1. Distinguish among the three types of responsibility centers.
2. The main reasons for using absorption costing are for inventory valuations, pricing decisions, and establishing the profitability of different products.
3. Describe the steps in preparing flexible budgets
4. Provide differences for liquidity, profitability and solvency type of the ratios
5. Describe approaches to budgeting: incremental budgeting, zero-based budgeting, rolling budgeting and participative budgeting
6. What is the key definition of Marginal Costing? How fixed costs and variable costs behave when Marginal Costing is implemented? What happens to profit when total contribution (a) is less than fixed cost; (b) equals fixed cost; (c) exceeds fixed costs?
7. Describe four positions that can be derived from cash budgets and describe the appropriate management actions for each of the positions?
8. Classification by function involves classifying costs as production/manufacturing costs, administration costs or marketing/selling costs, distribution costs, research costs and financing costs. Describe each functional cost and provide minimum two examples per each
9. Describe absorption cost model and key challenges of using it in today’s environment
10. Describe cost allocation methodology process and describe high-level each step of the methodology
11. Describe the order for budgeting process
12. Provide the formula and describe what usually the following ratios measure: days in inventory, Asset Turnover, Return on Common Stockholders’ Equity, Price-Earnings Ratio
13. Advantages and disadvantages of LIFO method
14. Advantages and disadvantages of FIFO method
15. Describe what production budget, direct materials budget and sales and administrative budget represent
16. Advantages and disadvantages of Weighted Average Pricing method
17. Describe how budgets are formulated for Service-type and NGO-type of the companies
18. Calculate Stock Value and Profit generated at October, 10 under LIFO and FIFO methods

*Units Date received Purchase cost*

A June, 5

Sales I July, 10

B August, 17

C September, 5

Sales II October, 10

1. Calculate the Gross Profit Margin, if units produced, units sold and price per unit is USD

|  |  |
| --- | --- |
| Materials |  |
| Production overheads |  |
| Administrative overheads |  |
| Sales and Administrative expenses |  |
| Labour |  |
| Other Indirect expenses |  |

1. Calculate Stock Value October, 10 under LIFO and FIFO methods

*Units Date received Purchase cost*

A June, 5

Sales I July, 10

B August, 17

C September, 5

Sales II October, 10

1. Give example per each graph



1. Using 2 tables information given below, show the roadmap of allocation of costs to the projects and allocate the cost to departments, if:
2. Company has 3 departments: D1, D2, D3. Each department has the allocated space and related number of the employees.
3. Apart from the direct costs allocated to the department, the company has a pool of shared costs that has to be allocated to related departments and then the department should add it its own budget.

|  |  |  |
| --- | --- | --- |
| No | Cost Items | Amount |
| 1 | Utilities |  |
| 2 | Warehouse rent |  |
| 3 | Consulting services for Department 2 |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Allocation driver name | Department 1 | Department 2 | Department 3 |
| Proportion of employees in the department |  |  |  |
| Space of department (m2) |  |  |  |
| Direct allocation to the department | - | - | - |

1. Provide the formula and describe what usually the following ratios measure: the acid-test ratio, receivables turnover, Profit Margin, Earnings per share
2. Describe what represent sales budget, direct labour budget and manufacturing overhead budgets
3. Describe what production budget, direct materials budget and sales and administrative budget represent
4. What is idle time. Give examples of idle time at production. How the idle time ratio is calculated?
5. Describe what sections does the cash budget usually include and provide minimum two examples per each
6. Explain and provide (3) examples of costs that fall into categories of fixed, stepped fixed and variable costs
7. Provide the formula and describe what usually the following ratios measure: Inventory turnover, Payout Ratio, asset Turnover
8. Describe the usefulness of static budget reports and its potential limitations