loss and reversal of other receivables

37. Securities

- 371. Shares in affiliated companies
- 372. Major participating interests
- 373. Other participating interests
- 374. Own shares and own partnership shares
- 375. Debt securities held for trading
- 376. Valuation margin of securities
- 379. Impairment loss and reversal of securities

38. Liquid assets

- 381. Cash in hand
- 384. Cash at bank

39. Accrued and deferred assets

- 391. Accrued income
- 392. Accrued expenses
- 393. Deferred expenses

Section 4: THE SOURCES OF ASSETS

41. Equity

- 411. Subscribed capital
- 412. Capital reserve
- 413. Retained earnings
- 415. Tied-up reserve
- 417. Revaluation reserve
- 419. Profit or loss for the year

42. Provisions

- 411. Provisions for contingent liabilities
- 422. Provisions for future expenses
- 423. Other provisions

43-47. Creditors

43. Subordinated liabilities

- 431. Subordinated liabilities to affiliated companies
- 432. Subordinated liabilities to companies linked by virtue of major participating interests
- 433. Subordinated liabilities to other companies linked by virtue of participating interests
- 434. Subordinated liabilities to other economic entities

44. Long-term liabilities

- 441. Long-term loans
- 442. Convertible and equity bonds
- 443. Debenture loans
- 444. Investment and development credits
- 445. Other long-term credits
- 446. Long-term liabilities to affiliated companies
- 447. Long-term liabilities to companies linked by virtue of major participating interest
- 448. Long-term liabilities to other companies linked by virtue of participating interests
- 449. Other long-term liabilities

45-47. Current liabilities

- 451. Short-term loans
- 452. Short-term credits
- 453. Advances received from customers
- 454. Trade creditors
- 455. Suppliers of assets in course of construction
- 456. Bills payable
- 457. Short-term liabilities to affiliated companies
- 458. Short-term liabilities to companies linked by virtue of major participating interest
- 459. Short-term liabilities to other companies linked by virtue of participating interests
- 46-47. Other short-term liabilities
- 461. Tax payment
- 463. Payments related to employees (contributions)
- 465. Tax duty
- 471. Payments related to employees (salary, wages)

48. Accruals and deferred income

- 481. Accrued and deferred income
- 482. Deferred costs and expenses
- 483. Deferred income

49. Account of balance sheets

- 491. Account of opening balance sheet
- 492. Account of closing balance sheet
- 493. Settlement of profit after taxes

Section 5: COSTS

- 51. Raw materials and consumables**
- 52. Value of services consumed**
- 53. Cost of other services**
- 54. Wages and salaries**
- 55. Other employee benefits**
- 56. Contributions on wages and salaries**
- 57. Depreciation**
- 58. Work performed by the company for its own purposes and capitalized**
- 581. Variation in stocks of finished goods and in work in progress
- 582. Own work capitalized
- 59. Transition account of expenses OR offset account of expenses**

Section 6: INDIRECT COSTS

Section 7: DIRECT COSTS

Section 8: EXPENSES

In case the profit and loss account is made in nature of expense method

81. Material costs

- 811. Raw materials and consumables
- 812. Value of services consumed
- 813. Cost of other services
- 814- Cost of goods sold
- 815. Value of services sold (mediated)

82. Staff costs

- 821. Wages and salaries
- 822. Other employee benefits
- 823. Contributions on wages and salaries

83. Depreciation write-off

In case the profit and loss account is made in function of expense method

81-84. Direct cost of sales

85. Indirect cost of sales

- 851. Sales and distribution costs
- 852. Administrative expenses
- 853. Other general overhead costs

86. Other operating charges

87. Expenses on financial transactions

89. Tax expense

Section 9: SALES REVENUES AND INCOME

91-94. Sales revenues

- 91-92. Net domestic sales
- 93-94. Net external sales

96. Other income

97. Income from financial transaction

Section 0: RECORDS OF ACCOUNTS

Balance sheet (Version "A")

A. FIXED ASSETS	D. EQUITY
I. INTANGIBLE ASSETS	I. SUBSCRIBED CAPITAL
1. Capitalized value of formation/restructuring expenses	Showing separately: ownership shares repurchased at nominal value
2. Capitalized value of research and development	II. SUBSCRIBED CAPITAL UNPAID (-)
3. Concessions, licenses and similar rights	III. CAPITAL RESERVE
4. Intellectual property products	IV. RETAINED EARNINGS
5. Goodwill	V. TIED-UP RESERVE
6. Advances and payments on account in respect of tangible assets	VI. REVALUATION RESERVE
7. Adjusted value of intangible assets	1. Valuation reserve for adjustments
II. TANGIBLE ASSETS	2. Fair value reserve
1. Land and buildings and rights to immovables	VII. PROFIT OR LOSS FOR THE YEAR
2. Plant and machinery, vehicles	E. PROVISIONS
3. Other fixtures and fittings, tools and equipment, vehicles	1. Provisions for contingent liabilities
4. Breeding stock	2. Provisions for future expenses
5. Assets in the course of construction	3. Other provisions
6. Payments on account and tangible assets in the course of construction	F. CREDITORS
7. Adjusted value of tangible assets	I. SUBORDINATED LIABILITIES
III. FINANCIAL INVESTMENTS	1. Subordinated liabilities to affiliated companies
1. Long-term participations in affiliated companies	2. Subordinated liabilities to companies linked by virtue of major participating interests
2. Long-term loans to affiliated companies	3. Subordinated liabilities to other companies linked by virtue of participating interests
3. Long-term major participating interests	4. Subordinated liabilities to other economic entities
4. Long-term loans to companies linked by virtue of major participating interests	II. LONG-TERM LIABILITIES
5. Other long-term participations	1. Long-term loans
6. Long-term loans to other companies linked by virtue of participating interests	2. Convertible and equity bonds
7. Other long-term loans	3. Debenture loans
8. Long-term debt securities	4. Investment and development credits
9. Adjusted value of financial investments	5. Other long-term credits
10. Valuation margin of financial investments	6. Long-term liabilities to affiliated companies
B. CURRENT ASSETS	7. Long-term liabilities to companies linked by virtue of major participating interest
I. STOCKS	8. Long-term liabilities to other companies linked by virtue of participating interests
1. Raw materials and consumables	9. Other long-term liabilities
2. Work in progress and intermediate goods	III. CURRENT LIABILITIES
3. Rearing animals, hogs and other livestock	1. Short-term loans
4. Finished products	- showing separately: convertible or equity bonds
5. Goods	2. Short-term credits
6. Payments on account for inventories	3. Advances received from customers
II. DEBTORS	4. Trade creditors
1. Trade debtors	5. Bills payable
2. Amounts owed by affiliated companies	6. Short-term liabilities to affiliated companies
3. Amounts owed by companies with which the	7. Short-term liabilities to companies linked by virtue

company is linked by virtue of major participating interests	of major participating interest
4. Receivables from other companies linked by virtue of participating interests	8. Short-term liabilities to other companies linked by virtue of participating interests
5. Notes receivable	9. Other short-term liabilities
6. Other debtors	10. Valuation margin of liabilities
7. Valuation margin of receivables	11. Valuation margin of derivative instruments
8. Valuation margin of derivative instruments	G. ACCRUALS AND DEFERRED INCOME
III. SECURITIES	1. Accrued and deferred income
1. Shares in affiliated companies	2. Deferred costs and expenses
2. Major participating interests	3. Deferred income
3. Other participating interests	
4. Own shares and own partnership shares	
5. Debt securities held for trading	
6. Valuation margin of securities	
IV. CASH AT BANK AND IN HAND	
1. Cash in hand, checks	
2. Cash at bank	
C. ACCRUED AND DEFERRED ASSETS	
1. Accrued income	
2. Accrued expenses	
3. Deferred expenses	
TOTAL ASSETS	TOTAL LIABILITIES

Balance sheet (Version “B”)

A. FIXED ASSETS
I. INTANGIBLE ASSETS
1. Capitalized value of formation/restructuring expenses
2. Capitalized value of research and development
3. Concessions, licenses and similar rights
4. Intellectual property products
5. Goodwill
6. Advances and payments on account in respect of tangible assets
7. Adjusted value of intangible assets
II. TANGIBLE ASSETS
1. Land and buildings and rights to immovables
2. Plant and machinery, vehicles
3. Other fixtures and fittings, tools and equipment, vehicles
4. Breeding stock
5. Assets in the course of construction
6. Payments on account and tangible assets in the course of construction
7. Adjusted value of tangible assets
III. FINANCIAL INVESTMENTS
1. Long-term participations in affiliated companies
2. Long-term loans to affiliated companies
3. Long-term major participating interests
4. Long-term loans to companies linked by virtue of major participating interests
5. Other long-term participations
6. Long-term loans to other companies linked by virtue of participating interests
7. Other long-term loans
8. Long-term debt securities
9. Adjusted value of financial investments
10. Valuation margin of financial investments
B. CURRENT ASSETS
I. STOCKS
1. Raw materials and consumables
2. Work in progress and intermediate goods
3. Rearing animals, hogs and other livestock
4. Finished products
5. Goods
6. Payments on account for inventories
II. DEBTORS
1. Trade debtors
2. Amounts owed by affiliated companies
3. Amounts owed by companies with which the company is linked by virtue of major participating interests
4. Receivables from other companies linked by virtue of participating interests
5. Notes receivable
6. Other debtors
7. Valuation margin of receivables
8. Valuation margin of derivative instruments
III. SECURITIES
1. Shares in affiliated companies
2. Major participating interests
3. Other participating interests
4. Own shares and own partnership shares
5. Debt securities held for trading
6. Valuation margin of securities
IV. CASH AT BANK AND IN HAND
1. Cash in hand, checks
2. Cash at bank

C. ACCRUED AND DEFERRED ASSETS
1. Accrued income
2. Accrued expenses
3. Deferred expenses
D. AMOUNTS BECOMING DUE AND PAYABLE WITHIN ONE YEAR
1. Short-term loans
- showing separately: convertible or equity bonds
2. Short-term credits
3. Advances received from customers
4. Trade creditors
5. Bills payable
6. Short-term liabilities to affiliated companies
7. Short-term liabilities to companies linked by virtue of major participating interest
8. Short-term liabilities to other companies linked by virtue of participating interests
9. Other short-term liabilities
10. Valuation margin of liabilities
11. Valuation margin of derivative instruments
E. ACCRUALS AND DEFERRED INCOME
1. Accrued and deferred income
2. Deferred costs and expenses
3. Deferred income
F. BALANCE OF CURRENT ASSETS - SHORT-TERM LIABILITIES (B+C-D-E)
G. TOTAL ASSETS LESS LIABILITIES DUE AND PAYABLE WITHIN ONE YEAR (A+F)
H. AMOUNTS BECOMING DUE AND PAYABLE AFTER MORE THAN ONE YEAR
I. LONG-TERM LIABILITIES
1. Long-term loans
2. Convertible and equity bonds
3. Debenture loans
4. Investment and development credits
5. Other long-term credits
6. Long-term liabilities to affiliated companies
7. Long-term liabilities to companies linked by virtue of major participating interest
8. Long-term liabilities to other companies linked by virtue of participating interests
9. Other long-term liabilities
II. SUBORDINATED LIABILITIES
1. Subordinated liabilities to affiliated companies
2. Subordinated liabilities to companies linked by virtue of major participating interests
3. Subordinated liabilities to other companies linked by virtue of participating interests
4. Subordinated liabilities to other economic entities
I. PROVISIONS
1. Provisions for contingent liabilities
2. Provisions for future expenses
3. Other provisions
J. EQUITY
I. SUBSCRIBED CAPITAL
Showing separately: ownership shares repurchased at nominal value
II. SUBSCRIBED CAPITAL UNPAID (-)
III. CAPITAL RESERVE
IV. RETAINED EARNINGS
V. TIED-UP RESERVE
VI. REVALUATION RESERVE
1. Valuation reserve for adjustments
2. Fair value reserve
VII. PROFIT OR LOSS FOR THE YEAR