

Computer expenses	200		200
Depreciation		6167	6167
Motor expenses	1000		1000
Printing and stationery	400		400
Salaries	6000	20000	26000
			0
Telephones	1100		1100
			0
Cost of sales	140000		140000
			0
Sales	-280000		-280000
Profit for period			-100883
Computers	30000		30000
Provision for depreciation - computers	-10000	-1667	-11667
Furniture	20000		20000
Provision for depreciation - furniture	-7000	-500	-7500
Motor vehicles	120000		120000
Provision for depreciation - motor vehicles	-24000	-4000	-28000
			0
Loan Mr Zeet	-729000	-20000	-749000
			0
Bank account	600000	127050	727050
			0
	0	0	0
	0	0	0
	0	0	0

The above general ledger spread sheet has been prepared using an electronic spread sheet package. The benefits being that the additions both across the page and down the page are performed automatically once the addition functions are activated. This also allows for easy changes when entries need to be changed due to entries being overlooked or management salaries being adjusted after the initial profit has been determined.

Spread sheets are often used by management of companies with sophisticated accounting packages during the year to avoid raising and reversing certain provisions which may alter during the year and some of these provisions are only determined with absolute accuracy at the year-end date. Today trial balances can be electronically imported into a spread sheet at the touch of a button, estimates of bad debts, closing stock figures, provisions for court actions, can be made which may alter significantly by the year-end and are therefore made outside the general ledger until such time as the final figures are available.

Spreadsheets

Spreadsheets are ideal for fixed asset registers. Limited companies are obliged to maintain a fixed asset and below is an example of the fixed asset register of ABC Ltd

Furniture and equipment

Year ended 31st December 2022 - depreciation at 15 % per annum on residual value

Details	Date acquired	Cost	Residual Value	Balance 2021.12.31	Deprec 2022.12.31	Balance 2022.12.31
Credenza	1st July 2021	420	84	336	50	286
Filing cabinet	1st July 2021	570	114	456	68	388
Swivel chair	1st July 2021	525	105	420	63	357
Chair	1st July 2021	200	40	160	24	136
Chair	1st July 2021	200	40	160	24	136

Chair	1st July 2021	200	40	160	24	136
Table	1st July 2021	440	88	352	53	299
Table	1st July 2021	440	88	352	53	299
Meeting table	1st July 2021	2450	490	1960	294	1666
Carpets	1st July 2021	12321	2464	9857	1478	9857
Blinds	1st Oct 2021	4685	937	3748	562	3748
		<u>22451</u>	<u>4490</u>	<u>17961</u>	<u>2693</u>	<u>17308</u>

In the above example the residual value is estimated to not drop below twenty percent of the purchase price and is immediately deducted from the cost of the asset. The balance remaining depreciated at fifteen percent of the reduced value on a fixed line basis per annum

Using the same assets but not providing for the initial residual value and calculating depreciation on the original cost the fixed asset register would be as below: -

Furniture and equipment

Year ended 31st December 2022 - depreciation at 15 % per annum on cost on straight line basis

Details	Date acquired	Cost	Deprec	Balance
			2022.12.31	2022.12.31
Credenza	1st July 2021	420	63	357
Filing cabinet	1st July 2021	570	86	484
Swivel chair	1st July 2021	525	79	446
Chair	1st July 2021	200	30	170
Chair	1st July 2021	200	30	170
Chair	1st July 2021	200	30	170
Table	1st July 2021	440	66	374
Table	1st July 2021	440	66	374
Meeting table	1st July 2021	2450	367	2083
Carpets	1st July 2021	12321	1848	10473
Blinds	1st Oct 2021	4685	703	3982
		<u>22451</u>	<u>3368</u>	<u>19083</u>

In the second example the rate of depreciation is higher, but depreciation is a notional exercise as one chair will have a lifetime different to that of another chair of the same make and design. In this example it is necessary to determine if the assets have a value of not less than the value in the register at the end of each year.

Spread sheets are also ideal for calculating interest on loan accounts especially where there are multiple entries in the loan accounts and interest rates fluctuate during the year or period. In small private companies the main shareholders provide bridging finance from time to time by depositing money into their loan accounts. Once the need for the finance has passed, they withdraw the excess funds. They often live off their loan accounts until such time as their annual salaries have been determined. Loans are also made between group companies and interest paid on those loans.

Specimen interest calculator		Balance forward			14038.50
Date	Opening balance	Payments	Receipts	Interest	Closing Balance
1st Jan 2020	14038.50			2.19	14040.69
2nd Jan 2020	14040.69		10000.00	2.19	24042.88
3rd Jan 2020	24042.88			3.75	24046.64
4th Jan 2020	24046.64		20000.00	3.76	44050.39

5th Jan 2020	44050.39		6.88	44057.27
6th Jan 2020	44057.27		6.88	44064.15
7th Jan 2020	44064.15		6.88	44071.04
8th Jan 2020	44071.04		6.88	44077.92
9th Jan 2020	44077.92		6.88	44084.80
10th Jan 2020	44084.80		6.88	44091.69
11th Jan 2020	44091.69		6.89	44098.57
12th Jan 2020	44098.57		6.89	44105.46
13th Jan 2020	44105.46		6.89	44112.35
14th Jan 2020	44112.35	50000.00	6.89	94119.23
15th Jan 2020	94119.23		14.70	94133.93
16th Jan 2020	94133.93		14.70	94148.63
17th Jan 2020	94148.63		14.70	94163.34
18th Jan 2020	94163.34	-5000.00	14.70	89178.04
19th Jan 2020	89178.04		13.93	89191.97
20th Jan 2020	89191.97		13.93	89205.90
21st Jan 2020	89205.90		13.93	89219.83
22nd Jan 2020	89219.83		13.93	89233.76
23rd Jan 2020	89233.76		13.94	89247.69
24th Jan 2020	89247.69		13.94	89261.63
25th Jan 2020	89261.63		13.94	89275.57
26th Jan 2020	89275.57		13.94	89289.51
27th Jan 2020	89289.51		13.94	89303.46
28th Jan 2020	89303.46		13.95	89317.40
29th Jan 2020	89317.40		13.95	89331.35
30th Jan 2020	89331.35		13.95	89345.30
31st Jan 2020	89345.30		13.95	89359.25
		-5000	80000	320.75

The above spread sheet has only been prepared for the month of January 2020. In practice one would prepare the loan account for the whole year and the above working would be extended by dragging down the formula in each column in the above example. The totals would be moved down to the bottom of the spread sheet.

The interest charged in the above example can be altered from any date reflected in the spread sheet by merely changing the rate of interest in the formula in the interest column.