**Exercise 1**

The manufacturer planned and found the following values in material consumption in his company:

|  |  |  |
| --- | --- | --- |
| **Item** | **Unit** | **Price** |
| Material consumption | Kg | CZK per kg |
| Planned situation | 300 | 15 |
| Real situation | 320 | 16 |

1. Calculate the actual cost
2. Calculate the planned costs
3. Calculate the total cost variance in monetary units.
4. Calculate how the price increase contributed to the total variance (price variance)
5. Calculate how consumption growth contributed to the total variance (quantity variance)

**Exercise 2**

|  |  |
| --- | --- |
| **Items** | **Units** |
| Calculated material consumption | 90 CZK |
| Production plan | 5. 000 gloves |
| Real production | 4. 800 gloves |
| Budgeted consumption of basic material | 450 000 CZK |
| Actual consumption of basic material | 420 000 CZK |

* Assess the level of economy achieved in glove manufacturing.

**Exercise 3**

The airline achieved the following results in the period under review:

|  |  |
| --- | --- |
| **Items** | **Units** |
| Sales revenue | 300.000.000 CZK |
| Air freight costs (material consumption, purchased services, depreciation, labor costs) | 210.000.000 CZK |
| Profit tax | 10.000.000 CZK |
| The net profit | 24.400.000 CZK |
| Invested capital | 1.200.000.000 CZK |
| Foreign resources (mainly bank loans) | 2/3 of capital |
| Interest rate of bank loans | 6.95 % |
| Required appreciation of equity capital by business owners | 11 % |
| Income tax rate | 24 % |

* Calculate the amount of return on equity and interpret the result.
* Calculate the amount of economic added value and interpret the result.

**Exercise 4**

|  |  |
| --- | --- |
| **Items** | **Units** |
| Purchase price of goods | 100.000 CZK |
| Selling price of goods | 120.000 CZK |
| Replacement cost | 106.000 CZK |
| Opportunity costs | 10 % of return on costs |

• Express the cost of goods sold depending on their financial, value and economic concept.

• Find out the trade margin (profit) from the sale of goods.

**Exercise 5**

Mr. Smith decided to do business as a craftsman.

|  |  |
| --- | --- |
| **Items** | **Units** |
| Annual earnings | 500.000 CZK |
| Production and other costs | 300.000 CZK |
| Invested capital | 1.000.000 CZK |
| Interest rate on invested capital | 6 % |
| Lost monthly salary due to business | 9.000 CZK |

* Calculate accounting and economic profit.