

Project 1: Process Financial Transaction and Prepare Financial Report

Case Scenario I

ABC Company purchased equipment worth Birr 80,000 on Hamile 1, 2011. It had a useful life of 10 years with no estimated salvage value. The company depreciated the equipment using straight line method and accounting period is from Hamile 1 to sene 30. The company decided to use the revaluation model for valuing equipment's in 2014 and at Hamile 1, 20214, the equipment was valued at Birr 70,000 by a professional valuator.

Task 1: show the initial recognition of the asset with journal entry.

Task 2: Calculate depreciation expense, the record journal entries and determine carrying amount to be included in balance sheet report for the year 2012, 2013, and 2014.

Task 3: Compute Revaluation surplus/Deficit on Hamile 1, 2014 and pass the necessary journal entry

Case Scenario II

Zufan Trading involves by importing spare part to assemble Bajaj in Addis Ababa City, Zufan Trading has imported spare parts from Japan \$500,000 as of May 10, 2017 including 6% of transportation charge, freight 100,000 Birr and Insurance 20,000 Birr.

Task 1: Calculate the cost of raw material before transportation charge in Birr.

Task 2: Determine excise tax (30%), VAT (15%) and Custom duty (35%) assume that all tax liabilities are calculated on the cost of raw materials before transportation charge and (exchange rates as of May 10, 2017 was \$1=25 Birr)

Task 3: Assume that Zufan Trading faced shortage of cash at the end of the year and request Dashen Bank credit facility 24 million Birr to be paid with three years at equal settlement quarterly at interest of 16% and calculate the loan and interest expense paid at the end of the first year.

Project 2: Process Payroll and Personal Budgeting

Rift Valley, Company an Ethiopian registered organization pays the salary for its employee according to the Ethiopian calendar month and pays Overtime according to New Payment system. The following information's are available for Sene 30, 2013.

Ato Habtamu is an employee of the Company starting from Hamile 1, 2008 E.C as a Manager of the Company. The company uses Ethiopian budget Year (Hamile to Sene). The following are particulars to Ato Habtamu for the employment years:

- The company paid to Ato Habtamu the following amount for the past 5 years:
 - Basic Salary -----9,000 ETB
 - Position allowance per month-----1,000 ETB
- Starting from Hamile1, 2013 the Company increased his basic salary and position allowance as follows:
 - Basic salary per month-----12,000 ETB
 - Position allowance per month-----2,000 ETB

Ato Habtamu is not entitled to any other taxable benefits during the years other than basic salary and position allowance. **Hint:** Income tax is computed based on monthly salaries.

TASK1: On Hamile 30, 2013 Ato Habtamu has got two months Basic salary as a bonus from his employer for his outstanding preferences in the previous budget year.

CALCULATE:

- A) The amount of Income Tax on bonus and,
- B) Net amounts of bonus to be received by Ato Habtamu

TASK 2: Ato Habtamu leaves his current employer (Rift Valley Company) on Tehisas 30, 2014 and employed with other attractive salary.

CALCULATE:

- a) Calculate amount of severance pay for Ato Habtamu
- b) Calculate amount of employment Income tax on Severance

c) Calculate net amount of severance pay to Ato Habtamu

TASK3: Assume Ato Habtamu wants to start a new business, Candle Manufacturing with the following total of Birr 50,000. In order to get this money, he saves the severance amount he gets in Task2 above at Lion International bank. The bank decided to give him a loan for the deficit amount with an interest rate of 16% compounded quarterly for one year.

Compute:

- A. Calculate the loan amount that Lion international bank provided to Ato Habtamu
- B. Calculate the total interest amount for the year

Project 3: Process Cost and Operational Budget

Case Scenario I

East Africa Company is manufacturing business which produces and sold wearing appeared to its existing and new customers. The company is preparing budget for the quarter ending Meskerem 30, 2016. The budgeted year of the company is from Hamle to Sene 30. The Management of the Company provides the following information for the preparation of the first quarter budget:

1. Budgeted sales for the next four months will be:

Hamle-----	2,000 units	Nehase-----	5,000 units
Meskerem-----	3,000 units	Tikimt-----	2,500 units
2. The selling price is Birr 100 per unit
- 3.
4. The company's collection pattern is 55% of sales collected in the month of sale. 42% collected in the month of the following sale, 3% is uncollectible.
5. The sene 30, 2015 accounts receivable balance of Birr 30,000 will be collected in full.
6. The management of the Company wants ending inventory to be equal to 30% of the following month's budgeted sales in units. On Sene 30, 2015, 1,000 units were on hand.

Instruct ion: Under this project the candidate excepted to perform the followings tasks based on the information provided.

Task1: Prepare the sales (revenue) budget for each month and the quarter end Meskerem30, 2016

Task2: Prepare expected cash collection budget

Task3: prepare production budget

Case Scenario II

Job no. 10 Passes through the department A and B the following information is given regarding this job.

	Department	
	A	B
Material issued to job	8,000	1,000
Direct labours hour for the job	1,000	2,000
Rates of direct labour per hour	1	1.5
Sale of scrap material arising from job	1,000	150
Total overhead for the departments	10,000	15,000
Total Labour hour for the departments	10,000	30,000

Task1: Calculate the cost of the job No.10 from the above figures. Assume the overhead cost is computed based on total labours used in the department.

Project 3: Process Management Accounting Information System

Anbessa shoe factory sells shoes in Addis Ababa through its different shoe stores. It sells different styles of the same shoes with identical unit costs and selling prices. Each store has a store manager and a store supervisor who are paid a fixed salary. Shoes are sold by sales persons who receive a fixed salary and a sales commission. Anbessa Shoe Factory is considering opening another store at Adama City that is expected to have the revenue and cost relationships shown here:

Variable date per pair of shoes	Annual fixed cost
Selling price br 1,500	Rent br. 200,000
Cost incurred for shoes br.800	Salaries br.300,000
Sales commission br.100	Advertising br.60,000
	Other fixed cost br.40,000
	Total br.600,000

Instruction: you are expected to provide the following management accounting information (cost volume profit report)

Task 1: Determine the breakeven point in units (pair of shoes)

Task2: Determine the break even revenues

Task 3: If 800 units are sold, what will be the operating income loss) of the newly proposed shoes store?

Task 4: Assume fixed salaries are increased by a total of birr 65,000 and sales commissions are discontinued, what would be the annual break-even point in (i) units sold and (ii) revenues?

Project 5: Process Financial Transactions

Case Scenario I

As of Sene 1, 2015, Rift Valley Company, decided that establishing a petty cash fund would be more efficient way to handle small day-to-day reimbursements and also depositing cash collections in a bank and making large disbursements on check are efficient ways of controlling cash receipts and payments.

Below is a list of petty cash transactions of the company during Sene, 2015:

Sene 3, Prepared and cashed a br. 10,000 cheque to establish the petty cash fund for the first time.

Sene 8, Purchased some office supplies for br.3500 for immediate use.

Sene 14, Reimbursed an employee br.1,400 for travel expenses to attend an out of town meet Ingat Adama City.

Sene 20, Paid br. 3200 to DHL to deliver documents to a customer.

Sene 26, Paid br. 1,500 for postage needs for the next 2 months

Sene 30, Checked the petty cash and realized that it needed to be replenished so a cheque was issued to replenish the fund and increase it to br. 12,000petty cash currency was counted totaled br.500

TASK 1: Prepare journal entries with dates related to establishment of petty cash ad replenishment of petty cash based on the items above.

Case Scenario II

People and organizations waiting to borrow money are bought together with those having surplus funds in the financial markets. Markets are plural; there are a great many different financial markets in developed economy and developing economy such as ours.

Task 1: mention financial intermediaries in Ethiopian economy

Task 2: Demonstrate instruments traded on short term money market and capital markets