

# **CHAPTER 1: OVERVIEW OF ACCOUNTING**

## **MULTIPLE-CHOICE QUESTIONS**

**Question 1.1 Accounting in an entity is classified into:**

- a. Financial accounting
- b. Internal control
- c. Management accounting
- d. All are correct
- e. A and C are correct

**Question 1.2 The primary objective of financial accounting is:**

- a. To serve the decision-making needs of internal users.
- b. To provide financial statements to help external users analyze an organization's activities.
- c. To monitor and control company activities.
- d. To provide information on both the costs and benefits of looking after products and services.
- e. To know what, when, and how much to produce.

**Question 1.3 Internal users of accounting information include:**

- a. Shareholders.
- b. Managers.
- c. Lenders.
- d. Suppliers.
- e. Customers.

**Question 1.4 External users of accounting information include:**

- a. Shareholders.
- b. Customers.
- c. Creditors.
- d. Government regulators.
- e. All of the above.

**Question 1.5 Career opportunities in accounting include:**

- a. Auditing.
- b. Management consulting.
- c. Tax accounting.
- d. Cost accounting.
- e. All of the above.

**Question 1.6 Toward a business, Social responsibility:**

- a. Is a concern for the impact of our actions on society as a whole.
- b. Is a code that helps in dealing with confidential information.
- c. Is required by the government.
- d. Requires that all businesses conduct social audits.
- e. All of the above.

**Question 1.7 The accounting guideline that requires financial statement information to be supported by independent, unbiased evidence other than someone's belief or opinion is the:**

- a. Business entity assumption.
- b. Monetary unit assumption.
- c. Going-concern assumption.
- d. Cost principle.
- e. Objectivity requirement.

**Question 1.8 Businesses can take the following form(s):**

- a. Sole proprietorship.
- b. Common stock.
- c. Partnership.
- d. A and C only.
- e. All of the above.

**Question 1.9 The accounting principle/assumption/requirement that requires every business to be accounted for separately and distinctly from its owner or owners is known as the:**

- a. Objectivity requirement.

- b. Business entity assumption.
- c. Going-concern assumption.
- d. Matching principle.
- e. Cost principle.

**Question 1.10 The accounting principle/assumption/requirement that requires financial statements to reflect the assumption that the business will continue operating instead of being closed or sold, unless evidence shows that it will not continue, is the:**

- a. Going-concern assumption.
- b. Business entity assumption.
- c. Objectivity requirement.
- d. Cost Principle.
- e. Monetary unit assumption.

**Question 1.11 To include the personal assets and transactions of a business's owner in the records and reports of the business would be in conflict with the:**

- a. Objectivity requirement.
- b. Accrual principle.
- c. Business entity assumption
- d. Going-concern assumption
- e. Revenue recognition principle.

**Question 1.12 The accounting principle/assumption/requirement that requires accounting information to be based on actual cost and requires assets and services to be recorded initially at the cash or cash-equivalent amount given in exchange, is the:**

- a. Accounting equation.
- b. Cost principle.
- c. Going-concern assumption.
- d. Accrual principle.
- e. Business entity assumption.

**Question 1.13 The objectivity requirement:**

- a. Means that information is supported by independent, unbiased evidence.

- b. Means that information can be based on what the preparer thinks is true.
- c. Means that financial statements should contain information that is optimistic.
- d. Means that a business may not reorganize revenue until cash is received.
- e. All of the above.

**Question 1.14 The Hai Au Experience Company acquired a building for 500,000 million VND. Hai Au Experience had an appraisal done, and found that the building was easily worth 575,000 million VND. The seller had paid 300,000 million VND for the building 6 years ago. Which accounting principle/assumption/requirement would require Hai Au Experience to record the building on its records at 500,000 million VND?**

- a. Monetary unit assumption.
- b. Going-concern assumption.
- c. Cost principle.
- d. Business entity assumption.
- e. Matching principle.

**Question 1.15 Mai Nguyen is the owner of Nguyen Accounting Services. Which accounting principle/assumption/requirement requires Mai to keep her personal financial information separate from the financial information of Nguyen Accounting Services?**

- a. Monetary unit assumption
- b. Going-concern assumption
- c. Cost principle
- d. Business entity assumption
- e. None of these. Since Mai is a sole proprietor, she is not required to separate her personal financial information from the financial information of Nguyen Accounting Services.

**Question 1.16 If equity is 300,000 and liabilities are 192,000, then assets equal (currency unit: million VND):**

- a. 108,000.
- b. 192,000.

- c. 300,000.
- d. 492,000.
- e. 792,000.

## EXERCISES

### E1.1

The following are users of financial statements.

Customers.	Suppliers.
Financial regulators.	Marketing manager.
Tax authorities.	Vice president of finance.
Store manager.	Production supervisor.
Labor unions.	

- a. Identify the users as being either external users or internal users.
- b. The following questions could be asked by an internal user or an external user.
  1. Can we afford to give our employees a pay raise?
  2. Did the company earn a satisfactory income?
  3. Do we need to borrow in the near future?
  4. How does the company's profitability compare to other companies?
  5. What does it cost us to manufacture each unit produced?
  6. Which product should we emphasize?
  7. Will the company be able to pay its short-term debts?
  8. Identify each of the questions as being more likely asked by an internal user or an external user.

### E1.2 Select the events that are recorded in the accounting books:

- 1. Company X purchases raw materials on account. X
- 2. Company X sells goods on credit. X
- 3. CEOs at Company X is late for work.
- 4. Company X estimates income tax expenses.
- 5. Expenses incur at Company X. X

6. How employees of Company X use their personal income.
7. Company X tries to find raw materials for production.
8. Conflicts that occur in the management of CEOs at Company X.
9. The acquisition of fixed assets of suppliers who have a trading relationship with Company X. x
10. Company X is planning to distribute dividends for shareholders
11. Company X withdraws its cash fund and deposits it in the bank. x
12. Content of the meeting discussing about the development prospect at Company X.
13. Company X receives notice that the rent will increase by 20% from next month.
14. Company X pays healthcare benefits to its employees.
15. Charity expenditures of Company X.
16. Company X pays employees' salaries.
17. Company X receives a tax inspection decision.
18. Company X receives a notice requesting payment of bank loan interest.
19. Company X receives a notice requesting payment for electricity used during the month.
20. Company X sells goods on credit.

### E1.3

Dong Thang Co., Ltd. is an enterprise operating in the field of household plastic products. Information on Assets, Liabilities and Equity of the entity at the end of year N is as follows: (amounts in thousands)

<b>Items</b>	<b>Amounts</b>
1. Manufacturing factory	18.000.000
2. Die stamping machines	1.290.000
3. Retained earnings	85.800
4. Amounts owed to the seller for buying plastic beads	150.000
5. Work in progress	273.000

6. Wages payable to production workers	270.000
7. Bank loan	2.547.000
8. Car used for board of management	510.000
9. Plastic pots	543.600
10. Plastic beads	300.000
11. Owners' capital	21.599.400
12. Color and chemical inventory	274.200
13. Polishing machine	129.000
14. Amounts from selling plastic chairs on credit	103.200
15. Gasoline inventory	150.000
16. Delivery truck	450.000
17. Capital expenditure fund	660.000
18. Cash on hand	249.000
19. Bonus and welfare fund	144.000
20. Taxes and other payables to State Budget	50.400
21. Office desks and chairs	76.200
22. Lubricant	30.000
23. Plastic chairs have been finished	960.000
24. Cash in banks	870.000
25. Utilities payable	21.000
26. Other payables	300.000
27. Office	1.620.000

**Requirement:** Classify Assets, Liabilities, and Equity and calculate the total for each category.

#### E1.4

Assets of Thinh Phat Company on 31/12/N are as follows: (amounts in thousands).

<b>Items</b>	<b>Amounts</b>	<b>Items</b>	<b>Amounts</b>
1. Raw materials	20.000	12. Construction in progress	40.000
2. Merchandise goods	200.000	13. Other receivables	10.000
3. Supplies	10.000	14. Trade payables	60.000
4. Investment and development fund	20.000	15. Cash in banks	40.000
5. Capital expenditure fund	60.000	16. Trading securities	20.000
6. Advances	8.000	17. Borrowings and finance lease liabilities	200.000
7. Trade receivables	32.000	18. Finished goods	180.000
8. Tangible assets	600.000	19. Payables to employees	10.000
9. Retained earnings	30.000	20. Work in progress	100.000
10. Owners' capital	940.000	21. Taxes payables	20.000
11. Cash on hand	60.000	22. Mortgage, collaterals and deposits	20.000

**Requirement:**

1. Classify the Company's Assets, Liabilities and Equity.
2. Determine the total assets of the Company.

**E1.5**

Chieu Tim Company Limited has the following Assets, Liabilities and Equity as of 31/12/N (amounts in thousands)

<b>NO.</b>	<b>Items</b>	<b>Amounts</b>
1	Cash on hand	600.000
2	Trade payables	220.000
3	Investment and development fund	460.000
4	Retained earnings	1.270.000
5	Cash in banks	1.950.000
6	Trading securities	465.000

7	Work in progress	556.000
8	Long-term bank loans	525.500
9	Owners' capital	X
10	Intangible assets	2.467.400
11	Finished goods	753.200
12	Other payables	332.200
13	Taxes payable	447.500
14	Raw materials	656.000
15	Bonus fund	745.000

**Requirement:** Determine the value of X. Determine the total value of Assets, Equity and Liabilities of the entity.

### E1.6

The following schedule reflects shows the first month's transactions of the Thanh Ha Real Estate Company:

	Cash in banks	Trade Receivable	Supplies	Equipment	=	Trade Payable	+	Owner's Capital
1.	+20,000							+20,000
2.	-5,000					+5,000		
3.			+\$1,500				+1,500	
4.	+3,000							+3,000
5.	+1,000	+1,500						+2,500
6.	-750						-750	
7.	+500	-500						
8.			-400					-400
9.	-2,000							-2,000

**Required:** Provide descriptions for each transaction.

## **CHAPTER 2 FINANCIAL STATEMENTS**

### **MULTIPLE-CHOICE QUESTIONS**

**Question 2.1 The Statement of financial position provides which of the following information about a business:**

- a. Assets, liabilities and equity
- c. Business strategy
- b. Revenues, expenses
- d. All a, b, c are correct

**Question 2.2 The Statement of profit and loss provides which of the following information about a business?**

- a. Assets, liabilities and equity
- c. Business strategy
- b. Revenues, expenses
- d. All a, b, c are correct

**Question 2.3 Business sells finished goods for cash. The product has a cost of goods sold 100 and a selling price of 90 (not considering the impact of VAT). How does this transaction affect accounts on the Statement of financial position?**

- a. 1 asset increases, 1 asset decreases
- b. 1 asset increases; 1 asset decreases; 1 equity increases
- c. 1 asset increases; 1 asset decreases; 1 equity decreases
- d. 1 asset decreases; 1 equity increases; 1 equity decreases

**Question 2.4 Business sells finished goods for cash. The product has a cost of goods sold 100 and a selling price of 90 (not considering the impact of VAT). How does this transaction affect accounts on the Statement of profit and loss?**

- a. Revenue increases, expense increases
- b. Revenue increases, expense decreases
- c. Revenue increases, expense increases, profit decreases
- d. Revenue increases, expense increases, profit increases

**Question 2.5 Financial statements provide which of the following information?**

- a. Assets, liabilities and equity
- c. Cash inflows and cash outflows
- b. Revenues, expenses
- d. All are correct

**Question 2.6 Information about profit arising during the period is provided by which of the following financial statements:**

- a. Statement of financial position
- c. Statement of profit and loss
- b. Statement of cash flows
- d. a and c are correct

**Question 2.7 Information about retained earnings at the end of the period is provided by which of the following financial statements:**

- a. Statement of financial position
- c. Statement of profit and loss
- b. Statement of cash flows
- d. a and c

**Question 2.8 The accounting equation represents the balance of the Statement of profit and loss:**

- a. Profit = Revenues – Expenses
- c. Neither a nor b
- b. Assets = Liabilities + Equity
- d. Both a and b

**Question 2.9 Which measures is used when preparing the Statement of financial position:**

- a. Monetary measure
- c. Physical measure
- b. Time measure
- d. Both a, b and c

**Question 2.10 When presenting the item "Accumulated depreciation" on the Statement of financial position, which of the following statement is incorrect:**

- a. Presented in the assets section
- c. Presented in the L&E section
- b. Presented in negative numbers
- d. Both a and b

**Question 2.11 The item "Retained earnings" on the Statement of profit and loss is always equal to the item "Retained earnings" on the Statement of financial position:**

- a. True
- b. False

**Question 2.12 The enterprise purchases raw materials, paid to the supplier in half. This transaction affects the Statement of financial position as follows:**

- a. Assets increase, assets decrease
- b. Assets increase, liabilities increase
- c. Assets increase, assets decrease, and liabilities increase

d. Both a, b and c

**Question 2.13 Which of the following reports provides information at a point of time:**

- a. Statement of financial position
- b. Statement of cash flows
- c. Statement of profit and loss
- d. All of the above

**Question 2.14 Which of the following reports provides information over a period of time:**

- a. Statement of financial position
- b. Statement of cash flows
- c. Statement of profit and loss
- d. b & c are correct

**Question 2.15 Which of the following reports presents information about the type of enterprise, business industries and subsidiaries?**

- a. Statement of financial position
- b. Statement of cash flows
- c. Statement of profit and loss
- d. Notes to financial statements

## EXERCISES

### E2.1

The information of assets, liabilities and equity at At ABC company as of 31/12/N1 as follows (Unit: 1.000 VND):

No.	Account	Amount
1	Cash on hand	250.000
2	Trade payables (date of debt arising: 30/5/N1, payment term: 15 months)	120.000
3	Land use rights	2.500.000
4	1-year bank borrowings (loan date: 1/6/N1, principal paid once at maturity date)	350.000
5	Deposits received	65.000
6	Cash in banks	230.000
7	Construction in progress	100.000

8	Owner's capital	X?
9	Finished goods	50.000
10	Trade Receivables (date of debt arising: 15/3/N1, payment term: 18 months)	75.000
11	Inventory	80.000
12	Trade Payables (date of debt arising: 30/5/N1, payment term: 18 months)	30.000
13	Capital expenditure fund	250.000
14	Bonus fund	35.000
15	Supplies	25.000
16	Retained earnings	80.000
17	Taxes payable	15.000
18	Other payables (paid within 6 months from 31/12/N1)	25.000
19	Raw materials	110.000
20	Trade payables (date of debt arising: 30/5/N1, payment term: 24 months)	50.000
21	Prepaid expenses (36-month allocation period)	130.000
22	3-year term bank borrowings (borrowings date: 1/1/N1, principal payment periodically at the end of each year)	1.000.000
23	Trade Receivables (date of debt arising: 10/11/N1, payment term: 15 months)	90.000

### Requirements:

1. Classify these accounts into assets, liabilities and equity.
2. Calculate owner's capital.
3. Prepare the Statement of financial position of the company at the above time.

## **E2.2**

On 1/3/N, Mr. Nam plans to establish a commercial enterprise with the following data: (Unit: 1.000 VND).

1. Purchase goods 500.000 from supplier X, Nam must pay 50% immediately, the remaining balance is owed to the supplier within 12 months.
2. To ensure a long-term supply of goods, Nam must make a long-term deposit of 200,000 at the request of the supplier.
3. Purchase land use rights and a house for office headquarters from B Real Estate Company with a purchase price of 6.000.000 (of which land use rights are worth 4,000,000). Nam pays 50% immediately, the rest is paid over 5 years, the payment deadline is the end of each year.
4. Purchase machinery and office equipment on credit with the purchase price of 240.000, payment-term in 24 months, payment due at the end of each quarter.
5. The amount of cash needed to spend on the remaining initial activities of the business is 900,000.

### **Requirements:**

1. Calculate the initial equity that Nam needs to set up the Company with the above information.
2. Prepare the Company's Statement of financial position as of 1/3/N.

## **E2.3**

An initial business is established with the following data: (Unit: 1.000 VND).

1. The parent company provided the subsidiary company (the entity) with cash capital of 5.000.000. There is 4/5 of this amount transferred to the entity 's bank account, the remaining amount was put into the cash fund of the entity.
2. The parent company provides the entity with an amount of inventory 800.000 and an amount of tangible assets 2.000.000.

### **Requirements:**

1. List down all assets, liabilities and equity of the entity.

2. Prepare the Statement of financial position on the establishment day of the entity.

#### E2.4

Determine and fill in the missing amount for the following cases, assuming that there are no additional capital contributions arising during the period: (Unit: 1.000 VND).

<b>Income statement</b>	<b>Situation A</b>	<b>Situation B</b>	<b>Situation C</b>
Revenues	11.000	G	400
Expenses	A	5.200	M
Net profit	B	H	100
<b>Changes in equity</b>			
Opening balance	2.900	15.400	200
Net profit	C	1.600	N
Withdrawals	(200)	I	O
Closing balance	3.000	J	P
<b>Statement of financial position</b>			
Total assets	D	21.000	Q
Liabilities	1.600	5.000	R
Equity	E	K	280
Total L&E	F	l	480

#### E2.5

The information of assets, liabilities and equity at XYZ company as of 1/12/N as follows (Unit: 1.000 VND):

<b>No.</b>	<b>Account</b>	<b>Amount</b>
1	Cash in banks	50.000
2	Retained earnings	5.000
3	Raw materials	40.000
4	Cash on hand	30.000

5	Trade payables	10.000
6	Tangible assets	60.000
7	Accummulated depreciation	X
8	Short-term borrowings	15.000
9	Merchandise goods	25.000
10	Owner's capital	175.000
11	Trade receivables (short-term)	15.000
12	Advances	5.000
13	Deposits received (long-term)	12.000
14	Supplies	30.000
15	Taxes payable	23.000

**Requirements:**

1. Calculate X, prepare the Statement of financial position as of 01/12/N.
2. Prepare the Statement of financial position as of 31/12/N after these business transactions arise:
  - a. Purchase goods on credit (payment term is 3 months): 20.000.
  - b. The owners invest a tangible asset 30.000 into the business.
  - c. Pay balance due to supplier by bank transfer: 20.000.
  - d. Pay taxes to the State by bank deposit: 15.000.
  - e. Distribute profit to supplement owner's capital: 5.000.
  - f. Receive payment from customer by bank deposit: 10.000.
  - g. Pay cash for advances for employees on business trips 2.000.
  - h. Pay short-term loans by bank deposits: 10.000.
  - i. Deposit cash to bank: 15.000.

## E2.6

The information of revenues and expenses occurred in year 20xx at XYZ company as follows (Unit: 1.000 VND):

1. Sales: 400.000.
2. Sales allowances: 5.000.
3. Sales Returns: 4.000.
4. Cost of goods sold: 150.000.
5. Selling expenses: 25.000, General & administrative expenses: 22.000.
6. Financial revenues: 8.000, other income: 2.000.
7. Financial expenses: 12.000, other expenses: 3.000.
8. Corporate income tax rate: 20%.

**Requirements:** Prepare the Statement of profit and loss of XYZ company in year 20xx (follow the below table).

**XYZ company**  
**STATEMENT OF PROFIT AND LOSS**

*Year ..... .*

Account	Code	Amount
1. Sales	01	400.000
2. Sales deductions	02	9.000
3. Net sales ( $10 = 01 - 02$ )	10	391.000
4. Cost of goods sold	11	150.000
5. Gross profit ( $20 = 10 - 11$ )	20	241.000
6. Financial revenues	21	8.000
7. Financial expenses	22	12.000
<i>Include: Interest expense</i>	23	
8. Selling expenses	24	25.000
9. General & administrative expenses	25	22.000
10. Net profit from operating activities [ $30 = 20 + (21 - 22) - (24+25)$ ]	30	190.000

11. Other income	31	2.000
12. Other expenses	32	3.000
13. Other profit (40 = 31 – 32 )	40	(1.000)
14. Total profit before corporate income tax (50 = 30 + 40)	50	180.000
15. Current corporate income tax expenses	51	2.000
16. Retained earnings (60 = 50 - 51- 52)	60	178.000

## **CHAPTER 3: ACCOUNTS AND DOUBLE ENTRIES**

### **MULTIPLE CHOICES QUESTIONS**

**Question 3.1 An account used to record the owner's investments in the business is called a(n):**

- a. Asset account.
- b. Equity account.
- c. Expense account
- d. Liability account.

**Question 3.2 A record of the increases and decreases in a specific asset, liability, equity, revenue, or expense is a(n):**

- a. Journal.
- b. Posting.
- c. Trial balance.
- d. Account.

**Question 3.3 Which of the following statements is correct?**

- a. When a future expense is paid in advance, the payment is normally recorded in a liability account called Prepaid Expense.
- b. Promises of future payment are called accounts receivable.
- c. Increases and decreases in cash are always recorded in the equity account.
- d. An account called Tangible asset is commonly used to record increases and decreases in both the Tangible and Intangible asset owned by a business.

**Question 3.4 A ledger is:**

- a. A record containing increases and decreases in a specific asset, liability, equity, revenue, or expense item.
- b. A collection of documents that describe transactions and events entering the accounting process.
- c. A list of all accounts with their debit balances at a point in time.
- d. A record containing all accounts and their balances used by a company.

**Question 3.5 A debit is:**

- a. An increase in an account.
- b. The right-hand side of a T-account.
- c. A decrease in an account.
- d. The left-hand side of a T-account.

**Question 3.6 The right side of a T-account is a(n):**

- a. Debit.
- b. Increase.
- c. Credit.
- d. Decrease.

**Question 3.7 Which of the following statements is *incorrect*?**

- a. The normal balance of asset is a debit.
- b. The normal balance of equity is a credit.
- c. The normal balance of revenue is a credit.
- d. The normal balance of an expense account is a credit.

**Question 3.8 A simple account form widely used in accounting to illustrate how debits and credits work is called a:**

- a. Withdrawals account.
- b. Capital account.
- c. Drawing account.
- d. T-account.

**Question 3.9 Which of the following statements is correct?**

- a. The left side of a T-account is the credit side.
- b. Debits decrease asset and expense accounts, and increase liability, equity, and revenue accounts.
- c. The left side of a T-account is the debit side.
- d. Credits increase asset and expense accounts, and decrease liability, equity, and revenue accounts.

**Question 3.10 An account balance is:**

- a. The total of the credit side of the account.
- b. The total of the debit side of the account.
- c. The difference between the total debits and total credits for an account including the opening balance.
- d. Assets = liabilities + equity.

**Question 3.11 A debit is used to record:**

- a. A decrease in an asset account.
- b. A decrease in an expense account.
- c. An increase in a revenue account.
- d. An increase in an asset account.

**Question 3.12 A credit is:**

- a. Used to increase asset and expense accounts, and decrease liability, equity, and

revenue accounts.

- b. Always a decrease in an account.
- c. Used to decrease asset and expense accounts, and increase liability, equity, and revenue accounts.
- d. Recorded on the left side of a T-account.

**Question 3.13 Double-entry is an accounting system:**

- a. That records each transaction twice.
- b. That records the effects of transactions in at least two accounts with equal debits and credits.
- c. In which each transaction affects and is recorded in two or more accounts but that could include two debits and no credits.
- d. That may only be used if T-accounts are used.

**Question 3.14 ABC Industries received its telephone bill in the amount of 300.000 VND and immediately paid it. ABC's journal entry to record this transaction will include a:**

- a. Debit to Expense for 300.000.
- b. Credit to Liability 300.000.
- c. Debit to Asset for 300.000.
- d. Credit to Expense for 300.000.

**Question 3.15 Thanh Cong Co., Ltd purchased office supplies on credit. The journal entry made by Thanh Cong will include a:**

- a. Debit to Trade Payable.
- b. Debit to Trade Receivable.
- c. Credit to Cash.
- d. Credit to Trade Payable.

## EXERCISES

### E3.1

**The following transactions occurred during Mien Nam Company's January of year N: (Unit 1.000 VND).**

-Opening balances:

Raw Materials: 90.000

Trade payable: 450.000.

- Transactions occurred during the month:

1. Business capital is contributed with raw materials 650.000.
2. Paid in cash in banks to settle a trade payable 300.000
3. Purchased raw materials on credit 500.000.
4. Used raw materials in production 55.000.
5. Paid in cash in banks to purchase raw materials 160.000
6. Issued raw materials to use in selling department 30.000 and use in production 250.000.
7. Borrowed from the bank to purchase raw materials 280.000
8. Sold raw materials to a customer for 180.000, collected by bank deposits. The raw materials had cost 120.000.
9. Purchased raw materials for cash in banks 180.000.
10. Paid 150.000 cash in banks to settle a trade payable.
11. Acquired a new delivery car on credit 400.000.
12. Borrowed from the bank to settle a trade payable 210.000.

**Required:**

1. Prepare T-accounts of Raw materials and Trade payable.
2. State the meaning of above account balances.

### E3.2

**Binh Minh Company in the first quarter of year N accounting period has the following accounting data (unit 1,000 VND):**

- Balance at 1/1/N:

112 – Cash in banks: 200.000	331 – Trade payable: 10.000
131 – Trade receivables: 60.000	341 – Borrowings and finance lease liability: 20.000
156 – Merchandise goods: 140.000	411 – Owner's capital: 370.000

- Transactions occurred during the quarter:

1. Purchased merchandise from supplier A for 150.000, paid in cash in banks 40.000 and the remaining payment is due within 30 days.
2. Sold merchandise to customer B for 200.000 under credit term of 60 days. The merchandise had cost 140.000.
3. Received through bank account the balance due of 200.000 from customer B.
4. The company paid 100.000 cash in banks to settle an trade payable of supplier A.
5. Borrowed from the bank to purchase merchandise 200.000.
6. Sold merchandise for customer C that had cost 140.000 for 180.000, collected by bank account 100.000.
7. Purchased merchandise on credit 350.000.
8. Received through bank account the balance due of 80.000 from customer C.
9. Paid in cash in banks 200.000 for the loans.
10. The owner invested 300.000 cash in the company, deposit made through the bank account.

**Required:** Prepare journal entries to record the transactions for 1<sup>st</sup> quarter and post them to the ledger accounts.

### E3.3

In October/N, Mr. DB established a company providing transportation services. Economic transactions arising at the Company in October/N are as follows: (Unit: 1.000 VND)

1. Mr. DB's initial investment includes: 1.100.000 cash in banks and Cars used for Company operations worth 1.600.000.
2. Purchased raw materials 50.000, paid in cash in banks.
3. The company completed a processing service for a customer and collected 120.000 in cash in banks.

4. Purchased office supplies 25.000, paid in cash in banks.

5. Paid 220.000 each in banks for the October rent.

**Required:** Prepare journal entries to record the transactions and post them to the ledger accounts.

#### E3.4

Anh Duong Company specializes in buying and selling computers. The Company's SFP as of January 1, N is as follows: (Unit 1.000 VND).

ASSETS	Amounts	LIABILITIES AND EQUITY	Amounts
Cash on hand	50.000	Trade payable	20.000
Cash in banks	150.000	Taxes payable	10.000
Trade receivable	100.000	Borrowings and finance lease liabilities	140.000
Merchandise goods	180.000	Owner's capital	600.000
Tangible Assets	340.000	Retained earnings	30.000
Accumulated depreciation	(20.000)		
<b>TOTAL</b>	<b>800.000</b>	<b>TOTAL</b>	<b>800.000</b>

In the 1st quarter of year N, the Company had the following transactions:

1. The owner contributed additional capital with a bank deposit of 500.000, and a cargo car worth 800.000.
2. Purchased computers (merchandise goods) for 200.000 on credit.
3. Paid for computers purchased on transaction 2 through bank account.
4. Customers paid the balance due to the Company in cash on hand 20.000 and by bank deposit 40.000.
5. Purchased office supplies worth 30.000, paid in cash 15.000, the rest was on credit.
6. Spent cash in banks to pay taxes of 6.000 to the State and pay off bank loans of 50.000.
7. Purchased 30 computers (10 used for management activities at the Company, the rest for sale), unit price was 15.000/pc.

8. Repaid the bank loans by bank transfer of 90.000.
9. Used retained earnings to supplement business capital of 20.000.

**Required:**

1. Prepare journal entries to record the transactions.
2. Post them to the ledger accounts.
3. Prepare the trial balance for the first quarter of Year N.
4. Prepare SFP as at 31/03/N.

**E3.5**

On December 1, year N, Mr A created a new self-storage business, Mien Nam Company.

The following transactions occurred during the company's first month (Unit: 1.000 VND):

1. The owner invested 30.000 cash and a cargo truck worth 150.000 in the company.
2. Paid 2.000 cash in banks for the equipment rented at sales department.
3. Purchased 2.400 supplies for cash on hand.
4. Paid salary for sales employees 10.000 by bank transfer.
5. Collected 9.800 cash in banks for service fees from customers.
6. Sold goods on account to customer L with the selling price of 18.000, cost of goods sold was 8.000.
7. Paid 950 cash on hand for minor repairs to a leaking roof of the office.
8. Paid 400 cash in banks for this month's telephone bill.
10. Paid in cash in banks 1.000 for electricity and water bill at the office.

**Required:**

1. Prepare the journal entries to record the transactions.
2. Prepare the statement of profit and loss for the month of December, year N.

## CHAPTER 4 MEASUREMENT METHODS

### MULTIPLE CHOICE QUESTIONS

**Question 4.1** Measurement of inventories requires the determination of all of the following except:

- a. The costs to be included in inventory.
- b. The physical goods to be included in inventory.
- c. The cost of goods on consignment from other companies.
- d. The cost flow assumption to be adopted.

**Question 4.2** The following information was available from the inventory records of DTN Company in February:

	Units	Unit Cost (VND)	Total Cost (VND)
<b>Balance at February 1</b>	<b>3.000</b>	<b>244.250</b>	<b>732.750.000</b>
<b>Purchases:</b>			
<b>February 6</b>	<b>2.000</b>	<b>257.500</b>	<b>515.000.000</b>
<b>February 26</b>	<b>2.700</b>	<b>267.750</b>	<b>722.925.000</b>
<b>Sales:</b>			
<b>February 7</b>	<b>2.500</b>		
<b>February 28</b>	<b>4.000</b>		
<b>Balance at February 28</b>	<b>1.200</b>		

Assuming that DTN maintains perpetual inventory system, what should be the closing inventory at February 28, using the moving-average cost method, rounded to the nearest VND?

- a. 315.150.000 VND
- b. 307.100.000 VND
- c. 307.800.000 VND
- d. 310.800.000 VND

**Question 4.3** NAT Co. has the following data related to an item of inventory:

Units	Unit Cost (VND)
-------	-----------------

<b>Inventory, March 1</b>	<b>100 units</b>	<b>105.000 VND</b>
<b>Purchase, March 7</b>	<b>350 units</b>	<b>110.000 VND</b>
<b>Purchase, March 16</b>	<b>70 units</b>	<b>112.500 VND</b>
<b>Inventory, March 31</b>	<b>130 units</b>	

**The cost of goods sold if NAT uses FIFO method is**

- a. 14.475.000 VND.
- b. 13.800.000 VND.
- c. 43.300.000 VND.
- d. 42.400.000 VND.

**Question 4.4 Which of following expenses are excluded in cost of inventory?**

- a. Expenditures necessary to bring an item to a salable condition and location.
- b. Purchase price.
- c. Directly attributable costs.
- d. Selling expenses of a sales department.

**Question 4.5 In a period of rising prices, the inventory method which tends to give the highest reported net income is:**

- |                            |                        |
|----------------------------|------------------------|
| a. Specific identification | b. First-in, first-out |
| c. Weighted-average cost   | d. All of the above    |

## **EXERCISES**

### **E4.1**

DTN Co., Ltd. applies VAT using the deduction method and has documents on purchased production equipment used for the production department as follows:

1. On March 20, purchased equipment 396.000.000 VND (including 10% VAT). The delivery invoice was 2.750.000 VND (including 10% VAT) paid in cash.
2. April 11, issued materials for testing equipment of 8,000,000 VND
3. On April 15, the test was completed, the company paid employees salary in installation and testing in cash of 12.000.000 VND

4. On April 19, the equipment was handed over and put into use for the factory 1. The company determined that the expected useful life of the equipment is 10 years, applying straight-line method for depreciation expense calculation.
5. On April 19, 2023, paid to the seller by bank transfer, less payment discount of 1,5%

**Requirements:**

1. Determine the cost of equipment.
2. Calculate the annual and monthly depreciation expense of the equipment.

**E4.2**

At DTN Company, accounting policy apply for VAT using the deduction method and perpetual inventory system. Data in October is as follows (unit: 1.000 VND)

Raw materials at the beginning of October: 1.200 kg, unit cost 14/kg

Transactions occurred in October were:

- Purchased 1.000 kg of raw materials, paid via bank transfer, invoice price excluding 10% VAT is 14.2/kg.
- Issued 800 kg of raw materials for production.
- Received additional capital contribution from Member A of 2.000 kg of raw materials, cost of 14.3/kg.
- Sold 3.000 kg of raw materials to customer B, received by bank transfer with the invoice price including 10% VAT of 19.8/kg.

**Requirements:** Calculate cost of raw materials issued according to the following methods:

- First in - first out method;
- Weighted - average cost method (ending and moving average cost).

**E4.3**

DTN Company applied VAT deduction method and perpetual system for inventory, with the data in October/N as follows (unit: 1.000 VND):

- I. Opening balance of finished goods: 1.500 kg, unit price 210/kg.
- II. Transactions arising in October/N are as follows:

1. Production department completed 2.200 kg finished goods at cost of 212/kg.
2. Sold directly to customer A 1.800 kg of finished goods, invoice price including 10% VAT was 330/kg. Payment via bank transfer after deducting payment discount of 1%.
3. Sold to customer B 1.000 kg of finished goods at selling price 310/kg, 10% VAT, on credit.

**Requirements:** Journalize the transactions occurred, using first in – first out and weighted average cost methods.

#### E4.4

DTN Company applies VAT deduction method and perpetual inventory system. The information in October is as follows (unit: 1.000 VND)

Opening balance of raw materials: 3.000 kg, cost of 28/kg

Transactions occurred in October were:

- Purchased 2.500 kg of raw materials, paid via bank transfer, invoice price including 10% VAT is 31,24/kg. Transportation cost of raw materials was 1.500, 10% VAT, paid in cash on hand.
- Issued 2.500 kg of raw materials for manufacturing products.
- Purchased on credit 2.000 kg of raw materials at purchase price of 29/kg, 10% VAT. Trade discount received from the supplier due to purchase in bulk was 0.2/kg, 10% VAT, deducted directly in VAT invoice. Delivery expense incurred 1.760, including 10% VAT, paid in cash in banks.
- Issued raw materials: 3.000 kg for manufacturing products, 300 kg for production department, 200kg for sales department and 200kg for administrative department.
- Purchased on credit 1.000 kg of raw materials at purchase price of 30/kg, 10% VAT.

**Requirements:** Calculate cost of raw materials issued and closing inventory according to the following methods:

- First in - first out method;
- Weighted - average cost method (at the end of period and after each receipt)

## **CHAPTER 5 ACCOUNTING DOCUMENTS, ACCOUNTING BOOKS AND PHYSICAL COUNT**

### **MULTIPLE CHOICE QUESTIONS**

#### **Question 5.1 Processing order of accounting documents:**

- a. Circulate, complete, prepare, check and store
- b. Circulate, prepare, check, complete and store
- c. Prepare, check, complete, circulate and store
- d. Prepare, complete, check, circulate and store

#### **Question 5.2 Accounting documents should:**

- a. Demonstrate the responsibilities of relevant people
- b. Provide information about the transaction occurred
- c. Prove the legality and validity of transactions
- d. All are correct

#### **Question 5.3 Partial physical count is:**

- a. Used for each type or a certain type of asset in business
- b. Used for all types of asset in business
- c. Time for physical count is determined in advance
- d. Performed in unusual cases

#### **Question 5.4 Which of the following accounting documents cannot be used for recording transactions?**

- a. Invoice
- b. Goods delivery note
- c. Payment order
- d. Payment

#### **Question 5.5 Which of the following documents is called command documents?**

- a. Goods delivery note
- b. Payment
- c. Receipt
- d. Goods delivery order

#### **Question 5.6 Based on the use of accounting documents, they include:**

- a. Command documents, compliance documents and combined documents
- b. Source documents and accounting vouchers
- c. Inventory documents and monetary documents
- d. Internal documents and external documents

**Question 5.7 Who is responsible for accounting documents?**

- a. Person who prepares accounting documents
- b. Person who signs and approves accounting documents
- c. Other people who sign accounting documents
- d. All are correct.

**Question 5.8 Classifying accounting books according to recording method includes:**

- a. Chronological books, systematic books and combined books.
- b. General books and subsidiary books.
- c. Loose leaf books and bounded books
- d. Bounded books and computerized books.

**Question 5.9 Which requirements does accounting bookkeeping need to comply with?**

- a. Accurate, timely, complete.
- b. Continuously, not interleaved or overlapped.
- c. Do not erase or correct arbitrarily.
- d. All of the above requirements.

**Question 5.10 The rectification method to correct errors is applied in the following cases:**

- a. The accounts are incorrect, the incorrect amount is larger than correct amount.
- b. The incorrect amount is less than correct amount.
- C. The transactions are omitted
- d. Incorrect explanation and not related to accounts.

**Question 5.11 Purchased supplies costing 30.000 VND, paid in cash on hand. The accountant recorded erroneously as: Dr 152: 30.000; Cr 111: 30.000. To correct the entry, the accountant should record as follows:**

- a. Dr 111: (30.000); Cr 152: (30.000) and Dr 153: 30.000; Cr 111: 30.000

- b. Dr 152: (30.000); Cr 111: (30.000) and Dr 153: 30.000; Cr 111: 30.000
- c. Dr 153: 30.000; Cr 152: (30.000)
- d. Dr 152: (30.000); Dr 153: 30.000

**Question 5.12 The general journal is**

- a. Recorded in chronological order
- b. A general accounting book
- c. A one-sided book
- d. All are correct

**Question 5.13 On September 12, year N, business sold merchandise at price of 10.000.000 VND, received in cash at bank. The merchandise had cost of 6.000.000 VND. The transaction was recorded erroneously by the company's bookkeeper as Debit 112: 100.000.000; Credit 511: 100.000.000 and Debit 632: 6.000.000; Credit 156: 6.000.000. The accountant discovered the error right in the period. Which of the following correcting methods would be applied?**

- a. Adjustment method
- b. Negative amount method
- c. Rectification method
- d. All are correct

**Question 5.14 The correcting method used in case that incorrect amount is less than the correct amount:**

- a. Rectification method
- b. Negative amount method
- c. Adjustment method
- d. All are correct

**Question 5.15 Information and data in accounting books are not**

- a. Written in pencil
- b. Inserted above or below
- c. Erased
- d. All are correct

## EXERCISES

### E5.1

Indicate whether the following statements are true or false (mark an X in the box)

No.	Statements	True	False
1.	Accounting documents are evidence that prove business transactions has occurred and completed.		

2.	Preparing accounting documents is the first step in the accounting process.		
3.	Receipt is the accounting document of Labor and salary document.		
4.	The rotation process of accounting documents includes the following 4 steps: preparation or receive documents; check documents; use documents to record transactions and preserve documents.		
5.	Taking physical count of bank deposits, receivables, payables are performed by comparing between book balance with balance on bank statement or that of customers, suppliers.		
6.	Accounting vouchers are documents prepared directly at the time of transactions occur.		
7.	The accountant is both a member of physical count committee and an advisor for leaders on organization and implementation of physical count.		

## E5.2

There are some transactions in business A, which applies deduction method of calculating VAT:

1. Purchased 1.000kg material M at purchase price of 18.000 VND/kg, 10% VAT rate, paid in cash at bank.
2. Withdrew cash from bank to cash fund: 50.000.000 VND
3. Purchased material N on account 500kg at unit price of 20.000 VND/kg.
4. Sold merchandise on account to Company K
  - Merchandise EE: 2.000m at cost of 24,000 VND/m
  - Merchandise VM: 5.000m at cost of 28,000 VND/m
5. Received cash at bank from customer KY for the balance due 25.000.000 VND

6. Made payment in cash at bank:

- To seller BMK: 42.000.000 VND
- For VAT of previous period: 7.580.000 VND

**Requirement:** List necessary accounting documents for the transactions.

### E5.3

There is following information:

At 9:25 a.m. on January 15, year N, a customer Nguyen Van Vinh purchased a motorbike at Cat Tuong Motorbike Store. After a while of considering and negotiating with the owner of the store, Mr. Vinh came to an agreement to buy a Yamaha motorbike with a total price including 10% VAT of 35 million VND. Mr. Vinh has paid the entire amount by bank transfer to the store.

**Required:** Prepare VAT Invoice to Mr. Vinh.

Additional information:

- Cat Tuong Motorbike Store is a sole trader, using VAT Invoice.
- The employee who directly performed this transaction with Mr. Vinh and prepared the invoice was Nguyen Thi Hai Yen.
- You can assume other necessary information to prepare VAT invoice.
- The Invoice sample of Cat Tuong Motorbike Store was as follows:

<b>VAT INVOICE</b> <b>Copy 2 (to customer)</b>			Sample no.: 02GTKT-3LL Code: AA/02 No.:		
<b>Date:</b> .....					
Seller:.....			Bank account:.....		
Address: .....			Tax number: .....		
Phone number: .....					
Buyer: .....					
Entity: .....			Bank account: .....		
Address: .....			Tax number: .....		
Payment method: .....					
No.	Description of merchandise	Unit	Quantity	Unit price	Total
A	B	C	1	2	$3 = 1 \times 2$
Total: .....					
VAT rate: ..... % VAT amount: .....					
Total in number: .....					
Total in words: .....					
Buyer (Signature, name)		Seller (Signature, name)		Representative (Signature, stamp, name)	

#### E5.4

At Hung Phat Company Ltd, during the period, the following transactions occurred:  
(Monetary unit: 1.000 VND)

1. Purchased equipment on credit 35.000.
2. Used fuel to run machinery and equipment in the factory 6.800.
3. Customer paid in advance for merchandise which will be delivered next period. Hung Phat had received Credit note from the bank for the amount of 75.000.

4. Deduct personal income tax 20.000 from the employee's salaries.
5. Withdrew bank deposit to cash fund 24.000.
6. Depreciation of fixed assets used in the Administrative Department 4.200.
7. Paid in cash on hand in advance to employees on business trip 15.000.

The accountant has recorded in the accounting books as follows:

111	214	642
(5) 42.000   15.000 (7)	4.200 (6)	4.200 (6)
112	152	334
57.000 (3)   42.000 (5)	6.800 (2)	(7) 15.000   20.000 (4)
131	153	333
57.000 (3)	(1) 35.000	(4) 20.000
		331
		35.000 (1)

**Requirement:** Detect the errors in accounting books, identify correcting methods and correct the errors (if any).

### E5.5

At XYZ Company, there is information on December 31, year N (Monetary unit: 1.000 VND):

Closing balance of some accounts:

- Account 111: 200.000
- Account 152: 300.000 (1.500 kg A).
- Account 155: 1.000.000 (2.000 A1 boxes).

The results of physical count shown on minutes BBKK12/N on December 31, year N are as follows:

- Cash on hand: 220,000.

- Raw material A: 1,450 kg
- Finished goods A1: 2.030 boxes.

**Required:**

1. Prepare journal entries for the differences between the actual amounts and book amounts based on the physical count minute on December 31, year N.
2. Post journal entries to ledger accounts.

**E5.6**

Vree Distributors completed the following transactions in the month of April, year N  
(Monetary unit: 1.000 VND)

1. April 2, Mr. Hung Anh and Mr. Binh An contributed capital to establish Vree Distributors with bank deposits 2.000.000 each person (Credit note No. 134567 on April 2).
2. April 2, withdrew cash from bank to cash fund 50.000 (Receipt APR/01 on April 2; Debit note No. 467893 on April 2).
3. April 2, signed an office lease contract with Hoang Ha company Ltd. Vree Distributor paid for the first month rent by bank transfer 33.000 (including VAT 3.000) (Contract No. N999 on April 2; VAT invoice No. 46723 on April 2; Debit note No. 356908 on April 2).
4. April 3, purchased stationery used in the office 1.000, 10% VAT rate, paid in cash in bank (VAT invoice No. 22345 on April 3; Debit note No. 468965 on April 2)
5. April 5, purchased fixed assets on account for the office 600.000, 10% VAT rate (VAT invoice No. 06394 on April 5).
6. April 10, purchased merchandise for cash in bank 20.000, 10% VAT rate (VAT invoice No. 34589 on April 10; Debit note No. 456789 on April 10, Goods receipt note No. GRN/01 on April 10).

**Required:**

1. Journalize the April transactions using a perpetual inventory system, deduction method of calculating VAT.
2. Post journal entries to ledger accounts.

## **CHAPTER 6 RECORDING BUSINESS TRANSACTIONS IN MANUFACTURER**

### **MULTIPLE- CHOICE QUESTIONS**

**Question 6.1 Which accounts are used to record production costs?**

- a. Accounts : 621, 622, 627
- b. Accounts : 632, 641, 642
- c. Accounts: 154, 632
- d. Accounts : 621, 622, 627, 154

**Question 6.2 Which accounts are used to transfer production costs and calculate cost of finished goods using perpetual inventory system?**

- a. Accounts : 621, 622, 627
- b. Accounts : 632,641, 642
- c. Account : 154
- d. Accounts : 621, 622, 627, 154

**Question 6.3 Which information is used to prepare Statement of profit and loss:**

- a. The total amounts arising during the period of accounts from 1 to 4
- b. The total amounts arising during the period of accounts from 5 to 9
- c. The Debit or Credit balances of accounts from 1 to 4
- d. All are incorrect.

**Question 6.4 Company A sells its finished goods to Company B. The selling price of finished goods is recorded by the company A as:**

- a. Costs of goods sold
- b. Sales revenue
- c. The cost of finished goods received into the warehouse
- d. All are incorrect.

**Question 6.5 Company A sells its finished goods to Company B. The cost of the goods is recorded by the company B as:**

- a. Costs of goods sold
- b. Sales revenue
- c. The cost of finished goods received into the warehouse
- d. All are incorrect.

**Question 6.6 Company A sells its finished goods to Company B. If the company A agrees to give a trade discount to the company B, the company A will record into accounts:**

- a. Account 156
- b. Account 632
- c. Account 511
- d. Account 521

**Question 6.7 Company A sells its finished goods to Company B. The cost of goods is recorded by the company A as:**

- a. Costs of goods sold
- b. Sales revenue
- c. The cost of finished goods received into the warehouse
- d. All are incorrect.

**Question 6.8 The company X sells 500 finished goods to the company Y at cost of 200 each, selling price of 260 each (VAT-exclusive price). Then, the company Y returns 20 products to company X. Cost of goods sold is recorded by the company X of:**

- a. 96.000
- b. 100.000
- c. 115.200
- d. 120.000

**Question 6.9 Prepare journal entries to transfer net profit:**

- a. Dr 911/ Cr 421
- b. Dr 421/ Cr 911
- c. Dr 911/ Cr 353
- d. Dr 353/ Cr 911

**Question 6.10 Prepare journal entries to transfer net loss:**

- a. Dr 911/ Cr 421
- b. Dr 421/ Cr 911
- c. Dr 911/ Cr 353
- d. Dr 353/ Cr 911

**Question 6.11 The balance of account 911 - Income summary is on:**

- a. Debit
- b. Credit
- c. Debit or Credit depends on company's profit or loss
- d. All are correct.

**Question 6.12 Which journal entry is used to record revenues:**

- a. Dr 632/Cr 156
- c. Dr 111,112,131/ Cr 511
- b. Dr 111,112,131/ Cr 632
- d. All are correct.

**Question 6.13 Which journal entry is used to record the costs of goods sold of finished goods**

- a. Dr 632/Cr 155
- c. Dr 111,112,131/Cr 511
- b. Dr 111,112,131/Cr 156
- d. Dr 632/Cr 156

**Question 6.14 Which journal entry is used to transfer production costs:**

- a. Dr 911/Cr 621, 622, 627
- c. Dr 154/Cr 621, 622, 627
- b. Dr 154/Cr 621, 622, 627, 641,642
- d. Dr 621, 622, 627/Cr 154

**Question 6.15 The operating costs during the period of the business are as follows:**

<b>621: 100</b>	<b>622: 70</b>	<b>627: 40</b>
<b>641: 50</b>	<b>642: 50</b>	<b>811: 10</b>

**The total Debit of account 154 should be:**

- a. 300
- b. 210
- c. 210 - Beginning work in progress
- d. 210 + Beginning work in progress

## EXERCISES

### E6.1

Company A using perpetual inventory system and credit method to calculate VAT has following business transactions in 1/ N (units: 1.000 VND)

1. Issued raw materials:

- to directly manufacture products: 38.000
- for factory management department: 2.000

2. Issued supplies used in the factory: 1.500

3. Salaries payable to employees:

- directly manufacturing products: 100.000

- at production management division: 50.000
- 4. Recorded trade union fee, Social insurance, Health insurance, Unemployment insurance.
- 5. Depreciation of fixed assets in factory: 20.000
- 6. Other expenses incurred at the factory, paid in cash: 11.000 (including 10% VAT)
- 7. Completed 100 finished goods.

**Required:**

1. Journalize the transactions.
2. Post journal entries to ledger accounts of 621, 622, 627, 154
3. Calculate cost of finished goods, assuming opening work in progress is 13.000, closing work in progress is 20.000.

## E6.2

Company A using perpetual inventory system and credit method to calculate VAT has following business transactions in 1/ N (units: 1.000 VND)

1. Issued raw materials:
  - to directly manufacture products: 300.000
  - for factory management department: 140.000
2. Issues supplies for production division: 43.000
3. Salaries payable to employees:
  - directly manufacturing products: 245.000
  - at production management division: 165.000
4. Recorded trade union fee, Social insurance, Health insurance, Unemployment insurance.
5. Depreciation of fixed assets in factory: 78.000
6. Other expenses incurred at the factory, paid cash in banks: 60.500 (including 10% VAT)
7. Received 100 finished goods.

**Required:**

1. Journalize the transactions.
2. Post journal entries to ledger accounts of 621, 622, 627, 154

3. Calculate cost of finished goods, assuming opening work in progress is 13.000, closing work in progress is 20.000.

### **E6.3**

Ngoc Huong company has opening balance of account 155 (units: 1.000VND): 60.000 (50p)

During period, there are some transactions as follows (units: 1.000VND)

1. Received 200 finished goods into the warehouse 300.000
  2. Sold 70 products for cash in banks at price of 3.500 each, 10% VAT.
  3. Selling expenses incurred:
    - Salaries payable to sales employees: 80.000
    - Depreciation of fixed assets for the sales department: 40.000
    - Supplies used in sales department: 15.000
  4. General and administrative expenses incurred:
    - Salaries payable to business management employees: 120.000
    - Depreciation of fixed assets at general and administrative department: 80.000
    - Supplies used in the office department : 20.000
    - Guesting expenses: 16.500 (including 10% VAT), paid cash in banks.
  5. At the end of period, transferred revenues, expenses to calculate profit.
- Other information:
- VAT: The deduction method
  - Inventory: the perpetual method
  - Costing method of inventory: FIFO
- Required:**
1. Journalize the transactions.
  2. Post journal entries to revenues, expenses and income summary ledger accounts
  3. Calculate profit of business.

#### **E6.4**

Rose produce and trading company (RPTC) has business transactions in 1/N:

- Opening balance of account 154: 60.000 (50 units)
- Opening balance of account 155: 80.000 (40 units)

1. Issued raw materials for:

- Manufacturing division : 98.000
- Factory management department : 2.000
- Sales department : 5.000
- General and administrative department : 10.000

2. Salaries payable to:

- Production workers : 48.000
- Factory management employees : 50.000
- Sales employees : 40.000
- General and administrative employees : 60.000

3. Calculated Trade union fees, social insurance, health insurance, unemployment insurance.

4. Issued supplies (type of 1-time allocation) for:

- Factory management department : 20.000
- Sales department : 15.000
- General and administrative department : 5.000

5. Received VAT invoices of electricity, water (excluding 10% VAT) for:

- Factory management department : 20.000
- Sales department : 10.000
- General and administrative department : 5.000

6. Depreciation of fixed assets for:

- Factory management department : 25.000
- Sales department : 14.000
- General and administrative department : 6.000

7. Completed 1.000 finished goods A. Closing work in progress was 23.000

8. Sold 700 units of finished goods A for 550 per unit, 10% VAT on credit to Dem Thu company.

Other information:

- VAT: the deduction method
- Inventory: the perpetual method
- Costing method of inventory: FIFO

**Required:**

1. Journalize the transactions.
2. Post journal entries to revenues, expenses and income summary ledger accounts
3. Calculate profit of business.
4. Prepare Statement of profit and loss.

**E6.5**

In the first quarter/ N, Sun Group has information as follows (units: 1.000 VND):

**Opening balances of accounts:**

- Account 152: 200.000
- Account 153: 50.000
- Account 211: .5.000.000
- Account 112: 150.000
- Account 154: 10.000
- Account 155: 10.000 (1000 p)
- Owner's capital: 2.100.000

The transactions occur in period:

1. Issued primary raw materials 100.000 and secondary raw materials: 40.000 to directly manufacture products.
2. Issued secondary raw materials: 6.000 for the factory management department.
3. Issued supplies for the factory management department: 10.000 (1-time allocation)
4. Salaries payable to:

- Production workers : 138.000

- Factory management department : 50.000
- Sales department : 40.000
- General and administrative department : 60.000

5. Calculated trade union fees, social insurance, health insurance, unemployment insurance.

6. Depreciation of fixed assets for:

- Factory management department : 200.000
- Sales department : 50.000
- General and administrative department : 30.000

7. Completed 4.000 finished goods. Closing work in progress was 40.000

8. Sold 2000 finished goods to customer at price of 400 each, 10% VAT. The buyer paid by bank transfer.

9. The selling expenses paid by bank transfer: 25.000 (not including 10% VAT)

10. The general and administrative expenses paid by bank transfer: 30.000 (not including 10% VAT)

Other information:

- VAT: The deduction method
- Inventory: the perpetual method
- Costing method of inventory: weighted average cost method
- CIT rate: 20%

**Required:**

1. Journalize the transactions.
2. Post journal entries to revenues, expenses and income summary ledger accounts
3. Calculate profit of business.
4. Prepare Statement of profit and loss.
5. Prepare Statement of financial position.