

YLIOPISTOTENTTI - UNIVERSITY EXAM

Opiskelijan nimi / Student name:	Opiskelijanumero / Student number:
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Opettaja täyttää / Lecturer fills in:

Opintojakson koodi and nimi / The code and the name of the course: Koodi / Code 721138S Tentin nimi / Exam name Fundamentals of Accounting	
Tiedekunta / Faculty: OyKKK	
Tentin pvm / Date of exam: 30.10.2019	Tentin kesto tunteina / Exam in hours: 3 h
Tentaattori(t) / Examiner(s): Hannele Kantola ja Anna Rossi	Opintopistemäärä / Credit units: 6
	Sisäinen postios. / Internal address: 6 OyKKK
Sallitut apuvälineet / The devices allowed in the exam: <input checked="" type="checkbox"/> Funktiolaskin / Scientific calculator <input type="checkbox"/> Ohjelmoitava laskin / Programmable calculator <input type="checkbox"/> Muu materiaali, tarkennettu alla / Other material, specified below:	
Tenttiin vastaaminen / Please answer the questions: <input checked="" type="checkbox"/> Suomeksi / in Finnish <input checked="" type="checkbox"/> Englanniksi / in English Suomenkielisessä tutkinto-ohjelmassa olevalla opiskelijalla on oikeus käyttää arvioitavassa opintosuorituksessa suomen kieltä, vaikka opintojakson opetuskieli olisi englanti. Tämä ei koske vieraan kielen opintoja. (Kts. <u>Koulutuksen johtosääntö 18 §</u>) In a Finnish degree programme a student has a right to use Finnish language for their study attainment, even though the language of instruction is English, (excluding language studies) even when the language of instruction is other than Finnish. (See <u>the Education Regulations 18 §</u>)	
Kysymyspaperi on palautettava / Paper with exam questions must be returned: <input checked="" type="checkbox"/> Kyllä / Yes <input type="checkbox"/> Ei / No	

This test has four questions and a maximum of 40 points. Please use complete sentences when answering the essay questions (no bullets, lists etc.)! Do not write on this exam paper, but provide your answers in the answer sheet.

1) No opening stock (Bhimani et al., 2019) (10 points)

Electronics Ltd manufactures microchips in large quantities. Each microchip undergoes assembly and testing. The total assembly costs during January 2018 were:

Direct materials used	€720 000
Conversion costs	<u>760 000</u>
Total manufacturing costs	€1 480 000
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You are required to calculate and answer to questions:

1. Assume there was no opening stock on 1 January 2018. During January, 10 000 microchips were placed into production and all 10 000 microchips were fully completed at the end of January. What is the unit cost of an assembled microchip in January 2018?
2. Assume that during February 10 000 microchips were placed into production. Further assume the same total assembly costs for January are also incurred in February, but only 9000 microchips are fully completed at the end of February. All direct materials had been added to the remaining 1000 microchips. However, on average, these remaining 1000 microchips were only 50 % complete as to conversion costs.
 - a) What are the equivalent units for direct materials and conversion costs and their respective equivalent-unit costs for February?
 - b) What is the unit cost of an assembled microchip in February?
3. Explain the difference in your answers to requirements 1 and 2.

2) Explain briefly (Bhimani et al., 2019) (10 points)

- a) Define job-costing and process costing and explain how those differ from each other?
 - b) Why might the classification of a cost as a direct cost or an indirect cost of a cost object change over time?
- 3) What is accounting conservatism? Provide three examples of accounting methods, discussed during the course, in which the conservatism principle is reflected.**

(Continued on the next page)

- 4) Attached are the consecutive balance sheets and income statement of XYZ Company. Using this information, prepare cash flow statement for 2018 using *indirect method*.

XYZ Balance sheet, million €

	December 31, 2017	December 31, 2018
Current assets:		
Cash	50	35
Accounts receivable	38	30
Inventory	65	48
Prepaid insurance	12	20
Total current assets	165	133
Property, plant and equipment		
At cost	90	100
Less: Accumulated depreciation	(35)	(20)
Net property, plant and equipment	55	80
Total assets	220	213
Current liabilities:		
Accounts payable	20	18
Salaries payable	3	6
Rent payable	2	-
Advances from customers	6	9
Total current liabilities	31	33
Equity:		
Common stock	165	160
Retained earnings	24	20
Total liabilities and shareholders' equity	220	213

XYZ Income statement for 2018, million €

Sales	270
Less:	
Cost of goods sold	(145)
Salaries expense	(68)
Rent expense	(12)
Insurance expense	(5)
Depreciation expense	(20)
Add:	
Gain on sale of property, plant and equipment	3
Net income	23