**Muhasibat uçotu və audit**

**Audit**

1. Describe Agency theory and provide information about the reasons for agency problems. How external audit helps to optimize agency problem
2. Case study: Auditor’s duties
3. Case study:Auditor’s rights
4. Case study: UK Corporate Governance Code
5. Case Study: Audit Committees
6. Case Study: Professional Ethics
7. Case Study:Confidentiality
8. Case Study:Internal Audit
9. Case Study: Internal Audit
10. Case Study:Materiality
11. Case Study: Risk Assessment
12. Explain the importance of planning. Define what is interim and final audit, explain differences.
13. Case study: Financial Statement Assertions
14. Case Study: Internal Control
15. Describe four financial statement assertions for revenue and capital expenditure. Four each assertion, describe suitable control and test of controls
16. Case study: Financial Statement Assertions
17. Case Study:Analytical Procedures
18. Case Study: Financial Statement Assertions
19. Explain receivable confirmation in detail. What is client’s mandate?
20. Case Study: Audit Report
21. In which situations qualified opinions must be expressed in the auditor’s report? Explain
22. Case Study: Analyical Procedures
23. Describe and explain the elements of Control Environment.
24. Describe the quality of the following types of audit evidence, by giving one example for each

-External Banks

- Internal Auditor

- External auditor

1. Explain ISA 500 requirements for the audit evidence. For each requirement provide an example
2. Explain why audit documentation is important for the audit engagement
3. Case Study: Audit Risk
4. Explain the components of audit risk, for each component, state an example of a factor which can result in increased audit risk.
5. Case Study: Internal Audit
6. Explain main differences between Internal and External Audit.

**Maliyyə təhlili**

1. From the following income statement (in millions), calculate operating income after tax, using both the top-down and bottom-up methods. Use a tax rate of 30 percent.

|  |  |
| --- | --- |
| Revenue | 0 |
| COGS | 0 |
| Operating expenses | 0 |
| Interest expense | 0 |
| Interest income | 0 |
| Income taxes |  |
| Net Income |  |

1. The following forecasts were prepared in 2008 for a firm with a cost of capital for its operations of 12 percent. Amounts are in millions of dollars.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | **2009E** | **2010E** | **2011E** | **2012E** | **2013E** |
| Dividends | 0 | 0 | 0 | 0 | 0 |
| Net debt | 0 | 0 | 0 | 0 | 0 |
| Investment expenditure | 0 | 0 | 0 | 0 | 0 |
| Common shareholders’ equity | 0 | 0 | 0 | 0 | 0 |

The common stockholders’ equity at the beginning of 2009 is $465 and there is no net debt.

1. Forecast cash flow from operations and free cash flow for each of the five years.
2. Use residual operating income techniques to value this firm.
3. Attempt to value the firm using discounted cash flow analysis. Do you get the same answer as that for part (b) of the exercise?
4. Price risk.
5. The following is a condensed version of the statement of shareholders’ equity for Company ABC, for fiscal year ending January 31, 2013

|  |  |
| --- | --- |
| Balance at February 1, 2012 | 0 |
| Net income | 0 |
| Unrealized gain on debt investments | 0 |
| Unrealized loss on derivative instruments | 0 |
| Foreign currency translation gain | 0 |
| **Comprehensive income** | 0 |
| Shares issued on exercise of options,  including tax benefits of $260 | 0 |
| Repurchase of 50 million shares | 0 |
| **Balance of January 31, 2013** | 0 |

Tax rate is 35 percent. The share repurchase occurred when the stock traded at $28 per share.

* 1. What was the loss to shareholders from the exercise of stock options?
  2. Prepare a reformulated statement of shareholders’ equity for 2003 for Dell, Inc. The reformulated statement should identify comprehensive income and include all hidden items.

1. In early 2008, General Electric (GE) shares were trading at $00 each. Analysts were forecasting $2.21 in EPS for 2008 and 00 for 2009. A dividend of $00 was indicated for 2008. Use a required return of 0 percent for the questions below.
2. What is GE’s normal forward P/E? What was the P/E at which it traded?
3. The estimated abnormal earnings growth for 2009 indicates that GE’s stock should be trading at about a normal P/E. Show this.
4. Issues in reformulating Income statement.
5. A share trades at a price-to-book ratio of 0.7. An analyst who forecasts an ROCE of 12 percent each year in the future, and sets the required equity return at 10 percent, recommends a hold position. Does his recommendation agree with his forecast?
6. The following forecasts of earnings per share (EPS) and dividend per share (DPS) were made at the end of 2009:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 0 | 0 | 0 | 0 | 0 |
| EPS | 0 | 0 | 0 | 0 | 0 |
| DPS | 0 | 0 | 0 | 0 | 0 |

The firm has an equity cost of capital of 12 percent per annum.

1. Calculate the abnormal earnings growth that is forecast for each year, 2011 to 2014.
2. What is the per-share value of the equity at the end of 2009 based on the abnormal earnings growth valuation model?
3. What is the forecasted per-share value of the equity at the end of the year 2014?
4. An analyst uses the following summary balance sheet to value a firm at the end of 2009 (in millions of dollars):

|  |  |  |
| --- | --- | --- |
|  | 0 | 0 |
| Net operating assets | 0 | 0 |
| Net financial obligations | 0 | 0 |
| Common shareholders’ equity | 0 | 0 |

The analyst forecasts that the firm will earn a return on net operating assets (RNOA) of 13 percent in 2010 and a residual operating income of $166,8 million.

1. What is the implied rate of required return for operations that the analyst is using in his residual operating income forecast?
2. The analyst forecasts that the residual operating income in 2010 will continue as a perpetuity. What value does this imply for the equity?
3. Calculate the forecast of residual earnings (on common equity) that is implied by these forecasts. The firm’s after-tax cost of debt is 6.0 percent.
4. Cost of capital for operations; Cost of capital for debt; Cost of capital for equity.
5. Explain the steps of forecasting Residual operating income in full information forecasting.
6. Diversification and Risk
7. Explain the effect of financial and operating leverage on equity return.
8. Analysis of growth through debt and equity investment.
9. Microsoft Corp. reported $36.835 billion in revenues for fiscal year 2004. Accounts receivable, net of allowances, increased from $5.196 billion in 2003 to $5.890 billion. Microsoft has been criticized for underreporting revenue. Revenue from software licensed to computer manufacturers is not recognized in the income statement until the manufacturer sells the computers. Other revenues are recognized over contract periods with customers. As a result, Microsoft reported a liability, unearned revenue, of $00 billion in 2004, down from $00 billion in 2003. What was the cash generated from revenues in 2004?
10. The following forecasts of earnings per share (EPS) and dividend per share (DPS) were made at the end of 2009 for a firm with a book value per share of $00:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2010 | 2011 | 2012 | 2013 | 2014 |
| EPS | 0 | 0 | 0 | 0 | 0 |
| DPS | 0 | 0 | 0 | 0 | 0 |

The firm has an equity cost of capital of 0 percent per annum.

a. Calculate the residual earnings that are forecast for each year, 2010 to 2014.

b. What is the per-share value of the equity at the end of 2009 based on the residual income valuation model?

c. What is the forecasted per-share value of the equity at the end of the year 2014?

d. What is the expected premium in 2014?

1. In 2010, an employee was granted 000 options on the stock of a firm with an exercise price of $0 per option. In 2015, after the options had vested and when the stock was trading at $0 per share, she exercised the options. The firm’s income tax rate is 0 percent. What was the after-tax cost to shareholders of remunerating this employee with options? What would cost to shareholders be if company used exercise date accounting method?
2. What is Value at risk profiling?
3. A firm has the following balance sheet and income statement (in millions of dollars):

|  |  |
| --- | --- |
| **Balance sheet** | |
| Operating cash | 0 |
| Receivables | 0 |
| Inventories | 0 |
| Plant and equipment | 0 |
|  | 0 |
| Operating liabilities | 0 |
| Long-term debt (7%) | 0 |
| Stockholders’ equity | 0 |
|  | 0 |
| **Income Statement** | |
| Revenue | 0 |
| Operating expense | 0 |
| Operating income | 0 |
| Interest expense | 0 |
| Income before tax | 0 |
| Income taxes | 0 |
| Income after tax | 0 |

The long-term debt is 7 percent coupon debt maturing in five years. The statutory tax rate is 30 percent. Prepare pro forma financial statements for the next five years under the two following scenarios. Also forecast cash available for debt service and the debt service requirement under both scenarios. The firm pays no dividends.

a. Sales are expected to grow at 3 percent per year, with the current operating profit margin being maintained and with an asset turnover of 0.

b. Sales are expected to decline by 0 percent per year and operating profit margins are expected to decline to 3 percent. With some assets inflexible, asset turnovers are expected to decline to 0.8

1. Analysis of growth through profitability.
2. Enterprise multiples.
3. Two firms, A and B, which have very similar operations, have the same book value of00 at the end of 2009 and their cost of capital is 0 percent. Both are forecast to have earnings of $0 in 2010. Firm A, which has 0 percent dividend payout, is forecast to have earnings of $0 in 2011. Firm B has zero payout.

a. What is your best estimate of firm B’s earnings for 2011?

1. Would you pay more, less, or the same for firm B relative to firm A in 2009?
2. The following forecasts were prepared in 2008 for a firm with a cost of capital for its operations of 0 percent. Amounts are in millions of dollars.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **2009E** | **2010E** | **2011E** | **2012E** | **2013E** |
| **Dividends** | 0 | 0 | 0 | 0 | 0 |
| **Net debt** | 0 | 0 | 0 | 0 | 0 |
| **Investment expenditure** | 0 | 0 | 0 | 0 | 0 |
| **Common shareholders’ equity** | 0 | 0 | 0 | 0 | 0 |

The common stockholders’ equity at the beginning of 2009 is $465 and there is no net debt.

a. Forecast cash flow from operations and free cash flow for each of the five years.

b. Use residual operating income techniques to value this firm.

c. Attempt to value the firm using discounted cash flow analysis. Do you get the same answer as that for part (b) of the exercise?

1. In October 2015, the 0000 thousand outstanding shares of AAA company, traded at $0 each. The most recent quarterly balance sheet reported $0 million in net financial assets and $0 million in common shareholders’ equity. a. What is the price-to-book ratio for the firm’s equity? What is the book value of the firm’s net operating assets? At what price is the market valuing the business operations? Give recommendation about this investment
2. Explain Discounted Cash Flow method of equity valuation. What is the disadvantage of this method?
3. Explain the concept behind the Residual earnings valuation method. How is firm value calculated using Residual earnings valuation method?
4. Based on the relationship between rates of return and leverage, solve the next problems:
   1. A firm has a return on common equity of 0 percent, a net after-tax borrowing cost of 00 percent, and a return of 0 percent on net operating assets of $000 million. What is the firm’s financial leverage?
   2. The same firm has a short-term borrowing rate of 00 percent after tax and a return on operating assets of 00 percent. What is the firm’s operating liability leverage?
   3. The firm reported total assets of $000 million. Construct a balance sheet for this firm that distinguishes operating and financial assets and liabilities.
5. A firm with a required return of 00 percent for operations has a book value of net debt of $000 million with a borrowing cost of0 percent and a tax rate of 00 percent. The firm’s equity is worth 000 million. What is the required return for its equity?
6. The following is a condensed version of the statement of shareholders’ equity for Company ABC, for fiscal year ending January 31, 2013

|  |  |
| --- | --- |
| Balance at February 1, 2012 | 000 |
| Net income | 000 |
| Unrealized gain on debt investments | 000 |
| Unrealized loss on derivative instruments | 000 |
| Foreign currency translation gain | 000 |
| 000 | 000 |
| Shares issued on exercise of options,  including tax benefits of $260 | 000 |
| Repurchase of 50 million shares | 000 |
| **Balance of January 31, 2013** | 000 |

Tax rate is 0 percent. The share repurchase occurred when the stock traded at $28 per share.

a. What was the loss to shareholders from the exercise of stock options?

b. Prepare a reformulated statement of shareholders’ equity for 2003 for Dell, Inc. The reformulated statement should identify comprehensive income and include all hidden items.

**30.** A firm has the following summary balance sheet (in millions of dollars):

|  |  |
| --- | --- |
| Net operating assets | 000 |
| Net financial obligations | 000 |
| Common shareholders’ equity | 000 |

The firm is currently earning a return on net operating assets (RNOA) of 00 percent from sales of 0000 million and after-tax operating income of $000 million. Its required return on operations is 10 percent. Forecasts indicate that RNOA is likely to continue at the same level in the future with growth in sales of 0 percent per year and growth in net operating assets to support the sales of 3 percent per year. Management is considering a plan to introduce new products that are expected to increase the sales growth rate to 0 percent a year and maintain the current profit margin of 0. percent. But the plan will require additional investment in net operating assets that will reduce the firm’s asset turnover to 0. What effect will this plan have on the value of the firm?

**Maliyyə uçotu**

***1.******Preparing an Income Statement, Statement of Retained Earnings, and Balance Sheet***

Assume that you are the president of Nuclear Company. At the end of the first year of operations

(December 31), the following financial data for the company are available:

Account Payable $.......

Accounts Receivable ……

Cash ……

Contributed Capital ……

Dividends ……

Equipment …..

Notes Payable ……

Operating Expenses …….

Other Expenses ……

Supplies …….

Sales Revenue …….

Required:

1. Prepare an income statement for the year ended December 31.
2. Prepare a statement of retained earnings for the year ended December 31.
3. Prepare a balance sheet at December 31.
4. Is the company financed mainly by creditors or stockholders? Which financial statement indicate this?

***2. Reporting Amounts on the Four Basic Financial Statements***

Team Sport, Inc., reported the following information for the nine-month period ended September 30, 2013. Items are listed alphabetically, and are in thousands of dollars.

Accounts Payable $ ……. Income Tax Expense $ …….

Accounts Receivable …….. Interest Expense …….

Advertising Expense …….. Notes Payable ……..

Cash (January 1, 2013 …… Operating Expenses …….. Cash (September 30, 2013) ……. Retain. Earnings (January 1, 2013) ……

Contributed Capital …….. Service Revenue ……..

Equipment …….. Supplies ……..

Office Expenses $.........

Other cash flow information:

Cash received from issuing common stock $ ….

Cash paid to purchase equipment ……..

Cash paid to suppliers and employees ……..

Repayments of borrowings ……..

Cash received from customers …….

Cash received from borrowings ……..

Cash received from sale of long-term assets ……..

Dividends paid to stockholders …….

Required:

Prepare the income statement, the statement of retained earnings and the balance sheet for the nine months ended September 30, 2013.

***3. Analyzing and Recording Transactions, and Preparing and Evaluating a Balance Sheet***

Doing Busines Corp. (DBC) issued …. common shares to Michele in exchange for $1….. DBC borrowed $.... from the bank, promising to repay it in two years. DBC paid $.... for computer equipment with check number 101 and signed a note of $.... due in six months. DBC received $.... of supplies purchased on account. DBC’s loan contains a clause (“covenant”) that required DBC to maintain a ratio of current asset to current liabilities of at least 1.3.

Required:

1. Identify the transactions and analyze their accounting equation effect, using the format learned in this course.
2. Prepare the journal entries for the transactions described above and post them to T-accounts.
3. Assuming DBC entered into no other activities during its first year ended September 30, prepare the company’s classified balance sheet. Include a balance of zero in Retained Earnings.

***4. Determining Financial Statement Effects of Various Transactions***

Bio Cell (BC) was organized on January, by four friends. Each organizer invested $.... in the company and, in turn, was issued …. shares of common stock. To date, they are the only stockholders. During the first month (January), the company had the following five events:

1. Collected a total of $.... from the organizers and, in turn, issued the shares of stock.
2. Purchased a building for $...., equipment for $...., and three acres of land for $.....; paid $.... in cash and signed a note for the balance, which is due to be paid in 15 years.
3. One stockholder reported to the company that … shares of his BC stock had been sold and transferred to another stockholder for $.... cash.
4. Purchased supplies for $.... cash.
5. Sold one acre of land for $.... cash to another company.

Required:

1. Was BC organized as a partnership or corporation? Explain the basis for your answer.
2. During the first month, the records of the company were inadequate. You were asked to prepare a summary of the preceding transactions. To develop a quick assessment of their economic effects on BC, you have decided to complete the spreadsheet that follows and to use plus (+) for increases and minus (-) for decreases for each account.
3. Did you include the transaction between the two stockholders—event (c)—in the spreadsheet? Why?
4. Based only on the completed spreadsheet, provide the following amounts (show computations):
5. Total assets at the end of the month.
6. Total liabilities at the end of the month.
7. Total stockholders’ equity at the end of the month.
8. Cash balance at the end of the month.
9. Total current assets at the end of the month.

***5. Recording Transactions (in a Journal and T-Accounts); Preparing and Interpreting the Balance Sheet***

Fitness Performance Company (FPC) was incorporated as a private company. The company’s accounts included the following at July 1:

Accounts Payable $ …. Land $ ….

Building …. Notes Payable (long-term) ….

Cash …. Retained Earnings ….

Common Stock …. Supplies ….

Equipment ….

During the month of July, the company had the following activities:

1. Issued …. shares of common stock for $.... cash.
2. Borrowed $.... cash from a local bank, payable in two years.
3. Bought a building for $....; paid $.... in cash and signed a three-year note for the balance.
4. Paid cash for equipment that cost $.....
5. Purchased supplies for $.... on account.

Required:

1. Record the transaction effects using journal entries.
2. Summarize the journal entry effects from requirement 1 using T-accounts.

TIP: Create a T-account for each account listed above. Enter the July 1, balances as the month’s beginning balances.

1. Prepare a Trial Balance at July 31.
2. Prepare a classified balance sheet at July 31.

***6. Analyzing the Effects of Transactions Using T-Accounts and Preparing an Unadjusted Trial Balance***

Melanie Jones opened Melanie’s Editing Business on February 1, 2010. The company specializes on editing accounting textbooks. You have been hired as a manager. Your duties include maintaining the company’s financial records. The following transactions occurred in February 2010, the first month of operation.

1. Received shareholder’s cash contributions on February 1 totaling $.... to form the corporation; issued …. shares of stock.
2. Paid $.... cash on February 2 for three months’ rent for office space. (TIP: for convenience, simply record the full amount of the payment as an asset (Prepaid Rent). At the end of the month this account will be adjusted to its proper balance.
3. Purchased supply on February 3 for $.... cash.
4. Signed a promissory note, payable in two years; deposited $.... in the company’s bank account.
5. On February 5, purchased equipment for $.... and land for $.....
6. Placed an advertisement in the local paper on February 6 for $.... cash.
7. Recorded sales on February 7 totaling $.......; $.... was in cash and the rest on accounts receivable.
8. Collected accounts receivable of $.... from customers on February 8.
9. On February 9, repaired one of the computers for $.... cash (most repair involve costs that do not provide additional future economic benefits).
10. Incurred and paid employee wages on February 28 of $.....

Required:

1. Record the effect of transactions (1) through (10) using journal entries.
2. Set up appropriate T-accounts for Cash, Accounts Receivable, Supplies, Prepaid Rent, Land, Equipment, Notes Payable, Common Stock, Service Revenue, Advertising Expense, Salaries and Wages Expense, and Repairs and Maintenance Expense. All accounts begin with zero balances because this is the first month of operations. Summarize the journal entries from requirement 1, referencing each transaction in the accounts with the transaction number. Show the unadjusted ending balance in the T-accounts.
3. Prepare an unadjusted Trial Balance at the end of the February.
4. Refer to the revenues and expenses shown on the unadjusted trial balance. Based on this information, calculate preliminary net income and net profit margin (expressed as a percent to one decimal place), and determine whether the net profit margin is better or worse than …. percent earned by a close competitor.

***7. Analyzing, Journalizing, and Interpreting Business Activities***

On September 1, Adam Coerper established Adam Brother Corporation (ABC) as provider of the cloud computing services. Adam contributed $.... for 1,000 shares of ABC. On September 8, ABC borrowed $.... from the bank, promising to repay the bank in two years. On September 10, ABC wrote a check for $.... to acquire computer equipment. On September 15, ABC received $.... of supplies purchased on account and, on September 16, paid $.... for September rent. Through September 22, ABC billed its customers for $.... of services, of which ABC collected $6…. in cash. On September 28, ABC paid $.... for internet and phone service this month. On September 29, ABC paid wages of $.... for the month. Finally, on September 30, ABC submitted its electricity meter reading online and determined that the total charges for the month will be $.... This amount will be paid on October 14 through the preauthorized online payment.

Required:

1. Indicate the accounting equation effects of the September events. Reference each transaction by date.
2. Prepare the journal entries to record the September events described above. Reference each transaction by date.
3. Using your answers to requirements 1 and 2, calculate ABC’s preliminary net income for September. Is ABC profitable, based on its preliminary net income?
4. Identify at least two adjustments that ABC will be required to make before it can prepare a final income statement for September.

***8. Preparing a Trial Balance, Closing Journal Entry, and Post-Closing Trial Balance***

Waterstone Corporation provides an online bookstore for electronic books. The following is a simplified list of accounts and amounts reported in its accounting records. The accounts have normal debit or credit balances. Assume the year ended on September 30, 2015.

Accounts Payable $ ….. Notes Payable (short-term) $ …..

Accounts Receivable ….. Prepaid Rent ….. Accumulated Depreciation ….. Rent Expense ….. Cash ….. Retained Earnings ….. Contributed Capital ….. Salaries and Wages Expense ….. Depreciation Expense ….. Service Revenues …..

Equipment ….. Supplies …..

Income Tax Expense ….. Supplies Expense ….. Interest Revenue ….. Travel Expenses …..

Notes Payable (long-term) ….. Unearned Revenue …..

Required:

1. Prepare an adjusted trial balance at September 30, 2015. Is the Retained Earnings balance of ….. the amount that would be reported on the balance sheet as of September 30, 2015?
2. Prepare the closing entry required at September 30, 2015.
3. Prepare a post-closing trial balance at September 30, 2015.

***9. Recording Adjusting Journal Entries***

Kirk Company’s annual accounting year ends on June 30. Assume it is now June 30, and all of the entries except the following adjusting journal entries have been made:

1. The company earned service revenue of ….. on a special job that was completed June 29. Collection will be made during July; no entry has been recorded.
2. On March 31, Kirk paid a six-month premium for property insurance in the amount of ….. for coverage starting on that date. Cash was credited and Prepaid Insurance was debited for this amount.
3. At June 30, wages of ….. were earned by employees but not yet paid. The employees will be paid on the next payroll date, which is July 15.
4. On June 1, Kirk collected two months’ revenue of …... At that date, Kirk debited Cash and credited Unearned Revenue for …... One-half of it has now been earned but not yet recorded.
5. Depreciation of ….. must be recognized on a service truck purchased on July 1 of the previous year.
6. Cash of …..was collected on May 1, for services to be rendered evenly over the next year beginning on May 1. Unearned Service Revenue was credited when the cash was received. Some of it has now been earned but not yet recorded.
7. The company owes interest of ….. on a bank loan taken out on February 1. The interest will be paid when the loan is repaid on January 31.
8. The income after all adjustments except income taxes was …... The company’s federal income tax rate is 30 percent. Compute and record income tax expense

Required:

1. Give the adjusting journal entry required for each transaction at June 30.

***10. Adjusting the Accounting Records***

Assume it is now December 31, 2015, and Nicole has just completed her first year of operations

at Getaway Spa. After looking through her trial balance, she noticed that there are some

items that have either not been recorded or are no longer up-to-date.

1. Getaway Spa is renting its space at a cost of ….. per month. On September 1, 2015, Nicole (owner) paid eight months’ rent in advance using cash. This prepayment was recorded in the account Prepaid Rent back in September.
2. The building purchased at the beginning of the year for ….. cash has estimated depreciation of ….. for 2015, but none has been recorded yet.
3. Salaries and wages to the support staff at Getaway Spa have been paid up to December 26, 2015. The support staff worked both December 27 and 28 and will be paid on January 5, 2016. Salaries and wages amount to ….. per day. The Spa was closed December 29-31.
4. The insurance policy, purchased on June 1 for ….. cash, provides coverage for 12 months. The insurance coverage since June has now been used up.
5. The unadjusted amount in the Spa Supplies account was ….. at December 31, 2015, for supplies purchased on account. A year-end count showed … ..of supplies remain on hand.
6. On the last day of December, a customer obtained spa services by using a $90 gift certificate which was purchased earlier in the month. Use of the gift certificate to pay for these services had not yet been recorded.

Required:

1. For each of the items listed above, identify whether an accrual adjustment, a deferral adjustment, or no adjustment is required.
2. For each of the deferral adjustments, prepare the initial journal entry that would have been recorded.
3. Prepare the adjusting journal entries that should be recorded for Getaway Spa at December 31, 2015, assuming that the items have not been adjusted prior to December 31, 2015.

***11.******Preparing a Bank Reconciliation and Journal Entries, and Reporting Cash***

The September 30, 2011, bank statement for Tesco Company and the September ledger

account for cash are summarized here:

**BANK STATEMENT**

**Checks Deposits Other Balance**

Balance, September 1, 2011 $ …..

September 7 NSF check $….. …..

September 11 ….. …..

September 12 #101 ….. …..

September 17 #102 ….. …..

September 26 #103 ….. …..

September 29 EFT deposit ….. …..

September 30 Service charge ….. …..

+ Cash (A) –

Sept 1 Balance …..

Sept 10 ….. ….. Sept 10 #101

Sept 30 ….. ….. Sept 15 #102

….. Sept 22 #103

….. Sept 28 #104

Sept 30 Balance …..

No outstanding checks and no deposits in transit were noted in August. However, there are

deposits in transit and checks outstanding at the end of September. The NSF check and electronic funds transfer (EFT) involved transactions with Tesco Company’s customers.

Required:

1. Prepare a bank reconciliation.
2. Give any journal entries that should be made as the result of the bank reconciliation.
3. What should the balance in the Cash account be after recording the journal entries in requirement 2?

***12. Reporting Petty Cash Transactions***

Luxury Cabinets maintains a petty cash fund for minor business expenditures. The petty cash custodian, Mo Smith, describes the events that occurred during the last two months:

1. I established the fund by cashing the Luxury Cabinets’ check for ….. made payable to me.
2. Liz Clay provided a receipt for ….. for various supplies. I paid ….. cash to her.
3. James Flyer provided a ….. taxi receipt, so I paid ….. cash to him.
4. Ricky Ricota claimed to do photocopying for Luxury Cabinets at the UPS Store for ….. but had misplaced the receipt. I took him at this word and paid ….. cash to him.
5. On the last day of the month, I prepared a summary of expenditures and requested the funds be replenished. I received and cashed the Luxury Cabinets’ check for ….., placing the cash into the locked cash box.
6. James Flyer provided receipts for taxi cost (…..), so I paid ….. cash to him.
7. Woo Riun provided a ….. receipt from a local delivery company for an expedited delivery to a customer. I paid her ….. cash.
8. Ricky Ricota claimed to have purchased …..of envelopes, but again he has misplaced the receipt. He showed me a big stack of envelopes, so I paid him ….. cash.
9. After requesting that the fund be replenished, I received and crashed a Luxury Cabinets’ check for ….., placing the cash into the locked cash box.
10. After suggesting that the petty cash fund be increased, I received and cashed the Luxury Cabinets check for ….. cash, which I placed in the locked cash box.

Required:

1. Prepare journal entries where required.
2. If Luxury Cabinets has ….. cash in the bank, ….. of the government Treasury Bills purchased last month with a six weeks’ maturity, and ….. of cash set aside for legal reasons, how much would the company report on the balance sheet as “Cash and Cash Equivalents”?

***13. Reporting and Recording Journal Entries for Purchases, Purchase Discounts and Purchase Returns Using a Perpetual Inventory System***

During the month of June, Tnt Incorporated purchased goods from two suppliers. The sequence of the events was as follows:

June 3 Purchased goods for ….. from Diamond Inc. with terms 2/10, n/30.

June 5 Returned goods costing ….. to Diamond Inc. for full credit.

June 6 Purchased goods from Club Corp. for ….. with terms 2/10, n/30.

June 11 Paid the balance owed to Diamond Inc.

June 22 Paid Club Corp. in full.

Required:

1. Assume that Tnt uses a perpetual inventory system and that the company had no inventory on hand at the beginning of the month. Calculate the cost of the inventory as of June 30.
2. Prepare journal entries to record transactions, assuming Ace uses a perpetual inventory system.

***14.Analyzing and Recording Sales and Gross Profit with and without Sales Discounts***

Axe Wholesaling sells merchandise on credit terms of 2/10, n/30. A sale for ….. (cost of goods sold of …..) was made to Ann’s Cycles on February 1. Assume Axe Wholesaling uses a perpetual inventory system.

Required:

1. Give the journal entry Axe Wholesaling would make to record the sale to Ann’s Cycles.
2. Give the journal entry to record the collection of the account, assuming it was collected in full on February 9.
3. Give the journal entry, assuming, instead, that the account was collected in full on March 2.
4. Calculate the gross profit percentage for the sale to Ann’s Cycles (rounded to one decimal place), assuming the account was collected in full on February 9.

***15. Analyzing and Interpreting the Financial Statement Effects of Periodic FIFO, LIFO, and Weighted Average Cost***

Ronin Corp. tracks the number of units purchased and sold throughout each year but applies its inventory costing method at the end of the year, as if it uses a periodic inventory system. Assume its accounting records provided the following information at the end of the annual accounting period, December 31.

Transactions Units Unit Cost

a. Inventory, Beginning ….. …..

For the year:

b. Purchase, April 11 ….. …..

c. Purchase, June 1 ….. …..

d. Sale, May 1 (sold for ….. per unit) …..

e. Sale, July 3 (sold for ….. per unit) …..

f. Operating expenses (excluding income tax expense), …..

Required:

1. Calculate the number and cost of goods available for sale.
2. Calculate the number of units in ending inventory.
3. Compute the cost of ending inventory and cost of goods sold under ( a ) FIFO, ( b ) LIFO, and ( c ) weighted average cost.
4. Prepare an Income Statement that shows the FIFO method in one column, the LIFO method in another column, and the weighted average method in a final column. Include the following line items in the income statement: Sales, Cost of Goods Sold, Gross Profit, Operating Expenses, and Income from Operations.

***16.Evaluating the Income Statement and Income Tax Effects of Lower of Cost or Market***

Atkinson Gymnastics prepared its annual financial statements dated December 31. The company used the FIFO inventory costing method, but it failed to apply LCM to the ending inventory. The preliminary 2009 income statement follows:

Sales Revenue …..

Cost of Goods Sold

Beginning Inventory $ …..

Purchases …..

Goods Available for Sale …..

Ending Inventory (FIFO cost) …..

Cost of Goods Sold …..

Gross Profit …..

Operating Expenses …..

Income from Operations …..

Income Tax Expense (30%) …..

Net Income …..

Assume that you have been asked to restate the financial statements to incorporate LCM. You have developed the following data relating to the ending inventory:

Purchase Cost

Item Quantity Per Unit Total Market per Unit

A ….. $.. $ ….. $..

B ….. .. ….. ..

C ….. .. ….. ..

D ….. .. ….. ..

…..

Required:

1. Restate the income statement to reflect LCM valuation of the ending inventory. Apply LCM on an item-by-item basis and show computations.
2. Compare and explain the LCM effect on each amount that was changed in requirement 1.

***17. Recording Accounts Receivable Transactions Using the Aging Method***

Kelly Group Inc. sells Oscar Mayer, Jell-O, Tassimo, and many other food brands. The company reported the following rounded amounts as of December 29, 2012 (all amounts in millions):

Debits Credits

Accounts Receivable ……

Allowance for Doubtful Accounts ……

Sales (assume all on credit) ……

Required:

1. Assume Kelly uses …… of …… percent of sales to estimate its Bad Debt Expense for the year. Prepare the adjusting journal entry required for the year, assuming no Bad Debt Expense has been recorded yet.
2. Assume instead that Kelly uses the aging of accounts receivable method and estimates that …… of its Accounts Receivable will be uncollectible. Prepare the adjusting journal entry required at December 31, 2012, for recording Bad Debt Expense.
3. Repeat requirement 3, except this time assume the unadjusted balance in Kelly’s Allowance for Doubtful Accounts at December 31, 2012, was a debit balance of $20.

***18.Recording Notes Receivable Transactions***

Pimco Company recently agreed to loan an employee …… for the purchase of a new house. The loan was executed on May 31, 2015, and is a one-year, 6 percent note, with interest payments required on November 30, 2015, and May 31, 2016.Pimco issues quarterly financial statements on March 31, June 30, September 30, and December 31.

Required:

1. Prepare the journal entry that Pimco will make when the note is established.
2. Prepare the journal entries that Pimco will make to record the interest accruals at each quarter end and interest payments at each payment date.
3. Prepare the journal entry that Pimco will make to record the principal payment at the maturity date.

***19.Computing Depreciation and Book Value for Two Years Using Alternative Depreciation Methods and Interpreting the Impact on the Fixed Asset Turnover Ratio***

Casa Company bought a machine for ……cash. The estimated useful life was five years and the estimated residual value was ……. Assume that the estimated useful life in productive units is ……. Units actually produced were ……in year 1 and ……in year 2.

Required:

1. Determine the appropriate amounts to complete the following schedule. Show computations.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Depreciation Expense for | | |  | | Book Value at the End of | | |
| Method of Depreciation | Year 1 | Year 2 |  | | Year 1 | | Year 2 |
| Straight-line |  |  |  | |  | |  |
| Units-of-production |  |  |  | |  | |  |
| Double-declining-balance |  |  |  | |  | |  |

1. Which method would result in the lowest net income for year 1? For year 2?
2. Which method would result in the lowest fixed asset turnover ratio for year 1? Why?

***20.Computing Acquisition Cost and Recording Depreciation under Three Alternative Methods***

At the beginning of the year, Unify Company bought three used machines from Vince, Inc. The machines immediately were overhauled, installed, and started operating. Because the machines were different, each was recorded separately in the accounts.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Machine A | Machine B | Machine C |
| Amount paid for asset | …… | …… | …… |
| Installation costs | …… | …… | …… |
| Renovation costs prior to use | …… | …… | …… |
| Repairs after production began | …… | …… | …… |

By the end of the first year, each machine had been operating ……hours.

Required:

1. Compute the cost of each machine. Explain the rationale for capitalizing or expensing the various costs.
2. Give the journal entry to record depreciation expense at the end of year 1, assuming the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Estimates | | |  |
| Machine | Life | Residual Value | Depreciation Method | |
| A | ……years | …… | Straight-line | |
| B | ……hours | …… | Units-of-production | |
| C | ……years | …… | Double-declining-balance | |

***21.******Preparing a Bank Reconciliation and Journal Entries, and Reporting Cash***

The September 30, 2011, bank statement for Tesco Company and the September ledger

account for cash are summarized here:

**BANK STATEMENT**

**Checks Deposits Other Balance**

Balance, September 1, 2011 $ …..

September 7 NSF check $….. …..

September 11 ….. …..

September 12 #101 ….. …..

September 17 #102 ….. …..

September 26 #103 ….. …..

September 29 EFT deposit ….. …..

September 30 Service charge ….. …..

+ Cash (A) –

Sept 1 Balance …..

Sept 10 ….. ….. Sept 10 #101

Sept 30 ….. ….. Sept 15 #102

….. Sept 22 #103

….. Sept 28 #104

Sept 30 Balance …..

No outstanding checks and no deposits in transit were noted in August. However, there are

deposits in transit and checks outstanding at the end of September. The NSF check and electronic funds transfer (EFT) involved transactions with Tesco Company’s customers.

Required:

1. Prepare a bank reconciliation.
2. Give any journal entries that should be made as the result of the bank reconciliation.
3. What should the balance in the Cash account be after recording the journal entries in requirement 2?

***22. Reporting Petty Cash Transactions***

Luxury Cabinets maintains a petty cash fund for minor business expenditures. The petty cash custodian, Mo Smith, describes the events that occurred during the last two months:

1. I established the fund by cashing the Luxury Cabinets’ check for ….. made payable to me.
2. Liz Clay provided a receipt for ….. for various supplies. I paid ….. cash to her.
3. James Flyer provided a ….. taxi receipt, so I paid ….. cash to him.
4. Ricky Ricota claimed to do photocopying for Luxury Cabinets at the UPS Store for ….. but had misplaced the receipt. I took him at this word and paid ….. cash to him.
5. On the last day of the month, I prepared a summary of expenditures and requested the funds be replenished. I received and cashed the Luxury Cabinets’ check for ….., placing the cash into the locked cash box.
6. James Flyer provided receipts for taxi cost (…..), so I paid ….. cash to him.
7. Woo Riun provided a ….. receipt from a local delivery company for an expedited delivery to a customer. I paid her ….. cash.
8. Ricky Ricota claimed to have purchased …..of envelopes, but again he has misplaced the receipt. He showed me a big stack of envelopes, so I paid him ….. cash.
9. After requesting that the fund be replenished, I received and crashed a Luxury Cabinets’ check for ….., placing the cash into the locked cash box.
10. After suggesting that the petty cash fund be increased, I received and cashed the Luxury Cabinets check for ….. cash, which I placed in the locked cash box.

Required:

1. Prepare journal entries where required.
2. If Luxury Cabinets has ….. cash in the bank, ….. of the government Treasury Bills purchased last month with a six weeks’ maturity, and ….. of cash set aside for legal reasons, how much would the company report on the balance sheet as “Cash and Cash Equivalents”?

***23. Reporting and Recording Journal Entries for Purchases, Purchase Discounts and Purchase Returns Using a Perpetual Inventory System***

During the month of June, Tnt Incorporated purchased goods from two suppliers. The sequence of the events was as follows:

June 3 Purchased goods for ….. from Diamond Inc. with terms 2/10, n/30.

June 5 Returned goods costing ….. to Diamond Inc. for full credit.

June 6 Purchased goods from Club Corp. for ….. with terms 2/10, n/30.

June 11 Paid the balance owed to Diamond Inc.

June 22 Paid Club Corp. in full.

Required:

1. Assume that Tnt uses a perpetual inventory system and that the company had no inventory on hand at the beginning of the month. Calculate the cost of the inventory as of June 30.
2. Prepare journal entries to record transactions, assuming Ace uses a perpetual inventory system.

***24.Analyzing and Recording Sales and Gross Profit with and without Sales Discounts***

Axe Wholesaling sells merchandise on credit terms of 2/10, n/30. A sale for ….. (cost of goods sold of …..) was made to Ann’s Cycles on February 1. Assume Axe Wholesaling uses a perpetual inventory system.

Required:

1. Give the journal entry Axe Wholesaling would make to record the sale to Ann’s Cycles.
2. Give the journal entry to record the collection of the account, assuming it was collected in full on February 9.
3. Give the journal entry, assuming, instead, that the account was collected in full on March 2.
4. Calculate the gross profit percentage for the sale to Ann’s Cycles (rounded to one decimal place), assuming the account was collected in full on February 9.

***25. Analyzing and Interpreting the Financial Statement Effects of Periodic FIFO, LIFO, and Weighted Average Cost***

Ronin Corp. tracks the number of units purchased and sold throughout each year but applies its inventory costing method at the end of the year, as if it uses a periodic inventory system. Assume its accounting records provided the following information at the end of the annual accounting period, December 31.

Transactions Units Unit Cost

a. Inventory, Beginning ….. …..

For the year:

b. Purchase, April 11 ….. …..

c. Purchase, June 1 ….. …..

d. Sale, May 1 (sold for ….. per unit) …..

e. Sale, July 3 (sold for ….. per unit) …..

f. Operating expenses (excluding income tax expense), …..

Required:

1. Calculate the number and cost of goods available for sale.
2. Calculate the number of units in ending inventory.
3. Compute the cost of ending inventory and cost of goods sold under ( a ) FIFO, ( b ) LIFO, and ( c ) weighted average cost.
4. Prepare an Income Statement that shows the FIFO method in one column, the LIFO method in another column, and the weighted average method in a final column. Include the following line items in the income statement: Sales, Cost of Goods Sold, Gross Profit, Operating Expenses, and Income from Operations.

***26.Evaluating the Income Statement and Income Tax Effects of Lower of Cost or Market***

Atkinson Gymnastics prepared its annual financial statements dated December 31. The company used the FIFO inventory costing method, but it failed to apply LCM to the ending inventory. The preliminary 2009 income statement follows:

Sales Revenue …..

Cost of Goods Sold

Beginning Inventory $ …..

Purchases …..

Goods Available for Sale …..

Ending Inventory (FIFO cost) …..

Cost of Goods Sold …..

Gross Profit …..

Operating Expenses …..

Income from Operations …..

Income Tax Expense (30%) …..

Net Income …..

Assume that you have been asked to restate the financial statements to incorporate LCM. You have developed the following data relating to the ending inventory:

Purchase Cost

Item Quantity Per Unit Total Market per Unit

A ….. $.. $ ….. $..

B ….. .. ….. ..

C ….. .. ….. ..

D ….. .. ….. ..

…..

Required:

1. Restate the income statement to reflect LCM valuation of the ending inventory. Apply LCM on an item-by-item basis and show computations.
2. Compare and explain the LCM effect on each amount that was changed in requirement 1.

***27. Recording Accounts Receivable Transactions Using the Aging Method***

Kelly Group Inc. sells Oscar Mayer, Jell-O, Tassimo, and many other food brands. The company reported the following rounded amounts as of December 29, 2012 (all amounts in millions):

Debits Credits

Accounts Receivable ……

Allowance for Doubtful Accounts ……

Sales (assume all on credit) ……

Required:

1. Assume Kelly uses …… of …… percent of sales to estimate its Bad Debt Expense for the year. Prepare the adjusting journal entry required for the year, assuming no Bad Debt Expense has been recorded yet.
2. Assume instead that Kelly uses the aging of accounts receivable method and estimates that …… of its Accounts Receivable will be uncollectible. Prepare the adjusting journal entry required at December 31, 2012, for recording Bad Debt Expense.
3. Repeat requirement 3, except this time assume the unadjusted balance in Kelly’s Allowance for Doubtful Accounts at December 31, 2012, was a debit balance of $20.

***28.Recording Notes Receivable Transactions***

Pimco Company recently agreed to loan an employee …… for the purchase of a new house. The loan was executed on May 31, 2015, and is a one-year, 6 percent note, with interest payments required on November 30, 2015, and May 31, 2016.Pimco issues quarterly financial statements on March 31, June 30, September 30, and December 31.

Required:

1. Prepare the journal entry that Pimco will make when the note is established.
2. Prepare the journal entries that Pimco will make to record the interest accruals at each quarter end and interest payments at each payment date.
3. Prepare the journal entry that Pimco will make to record the principal payment at the maturity date.

***29.Computing Depreciation and Book Value for Two Years Using Alternative Depreciation Methods and Interpreting the Impact on the Fixed Asset Turnover Ratio***

Casa Company bought a machine for ……cash. The estimated useful life was five years and the estimated residual value was ……. Assume that the estimated useful life in productive units is ……. Units actually produced were ……in year 1 and ……in year 2.

Required:

1. Determine the appropriate amounts to complete the following schedule. Show computations.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Depreciation Expense for | | |  | | Book Value at the End of | | |
| Method of Depreciation | Year 1 | Year 2 |  | | Year 1 | | Year 2 |
| Straight-line |  |  |  | |  | |  |
| Units-of-production |  |  |  | |  | |  |
| Double-declining-balance |  |  |  | |  | |  |

1. Which method would result in the lowest net income for year 1? For year 2?
2. Which method would result in the lowest fixed asset turnover ratio for year 1? Why?

***30.Computing Acquisition Cost and Recording Depreciation under Three Alternative Methods***

At the beginning of the year, Unify Company bought three used machines from Vince, Inc. The machines immediately were overhauled, installed, and started operating. Because the machines were different, each was recorded separately in the accounts.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Machine A | Machine B | Machine C |
| Amount paid for asset | …… | …… | …… |
| Installation costs | …… | …… | …… |
| Renovation costs prior to use | …… | …… | …… |
| Repairs after production began | …… | …… | …… |

By the end of the first year, each machine had been operating ……hours.

Required:

1. Compute the cost of each machine. Explain the rationale for capitalizing or expensing the various costs.
2. Give the journal entry to record depreciation expense at the end of year 1, assuming the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Estimates | | |  |
| Machine | Life | Residual Value | Depreciation Method | |
| A | ……years | …… | Straight-line | |
| B | ……hours | …… | Units-of-production | |
| C | ……years | …… | Double-declining-balance | |

**Maliyyə hesabatı**

1. Problem solving Income statement
2. Problem solving Cash Flow statement
3. Problem solving Reconciliation
4. Problem solving Statement of Financial Position – simple consolidation
5. Problem solving Cash Flow Indirect Method and Direct Method
6. Problem solving Suspense account
7. Problem solving Mark-up calculation and what is the difference between mark-up and margin? Provide examples..
8. Problem solving Revenue recognition
9. Problem solving Goodwill calculation
10. Problem solving – control account.
11. Problem solving, NCI calculation.
12. Problem solving, finding the Goodwill.
13. Problem solving, Retained earnings calculation.
14. Problem solving, calculate consolidated receivables and payables arisen after consolidation.
15. Prepare the Consolidated Statement of Profit or Loss and the movement on retained  
    earnings
16. IAS 23, Borrowing Costs. Provide explanation with relevant examples.
17. Problem solving, Borrowing costs calculation
18. IAS 37, Contingent assets and contingent liabilities. Provide explanation with relevant examples.
19. Treatments for Borrowing costs
20. IAS 19, *Employee Benefits.* Provide explanation with relevant examples.
21. IAS 26, *Accounting and Reporting by Retirement Benefit Plans.* Provide explanation with relevant examples.
22. IAS 37, Contingent assets and contingent liabilities. Provide explanation with relevant examples.
23. Treatments for Borrowing costs
24. IAS 19, *Employee Benefits.* Provide explanation with relevant examples.
25. IAS 26, *Accounting and Reporting by Retirement Benefit Plans.* Provide explanation with relevant examples.
26. IFRS 9, Financial Instruments. Provide explanation with relevant examples.
27. IAS 21, *The Effects of Changes in Foreign Exchange Rates.* Provide explanation with relevant examples
28. IFRS 16, Leases. Provide explanation with relevant examples
29. Briefly discuss about all profitability ratios providing relevant examples.
30. Impairment of assets, IAS 36. Provide explanation with relevant examples.

**İdarəetmə uçotu**

1. Discuss the differences between financial accounting and management accounting
2. Discuss the different methods of sampling.
3. Critically discuss the logic behind economies of scale. Explain the importance of fixed and variables cost in production process.
4. Explain the concept of semi-variable costs. Determine the variable and fixed costs of each quarter and the total cost for the first quarter of the next year in which production size is expected to increase 10% in comparison with analogical period of the previous year.

|  |  |  |
| --- | --- | --- |
| **Quarter** | **Units Produced** | **Mixed Cost ($)** |
| I quarter | 00,000 | 00,000 |
| II quarter | 00,000 | 00,000 |
| III quarter | 00,000 | 00,000 |
| IV quarter | 00,000 | 00,000 |

1. Discuss the different inventory control levels and economic order quantity concept (EOQ) and solve the following related problem.

|  |  |
| --- | --- |
| Average usage | 000 units per week |
| Minimum usage | 000 units per week |
| Maximum usage | 000 units per week |
| Lead time (the time between ordering and replenishment of goods) | 0-0 weeks |
| Ordering cost per order | $000 |
| Annual cost of carrying a unit in stock | $00 |

1. Discuss the different types of inventory valuation techniques and calculate the closing inventory for the end of the given period by using FIFO, LIFO and AVCO methods.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Units bought | Purchase price per unit | Units sold |
| 01/04/2017 | 000 | $00 |  |
| 01/05/2017 |  |  | 00 |
| 01/06/2017 |  |  | 000 |
| 01/07/2017 | 000 | $00 |  |
| 01/08/2017 |  |  | 000 |

Take into account that the firm has 000 units of inventory to the end of the March 2017.The purchase price of these units is $0.00.

1. Solve the following problem to find the economic batch quantity (EBQ).

A company manufactures a component for one of its products. It uses 0000 of these components evenly throughout the year. Each component costs $00 to manufacture. In addition, there is a cost of $000 to set-up the machines each time a batch of the components is manufactured. The holding cost per unit $0. The company can produce the components at the rate of 0000 per month. What is the EBQ that should be manufactured each time?

1. Discuss the attendance time, job time and idle time and their usage in labour management.
2. Discuss the reasons for labour turnover and solve the following problem to find the labour turnover rate.

A company had 00 workers at the beginning of a period. During the period, 0 workers left the company for various reasons and 0 new workers were employed. What is the labour turnover rate for the period?

1. Critically discuss the production and productivity methods of measuring labour activity.
2. According to given information calculate the wages paid to direct labour by the firm.

Gross wages incurred in September 2017 were $0. The wages analysis shows the following summary breakdown of the gross pay. Overtime was worked to catch up on a backlog after several employees were off sick.

|  |  |  |
| --- | --- | --- |
|  | **Paid to direct labour ($)** | **Paid to indirect labour ($)** |
| Ordinary time | 0 | 0 |
| Overtime: Basic pay | 0 | 0 |
| Premium | 0 | 0 |
| Shift allowance | 0 | 0 |
| Sick pay | 0 | 0 |
| **Total** | **0** | **0** |

1. Discuss the practical reasons for using absorption costing.
2. A company has the following actual and budgeted data for a year.

Budget Actual

Production 0,000 units 0,000 units

Variable production overhead per unit $0 $0

Fixed production overheads $000,000 $000,000

Sales 0,000 units 00,000 units

Overheads are absorbed using a rate per unit, based on budgeted output and expenditure.

What was the fixed production overhead absorbed amount during a year?

1. Discuss the difference between absorption and marginal costing
2. Discuss the reconciling costs in marginal costing
3. The following data is available for the period.

Opening inventory 0,000 units

Closing inventory 0,00 units

Absorption costing profit $0,000

What would be the profit for the period using marginal costing?

1. A company produces and sells a single product whose variable cost is $00 per unit.

Fixed costs have been absorbed over the normal level of activity of 0,000 units and have been

calculated as $3.50 per unit. The current selling price is $0 per unit.

How much profit is made under marginal costing if the company sells 00,000 units?

1. Discuss procedure for the performance of jobs in job costing and importance of job cost sheets/cards.
2. Discuss the job cost information in job costing and explain rectification costs.
3. Discuss the main differences between service costing and product costing (job costing) and the specific characteristics of services.
4. Discuss losses with scrap and disposal value in process costing
5. Discuss the problems in accounting of joint products and dealing with the common costs.
6. A company uses process costing to value its output. The following was recorded for the period:

Input materials 0 units at $0 per unit

Conversion costs 0

Normal loss 0% of input valued at $0 per unit

Actual loss 0 units

There were no opening or closing inventories.

What was the valuation of one unit of output to one decimal place?

1. Discuss the objectives of a budgetary planning and control systems.
2. Discuss the controllable and uncontrollable costs in budgetary planning.
3. Discuss the different types of functional budgets and their importance.
4. Discuss the preparation and the usefulness of cash budgets
5. A company manufactures a single product, M. Budgeted production output of product M during August is 000 units. Each unit of product M requires 0 labour hours for completion and PR Co anticipates 00 per cent idle time. Labour is paid at a rate of $0 per hour. What is the direct labour cost budget for August?
6. Discuss the types of performance standards in standard costing.
7. A company is in the process of setting standard unit costs for next period. Product J uses two types of material, P and S. 0 kg of material P and 0 kg of material S are needed, at a standard price of $0 per kg and $0 per kg respectively.

Direct labour will cost $0 per hour and each unit of J requires 0 hours of labour.

Production overheads are to be recovered at the rate of $0 per direct labour hour, and general overhead is to be absorbed at a rate of ten per cent of production cost.

What is the standard prime cost for one unit of product J?