**İbrahimova Elnur\_Maliyyə hesabatlarının təhlili**

1. Acme Enterprises, a hypothetical company, manufactures computers and prepares itsfinancial statements in accordance with IFRS. In 2008, the cost of ending inventory was€5.2 million but its net realisable value was €4.9 million. The current replacement costof the inventory is €4.7 million. This figure exceeds the net realisable value less anormal profit margin. In 2009, the net realisable value of Acme’s inventory was €0.5million greater than the carrying amount.
	1. What was the effect of the write-down on Acme’s 2008 financial statements?What was the effect of the recovery on Acme’s 2009 financial statements?
2. For its fiscal year-end, Sublyme Corporation reported net income of $200 million and a weighted average of 50,000,000 common shares outstanding. There are 2,000,000 convertible preferred shares outstanding that paid an annual dividend of $5. Each preferred share is convertible into two shares of the common stock. Calculate the diluted EPS.
3. Explain how the cash flow statement is linked to the income statement and the balance sheet.
4. How can financial statement analysis be used to evaluate the credit quality of a potential fixed-income investment?
5. A credit analyst is evaluating the solvency of Eskom, a South African public utility based on financial statements for the year ended 31 March 2017. The following data are gathered from the company’s 2017 annual report:

South African Rand, millions **2017 2016 2015**

Total Assets 710,009 663,170 559,688

Short Term Debt 18,530 15,688 19,976

Long Term Debt 336,770 306,970 277,458

Total Liabilities 534,067 480,818 441,269

Total Equity 175,942 182,352 118,419

* 1. Calculate the company’s financial leverage ratio for 2016 and 2017.
	2. What are the company’s debt-to-assets, debt-to-capital, and debt-to-equity ratios for the three years?
1. Describe the differences between accounting profit and taxable income and define keyterms, including deferred tax assets, deferred tax liabilities, valuation allowance, taxespayable, and income tax expense.
2. Explain issues that analysts should consider when examining a company’s inventorydisclosures and other sources of information.
3. Brown Corporation had average days of sales outstanding of 19 days in the most recent fiscal year. Brown wants to improve its credit policies and collection practices and decrease its collection period in the next fiscal year to match the industry average of 15 days. Credit sales in the most recent fiscal year were $300 million, and Brown expects credit sales to increase to $390 million in the next fiscal year. To achieve Brown’s goal of decreasing the collection period, the change in the average accounts receivable balance that must occur is closest to how much million?
4. Distinguish between financial reporting quality and quality of reported results (including quality of earnings, cash flow, and balance sheet items).
5. Explain the forecast a company’s future net income and cash flow.
6. Describe the measurement of inventory at the lower of cost and net realisable value.
7. Explain appropriate analyst adjustments to a company’s financial statements to facilitate comparison with another company.
8. Explain the steps in the preparation of direct and indirect cash flow statements, including how cash flows can be computed using income statement and balance sheet data.
9. At the beginning of 2009, Glass Manufacturing purchased a new machine for its assembly line at a cost of $600,000. The machine has an estimated useful life of 10 years and estimated residual value of $50,000. Under the straight-line method, how much depreciation would Glass take in 2010 for financial reporting purposes?
10. Classify, calculate, and interpret activity, liquidity, solvency, profitability, and valuation ratios.
11. Acme Enterprises, a hypothetical company, manufactures computers and prepares its financial statements in accordance with IFRS. In 2008, the cost of ending inventory was €5.2 million but its net realisable value was €4.9 million. The current replacement cost of the inventory is €4.7 million. This figure exceeds the net realisable value less a normal profit margin. In 2009, the net realisable value of Acme’s inventory was €0.5million greater than the carrying amount.
12. Describe accounting warning signs and methods for detecting manipulation of information in financial reports.
13. Explain how a company’s strategy is reflected in past financial performance
14. Contrast cash flow statements prepared under International Financial Reporting Standards (IFRS) and US generally accepted accounting principles (US GAAP).
15. Distinguish between conservative and aggressive accounting and describe a spectrum for assessing financial reporting quality.
16. Distinguish between a finance lease and an operating lease from the perspectives of the lessor and the lessee.
17. CAPBS Inc. enters into a lease agreement to acquire the use of a piece of machinery for four years beginning on 1January 2010. The lease requires four annual payments of €28,679 starting on 1 January 2010. The useful life of themachine is four years, and its salvage value is zero. CAPBS accounts for the lease as a finance lease. The fair value ofthe machine is €100,000. The present value of the lease payments using the company’s discount rate of 10 percent is€100,000. (A reminder is relevant for present value calculations: Lease payments are made at the beginning of eachperiod.) The company uses straight-line depreciation.
	1. What is the amount of the lease liability reported on the balance sheet on 1 January 2010? What interest expenseis reported in fiscal year 2010?
	2. What is the amount of the lease liability reported on the balance sheet on 31 December 2010? What interestexpense is reported in fiscal year 2011?
18. BILDA S.A., a hypothetical company, borrows €1,000,000 at an interest rate of 10 percent per year on 1 January 2010 to finance theconstruction of a factory that will have a useful life of 40 years. Construction is completed after two years, during which time the companyearns €20,000 by temporarily investing the loan proceeds.
	1. What is the amount of interest that will be capitalised under IFRS, and how would that amount differ from the amount that would becapitalised under US GAAP?
	2. Where will the capitalised borrowing cost appear on the company’s financial statements?
19. Explain mechanisms that discipline financial reporting quality and the potential limitations of those mechanisms.
20. Explain the use of financial statement analysis in screening for potential equity investments.
21. Assume REH AG, a hypothetical company, incurs expenditures of €1,000 per month during the fiscal year ended 31 December 2009 todevelop software for internal use. Under IFRS, the company must treat the expenditures as an expense until the software meets the criteria forrecognition as an intangible asset, after which time the expenditures can be capitalised as an intangible asset.
	1. What is the accounting impact of the company being able to demonstrate that the software met the criteria for recognition as anintangible asset on 1 February versus 1 December?
22. Explain the financial statement impact of sales-type lease for the lessor.
23. CAPBS Inc. enters into a lease agreement to acquire the use of a piece of machinery for four years beginning on 1January 2010. The lease requires four annual payments of €28,679 starting on 1 January 2010. The useful life of themachine is four years, and its salvage value is zero. CAPBS accounts for the lease as a finance lease. The fair value ofthe machine is €100,000. The present value of the lease payments using the company’s discount rate of 10 percent is€100,000. (A reminder is relevant for present value calculations: Lease payments are made at the beginning of eachperiod.) The company uses straight-line depreciation.
	1. Comment on the appropriateness of CAPBS treating the lease agreement as a finance lease under IFRS and acapital lease under US GAAP.
	2. What is the amount reported as a leased asset on the balance sheet on 1 January 2010? What depreciation expenseis reported in fiscal year 2010?
	3. What is the amount of the machinery reported as a leased asset on the balance sheet on 31 December 2010?
24. Explain the financial reporting treatment and analysis of non-recurring items (including discontinued operations, unusual or infrequent items) and changes in accounting policies.
25. Describe conditions that are conducive to issuing low-quality, or even fraudulent, financial reports.
26. Global Sales, Inc. (GSI) is a hypothetical distributor of consumer products, includingbars of violet essence soap. The soap is sold by the kilogram. GSI began operations in2009, during which it purchased and received initially 100,000 kg of soap at 110yuan/kg, then 200,000 kg of soap at 100 yuan/kg, and finally 300,000 kg of soap at 90yuan/kg. GSI sold 520,000 kg of soap at 240 yuan/kg. GSI stores its soap in itswarehouse so that soap from each shipment received is readily identifiable. During2009, the entire 100,000 kg from the first shipment received, 80,000 kg of the secondshipment received, and 240,000 kg of the final shipment received was sent to customers.Answers to the following questions should be rounded to the nearest 1,000 yuan.

a) What are the reported cost of sales, gross profit, and ending inventory balances for2009 under the weighted average cost method?

b) What are the reported cost of sales, gross profit, and ending inventory balances for2009 under the FIFO method?

1. Compare the financial reporting of the following types of intangible assets: purchased, internally developed, acquired in a business combination.
2. Sussex, a hypothetical manufacturing company in the United Kingdom, has a machine it uses to produce a single product. The demand for theproduct has declined substantially since the introduction of a competing product. The company has assembled the following information withrespect to the machine:

Carrying amount £18,000

Undiscounted expected future cash flows £19,000

Present value of expected future cash flows £16,000

Fair value if sold £17,000

Costs to sell £2,000

* 1. Under IFRS, what would the company report for the machine?
	2. Under US GAAP, what would the company report for the machine?
1. Convert cash flows from the indirect to direct method.
2. Distinguish between dilutive and antidilutive securities and describe the implications of each for the earnings per share calculation.
3. Explain the main role of financial reporting and financial statement respectively.
4. Explain the use of the results of the accounting process in security analysis.
5. Explain the importance of the income statement.
6. Distinguish between the operating and non-operating components of the income statement.
7. Explain how capitalising versus expensing costs in the period in which they are incurred affects financial statements and ratios.
8. Explain the need for accruals and other adjustments in preparing financial statements.
9. Describe the International Financial Reporting Standards (IFRS) framework, including the the objective of financial statements, their qualitative characteristics, required reporting elements, and the constraints and assumptions in preparing financial statements.
	* 1. Firm A has a Return on Equity (ROE) equal to 24%, while firm B has an ROE of 15% during the same year. Both firms have a total debt ratio (D/V) equal to 0.8. Firm A has an asset turnover ratio of 0.9, while firm B has an asset turnover ratio equal to 0.4. In this case, compare the profit margin between the firms.
	1. Explain the dupont analysis in the financial statements
10. Calculate and interpret free cash flow to the firm, free cash flow to equity, and performance and coverage cash flow ratios.
11. Assume a (hypothetical) company, Selnow Inc., owns a piece of machinery and enters into an agreement to lease the machinery on 1 JanuaryYear 1. In the lease contract, the company requires four annual payments of €28,679 starting on 1 January Year 1. The present value of thelease payments (using a 10 percent discount rate) is €100,000, and the fair value of the equipment is €90,000. The useful life of the machineryis four years and its salvage value is zero.
	1. Is the lease a direct financing or sales-type lease?
	2. What is Selnow’s income related to the lease in Year 1? In Year 2? Ignore taxes.
12. Explain the process of recording business transactions using an accounting system based on the accounting equations.
13. Prepare financial statements given account balances and/or other elements in the relevant accounting equation, and explain the relationships among the income statement, balance sheet, statement of cash flows, and statement of owners ’ equity.
14. Explain what kind of data the Financial Notes and Supplementary Schedules provide in the financial reporting.
15. Debond Corp. issues £1,000,000 face value of five-year bonds, dated 1 January 2010, when the market interest rate is 6 percent. The sales proceeds are £957,876. The bonds pay 5 percent interest annually on 31 December.
16. What is the interest payment on the bonds each year?What amount of interest expense on the bonds would be reported in 2010 and 2011 using the effective interest ratemethod? Determine the reported value of the bonds (i.e., the carrying amount) at 31 December 2010 and 2011, assumingthe effective interest rate method is used to amortise the discount.
17. What amount of interest expense on the bonds would be reported under the straight-line method of amortising thediscount?
18. Explain the financial leverage ratio and debt to shareholders equity ratio and demonstrate what are the main roles of thes ratios in financial statement analysis.
19. Identify the groups (operating, investing, and financing activities) into which business activities are categorized for financial reporting purposes and classify any business activity in the appropriate group.
20. Distinguish between the operating and non-operating components of the income statement.
	* 1. If a firm has $100 in inventories, a current ratio equal to 1.2, and a quick ratio equal to 1.1, what is the firm's Net Working Capital?
21. Explain the firms net working capital.
22. Explain the relationship of financial statement elements and accounts, and classify accounts into the financial statement elements.
23. Explain the balance sheet ratios and du pont analysis.
24. Explain the describe uses and limitations of the balance sheet in financial analysis and illustrate the components of shareholders’ equity.
25. Explain how the cash flow statement is linked to the income statement and the balance sheet.
	* 1. Mabel Corporation (MC) reported accounts receivable of $66 million at the end of its second fiscal quarter. MC had revenues of $72 million for its third fiscal quarter and reported accounts receivable of $55 million at the end of its third fiscal quarter. Based on this information, how much the amount of cash MC collected from customers during the third fiscal quarter.
	1. Purple Fleur S.A., a retailer of floral products, reported cost of goods sold for the year of $75 million. Total assets increased by $55 million, but inventory declined by $6 million. Total liabilities increased by $45 million, and accounts payable increased by $2 million. How much the cash paid by the company to its suppliers?
26. Explain the tools relationships among ratios and evaluate a company using ratio analysis.
27. Compare the financial reporting of the following types of intangible assets: purchased, internally developed, acquired in a business combination.
28. Explain the main difference between financial position and financial performance?
29. Why the retained earnings is significant for the internal and external users?Explain what is the materiality and documentation of materiality.
30. Explain the details of conceptual framework for financial reporting.
31. Explain qualitative characteristics and basic elements of conceptual framework for financial reporting.
32. Assume a (hypothetical) company, Trofferini S.A., incurred the following expenditures to purchase a towel and tissue roll machine: €10,900purchase price including taxes, €200 for delivery of the machine, €300 for installation and testing of the machine, and €100 to train staff onmaintaining the machine. In addition, the company paid a construction team €350 to reinforce the factory floor and ceiling joists toaccommodate the machine’s weight. The company also paid €1,500 to repair the factory roof (a repair expected to extend the useful life of thefactory by five years) and €1,000 to have the exterior of the factory and adjoining offices repainted for maintenance reasons. The repaintingneither extends the life of factory and offices nor improves their usability.
	1. Which of these expenditures will be capitalised and which will be expensed?
	2. How will the treatment of these expenditures affect the company’s financial statements?
33. Explain the purpose of statement of changes in equity and illustrate the structure of the statement.
34. Explain the main role of Financial Notes and Supplementary Schedules for the financial reporting.
35. Explain the main activities of cash flow statement.
36. Under US GAAP, if Acme used the LIFO method, what would be the effects ofthe write-down on Acme’s 2008 financial statements and of the recovery onAcme’s 2009 financial statements?
37. Explain and evaluate how impairment, revaluation, and derecognition of property, plant, and equipment and intangible assets affect financialstatements and ratios;
38. A hypothetical manufacturing company, has elected to use the revaluation model for its machinery. Assume for simplicity thatthe company owns a single machine, which it purchased for €10,000 on the first day of its fiscal period, and that the measurement date occurssimultaneously with the company’s fiscal period end.
	1. At the end of the first fiscal period after acquisition, assume the fair value of the machine is determined to be €7,500. How will thecompany’s financial statements reflect the asset?
	2. At the end of the second fiscal period after acquisition, assume the fair value of the machine is determined to be €11,000. How will thecompany’s financial statements reflect the asset?
39. Acme Enterprises, a hypothetical company, manufactures computers and prepares its financial statements in accordance with IFRS. In 2008, the cost of ending inventory was €5.2 million but its net realisable value was €4.9 million. The current replacement cost of the inventory is €4.7 million. This figure exceeds the net realisable value less a normal profit margin. In 2009, the net realisable value of Acme’s inventory was €0.5 million greater than the carrying amount.
	1. What would be the effect of the recovery on Acme’s 2009 financial statements ifAcme’s inventory were agricultural products instead of computers?
40. Explain LIFO reserve and LIFO liquidation and their effects on financial statements and ratios.
41. Explain (practically) the Financial Statement Impact of a Finance versus Operating Lease for the Lessee.
42. Explain how deferred tax liabilities and assets are created and the factors that determine how a company’s deferred tax liabilities and assets should be treated for the purposes offinancial analysis;