

The CLO Review Material



Fundamentals of Accounting Bookkeeping, Controls and Accounting (AC110&ATQ101)

SECTION 1: THE BASIC UNDERSTANDING

Vocabulary

 Your Task: Please explain the following terms or phrases.

1. Asset	16.Cash book	31.Trial Balance
2. Liability	17.Petty cash book	32.Financial Statement
3. Capital Expenditure	18.General Ledger	33.Adjusting entries
4. Revenue Expenditure	19.T-account	34.Financial information
5. Ledger	20.Double entry	35.Bank Statement
6. Invoice	21.Chart of account	36.Profit
7. Sales Order	22.Errors of omission	37.Loss
8. Purchase Order	23.Errors of principle	38.Internal User
9. Business	24. Errors of commissions	39.Unearned Revenue
10. Discount	25.General Journal	40.Accrued revenue
11. Trade discount	26.Trial Balance	41.Accrued expense
12. Cash discount	27.Financial Statement	42.Book of prime entry
13. Output sales tax	28.Adjusting entries	43.Sales day book
14. Input sales tax	29.Accruals	44.Worksheet
15. Business Transaction	30.Prepaid expense	45.Accounting cycle

Understanding Questions

☞ Your Task: Please answer the questions provided.

- 1) What is business's prime objective?
- 2) What is the different from revenue and profit?
- 3) What is invoice? What information is usually shown on an invoice?
- 4) What is input tax and output tax?
- 5) What the main difference between a cash and a credit transaction?
- 6) What is account payable and account receivable?
- 7) Distinguish between tangible non-current asset and intangible non-current asset? Please give 5 examples for each.
- 8) Distinguish between capital expenditure and revenue expenditure?
- 9) Define double entry bookkeeping.
- 10) What is the double entry when goods are sold for cash?
- 11) What is the double entry when goods are sold for on credit?
- 12) What are the advantages of computerized accounting?
- 13) How many financial statements in IFRS?
- 14) How many types of error? Please list down with explanation.
- 15) How many steps for accounting cycle? Please list down in order each step.

SECTION 2: THE COURSE LEARNING OUTCOMES**Comprehensive Exercises**

☛ Your Task: Do all the following exercises completely.

1. The steps in the accounting cycle are listed in random order below. List the steps in proper sequence, assuming no worksheet is prepared, by placing numbers 1–9 in the blank spaces.

- a) Prepare financial statements_____.
- b) Prepare a trial balance_____.
- c) Journalize and post adjusting entries_____.
- d) Journalize the transactions_____.
- e) Journalize and post-closing entries_____.
- f) Post to ledger accounts_____.
- g) Analyze business transactions_____.
- h) Prepare an adjusted trial balance_____.
- i) Prepare a post-closing trial balance_____.

2. Affleck Company accumulates the following adjustment data at December 31.

Please determine the type of adjustment (prepaid expense, unearned revenue, accrued revenue, or accrued expense) in each blank space bellow:

- a) Services provided but not recorded total \$750. _____
- b) Store supplies of \$300 have been used. _____
- c) Utility expenses of \$225 are unpaid. _____
- d) Unearned revenue of \$260 has been earned. _____
- e) Salaries of \$900 are unpaid. _____

3. Affleck Company accumulates the following adjustment data at December 31.

- a) Store supplies of \$300 have been used.
- b) Services provided but not recorded total \$750.
- c) Utility expenses of \$225 are unpaid.
- d) Prepaid insurance totaling \$350 has expired.
- e) Unearned revenue of \$260 has been earned.

Required: Indicate the type of adjustment (prepaid expense, unearned revenue, accrued revenue, or accrued expense).

4. Champer purchases goods with a list price of \$30,000. The supplier offers a 10% trade discount, and a 2.5% settlement discount for payment within 10 days.

Required

- a) Calculate the amount Champer will have to pay if it delays longer than 10 days before payment.
- b) Calculate the amount the company will pay if it pays within 10 days.

5. Selected transactions for Tina Cordero Company during its first month in business are presented below.

Sept. 1 Invested \$10,000 cash in the business.

Sept. 5 Purchased equipment for \$12,000 paying \$5,000 in cash and the balance on account.

Sept. 25 Paid \$3,000 cash on balance owed for equipment.

Sept. 30 Withdrew \$500 cash for personal use.

Note: Cordero's chart of accounts shows: No. 101 Cash, No. 157 Equipment, No. 201 Accounts Payable, No. 301 Tina Cordero, Capital; No. 306 Tina Cordero, Drawing.

Required

- (a) Journalize the transactions on page J1 of the general journal.
- (b) Post the transactions to ledger using the T-account form.

6. The following information relates to Linda Stanley Co. for the year 2020.

Cash on Hand	\$10,000	Salaries expense	30,000
Supplies	3,000	Advertising expense	\$ 1,800
Linda Stanley, Capital, January 1, 2020	48,000	Rent expense	10,400
Linda Stanley, Drawing during 2020	6,000	Utilities expense	3,100
Service revenue	62,500	Accounts Payable	12,000

Required:

Calculate net income for Linda Stanley Co.

7. The ledger of Buerhle, Inc. on March 31, 2024, includes the following selected accounts before adjusting entries.

	<u>Debit</u>	<u>Credit</u>
Prepaid Insurance	2,400	
Office Supplies	2,500	
Office Equipment	30,000	
Unearned Revenue		10,000

An analysis of the accounts shows the following:

1. Insurance expires at the rate of \$400 per month.
2. Supplies on hand total \$900.
3. The office equipment depreciates \$500 per month.
4. 2/5 of the unearned revenue was earned in March.

Required

Prepare the adjusting entries for the month of March.

8. Presented below is information related to Chevalier Co.

On April 5, purchased merchandise from Paris Company for \$22,000, terms 2/10, net/30, FOB shipping point.

On April 6, paid freight costs of \$800 on merchandise purchased from Paris.

On April 7, purchased equipment on account from Wayne Higley Mfg. Co. for \$26,000.

On April 8, returned merchandise, which cost \$4,000, to Paris Company.

On April 15, paid the amount due to Paris Company in full.

Required

Prepare the journal entries to record these transactions on the books of Chevalier Co. using:

- a) Periodic inventory system
- b) Perpetual inventory system

9. Presented below is information for Obley Company for the month of March 2020.

Cost of goods sold	\$212,000	Rent expense	\$32,000
Carriage outwards	7,000	Sales discounts	8,000
Insurance expense	12,000	Sales returns and allowances	13,000
Salary expense	58,000	Sales	370,000

Required

Prepare a profit or loss statement for ending of March 2020.

10. An item of equipment cost 1,260,000 KHR. It has an expected useful life of six years and an expected residual value of 240,000 KHR. Using the straight-line method of depreciation.

Required

- What is the annual depreciation charge?
- What will be the carrying amount of the asset after four years?
- Show the depreciation table for all years.

End of Paper



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The CLO Review Material



Introduction to Costing Management Accounting (ATQ103&ATQ106)

SECTION 1: THE BASIC UNDERSTANDING

Vocabulary

 Your Task: Please explain the following terms or phrases.

1. Cost accounting	16. Labour costs	31. Working capital
2. Production costs	17. Marginal cost	32. Cash operating cycle
3. Non-production costs	18. Absorption costing	33. Abnormal
4. Administration costs	19. Cost budgets	34. Standard marginal costing
5. Cost behaviour	20. Fixed budgets	35. Conversion costs
6. Fixed costs	21. Cost structure	36. Planning
7. Variable costs	22. Cost variances	37. Standard costs
8. Semi-variable cost	23. Standard costing	38. abnormal gain
9. Direct cost	24. Sales variances	39. Under absorption
10. Direct materials	25. Job costing	40. Valuation of inventory
11. Direct materials	26. Normal loss	41. Sales price variance
12. Prime cost	27. Direct Labour	42. Sales volume variance
13. FIFO method	28. Process costing	43. Marginal costing variances
14. LIFO method	29. Manufacturing costs	44. Allocation
15. Weighted average cost (AVCO)	30. Direct expenses	45. Mark-up pricing

Understanding Questions

 **Your Task:** Please answer the questions provided.

- 1) What is management accounting?
- 2) What is the purpose of management of accounting?
- 3) What is the equation of total cost?
- 4) What is the accounting standard for inventory?
- 5) What is the formula of:
 - Prime Cost
 - Full production cost
 - Overhead absorption rate
 - Job costing
 - Batch costing
 - Service costing
 - Cost of purchase
 - Cost of manufactured
 - Cost of Sale (Cost of goods sold)
- 6) Please explain the differences of definitions of words below:
 - Cost of goods purchased
 - Cost of goods sold
 - Cost of goods manufactured
- 7) What is the formula calculating cost of goods sold?
- 8) What is the formula calculating cost of goods manufactured?
- 9) What is the formula calculating cost of goods purchased?
- 10) What is the difference between fixed cost and variable cost? Please give 2 examples of each cost type.
- 11) What is the difference between absorption costing and marginal costing?
- 12) What is overhead absorption rate and its formula?
- 13) What is the formula calculating contribution in marginal costing?
- 14) What are the 2 ways in setting up cost and selling price?
- 15) What is Process Costing and its formula?
 - Raw material?
 - Work in progress (WIP)?
 - Finished goods?
 - Cost of goods sold?

SECTION 2: THE COURSE LEARNING OUTCOMES

Comprehensive Exercises

👉 Your Task: Do all the following exercises completely.

1. An electronics retailer begins the month of August with an opening inventory of smartphones valued at \$25,000. During the month, the store makes additional purchases of tablets and accessories totaling \$42,000. At the end of August, a physical count reveals that the remaining inventory on hand is valued at \$18,500.

Required

Calculate the Cost of Goods Sold (COGS) for the month of August.

2. The standard material cost per unit for a product is 22,000 KHR (11 litres at 2,000 KHR per litre). Last month, 4,000 units were produced and there was an adverse material usage variance of 1,800,000 KHR.

Required

How many litres of material were issued to production last month?

3. A company has established a marginal costing profit of 85,000,000 KHR. Opening inventory was 400 units and closing inventory was 850 units. The fixed production overhead absorption rate has been calculated as 8,000 KHR per unit.

Required

What was the profit under absorption costing?

4. The budgeted information for a company for next month is as follows:

Production	20,000 units	Fixed production costs	120,000,000 KHR
Sales	18,500 units	Fixed selling costs	25,000,000 KHR

The normal level of activity is 20,000 units per month.

The profit for the month using absorption costing is forecast to be 85,000,000 KHR.

If the company were to use marginal costing instead of absorption costing,

Required

What would the profit for next month be?

5. XYZ Ltd produced 12,000 identical units of a product last period. To produce one unit it requires 2 direct labour hours, which are paid at normal rate for a total of 20,000 hours. Any direct labour hours needed above this in a period are paid at time and a half. Normal labour rates are 5,000 KHR per direct labour hour. The normal usage of direct material was 2 kgs per unit at a cost of 1,500 KHR per kg. However, the first 6,000 units produced last period used 50% more direct material than anticipated due to the poor grade of material initially used. However, this improved after the first 6,000 units and after that, the remaining units of production used the normal level of material. Production overheads were incurred at the variable rate of 750 KHR per direct labour hour plus a fixed overhead of 47,000,000 KHR.

Required

- a) Find the total direct labor cost
- b) Find the total direct material cost
- c) Find the total production overhead cost

6. A company absorbs production overheads on the basis of machine hours. The following information relates to Period 4:

Budgeted machine hours	52,000	
Actual machine hours	53,400	
Budgeted production overheads	377,000,000 KHR	
Actual production overheads	383,250,000 KHR	

Required

Calculate the under- or over-absorption of production overheads.

End of Paper



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The CLO Review Material



Financial Statement Preparation (ATQ105)

SECTION 1: THE BASIC UNDERSTANDING

Vocabulary

 Your Task: Please explain the following terms or phrases.

1. Financial accounting	21. Bad and doubtful debts	41. Cash flow statement
2. Financial reporting	22. Share	42. Financial statement analysis
3. Management accounting	23. Share issue	43. Profit before tax
4. Cost accounting	24. Share Capital	44. Capital employed
5. Financial Statement	25. Income tax	45. Asset turnover ratio
6. IFAC Code of Ethics	26. Income tax payable	46. Cash operating cycle
7. Relevance	27. Profit before tax	47. Liquidity
8. GAAP	28. Retained Profit	48. Current ratio
9. IFRS	29. Notional salary	49. Quick ratio/acid test ratio
10. Depreciation	30. Notional interest	50. Debt ratio
11. Straight line depreciation	31. Goodwill	51. Gearing ratio
12. Reducing balance method	32. Incomplete records	52. Interest cover
13. Sole trader	33. Working capital	53. Accounting systems
14. Partnership	34. Mark-up	54. Bank reconciliations
15. Company	35. Gross profit margin	55. Bank Statement

Multiple-Choice Questions

☞ Your Task: Please answer the questions provided.

- 1) What does “**IFAC Code of Ethics**”? Please list down Code of Ethics for Professional Accountants and explain each of Code of Ethic?
- 2) What are the four enhancing qualitative characteristics of financial statements identified in the Conceptual Framework?
- 3) Define double entry bookkeeping.
- 4) How many types of financial statement?
- 5) What is a statement of financial position? How many accounts to recognize?
- 6) What is a statement of profit or loss? How many accounts to recognize?
- 7) What is a statement of change in equity? How many accounts to recognize?
- 8) What is a statement of cash flow? How many activities? Please explain each of activity?
- 9) Distinguish between capital expenditure and revenue expenditure?
- 10) What are the five main types of error which might occur in accounting?
- 11) What is bank reconciliation?
- 12) What is an incomplete record in accounting?
- 13) What is an asset’s carrying amount?
- 14) What is the most common method of deprecation method? Please write down the formula of each method?
- 15) What is financial ratio analysis?

SECTION 2: THE COURSE LEARNING OUTCOMES

Comprehensive Exercises

☞ Your Task: Do all the following exercises completely.

- 1) A non-current asset originally cost 750,000 KHR. Accumulated depreciation is 510,000 KHR.

The asset is now sold for 180,000 KHR. Disposal costs are 5,000 KHR.

Required

- What is the gain or loss on disposal?
- What should be the accounting entries to record on disposal?

- 2) A company, issued 1,000,000 ordinary shares of 250 KHR each at a price of 1,100 KHR per share, all received in cash.

Required

What should be the accounting entries to record this issue?

- 3) The following list of account balances was extracted from the books of Sulu at 31 December 20X9.

	Dr KHRm	Cr KHRm
Revenue		18,955
Purchases	12,556	
Inventory 1 January 20X9	3,776	
Distribution costs	3,687	
Administrative expenses	1,202	
Non-current assets	3,000	
Trade receivables	4,577	
Trade payables		3,045
Cash	3,996	
Drawings	2,050	
Capital		12,844
	<u>34,844</u>	<u>34,844</u>

Notes at 30 April:

- Distribution expenses of 55,000,000 KHR have been prepaid.
- Administration expenses of 106,000,000 KHR need to be accrued.

(3) Inventory was 4,998,000,000 KHR at 31 December 20X9.

Required

From the list of balances and the notes prepare:

- c) Sulu's statement of profit or loss for the year ended 30 April 20X9
- d) Sulu's statement of financial position at that date.

4) The trial balance of Veba at 31 December 20X4 is as follows.

	KHRm	
	Dr	Cr
Administration charges	342	
Cash	91	
Payables		86
Accumulated depreciation at 31 December 20X4		923
Receivables	189	
Distribution expenses	175	
Property, plant and equipment at cost	2,856	
Interest received		20
Share capital		400
Loan		18
Accumulated profits		1,562
Purchases	2,542	
Revenue		3,304
Inventories at 31 December 20X3	118	
	<u>6,313</u>	<u>6,313</u>

The following information is also relevant.

- (1) Inventories on 31 December 20X4 were 127 million KHR.
- (2) The company owes income tax of 75 million KHR and this has not yet been accounted for.
- (3) The loan is repayable in 20X7.

Required

From the list of trial balances and information prepare:

- a) Veba's statement of profit or loss for the year ended 31 December 20X4
- b) Veba's statement of financial position at that date.

5) Partnership DEF has three partners, D, E and F.

Partner D has contributed 100 KHRm of fixed capital, Partner E 120 KHRm and Partner F 60 KHRm.

They have agreed to share profits in the following way.

- 1. Partner D to receive a salary of 4 KHRm and Partner F a salary of 7 KHRm.
- 2. All three partners receive interest at 5% on the fixed capital contributed.

3. Residual profit or loss to be shared between D, E and F in the ratio 3:5:2.

The profit of the partnership for the year is 95 KHRm.

Required

Prepare the partnership profits sharing for each partner.

6) A sole trader does not keep a record of sales. However, she does keep a record of purchases. The accountant has established that the gross profit margin is 20%, and that:

- a) opening inventory was 700,000 KHR at the beginning of the year
- b) closing inventory is 1,200,000 KHR at the end of the year
- c) purchases during the year were 23,500,000 KHR.

Required

- a) Calculate the mark-up cost for the sales.
 - b) Calculate sales for the year.
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End of Paper



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