

## EXAM QUESTIONS FOR CORPORATE BUDGETING

1. Questions about budgets calculated
2. Budgeting as a part of financial planning
3. Examples of operating budgets and financial budgets
4. Purposes of budgeting
5. Steps of the budgeting process
6. Logical scheme of budgeting process
7. Classification of budgets types
8. Methods of budgets
9. Advantages and disadvantages of budgets
10. Consumers of budget information of the firm
11. Accounting policy
12. Meaning and relationship between Incomes, Expenses, Profit, Loss
13. Types of company's activity: operating activities, investing activities, financing activities
14. Meaning and ways to define revenue, Net revenue, Net sales
15. Accrual basis of accounting, examples of revenue and cash inflows, examples of expenses and cash outflows
16. Factors, influencing the sales budget
17. Types of market structures
18. Product life cycle
19. Overcoming the seasonality
20. Structure of the price
21. Types of the prices
22. Types of pricing strategies
23. Factors, affecting a production budget
24. Importance and limitations of production budget
25. How to calculate a production budget
26. Can required output of finished products, units in production budget be  $>0$ ,  $=0$ ,  $<0$ .  
When? What does it mean?
27. Advantages of excess inventory
28. Disadvantages of excess inventory
29. Original value of inventories
30. Inventory valuation methods
31. How to calculate direct material budget
32. Can Volume of the necessary raw materials purchase in the period, kg be  $>0$ ,  $=0$ ,  $<0$ .
33. Ways to reduce material costs
34. Direct labor budget, factors, affecting labor costs
35. Type of wages
36. Single social contribution, social standards,
37. Ways to reduce labor costs
38. How to calculate factory overhead budget, how can Cash outflow for the other direct and general production costs be defined
39. Classification of factory overhead costs
40. Spoilage costs
41. Depreciation
42. How depreciation fund is accumulated

43. Ways to reduce overhead costs
44. Cost of goods manufactured & cost of goods sold, ways of their definition
45. Selling and administrative costs as part of the price
46. Administrative expenses
47. Selling expenses
48. Budget of the administrative and sales expenses, cash outflow for administrative and sales expenses
49. Ways of reducing administrative and sales expenses
50. Cash plan
51. Examples, when income can be =, >, < than cash inflow
52. Examples, when expenses can be =, >, < than cash outflow
53. Budget of cash inflow from sale of finished products
54. Budget of doubtful debts
55. Budget of cash outflow for the raw materials purchase
56. Target (minimum) cash balance
57. Ways to improve cash flows
58. Fixed assets, operating cycle. Fundamental accounting equation
59. Current assets, operating cycle. Fundamental accounting equation
60. Equity as a part of balance sheet. Fundamental accounting equation
61. Liabilities as a part of balance sheet. Fundamental accounting equation
62. Double accounting, examples
63. Other financial income, Other income, Financial costs, Other costs
64. Fixed costs, Variable costs, direct costs, Indirect costs, Marginal costs, Opportunity costs
65. Types of profits
66. Ratio analysis: Property state
67. Ratio analysis: Liquidity
68. Activity ratios
69. Indebtedness ratios
70. Profitability ratios
71. What is operating cycle, how to minimize it
72. Break-even point

73. what kind of changes in balance sheet cause next business operations:

<b>Assets</b>	<b>Equity + Liabilities</b>
<ul style="list-style-type: none"> <li>• payment from buyers for the delivered production to the banking account 2000</li> </ul>	
<ul style="list-style-type: none"> <li>• repayment of debt by owners of the company to the current account 1000</li> </ul>	
<ul style="list-style-type: none"> <li>• Receipt of short-term bank credit 20000</li> </ul>	

<ul style="list-style-type: none"> <li>• made prepayments to the suppliers 30000</li> </ul>	
<ul style="list-style-type: none"> <li>• Payments to the budget 1500</li> </ul>	
<ul style="list-style-type: none"> <li>• Company received raw materials from supplier without payment in advance 15000</li> </ul>	

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Determine, which type of activity (operating, Financing, Investing) are the following operations: Sales of production, received deposit interest, attracting investment from business partner, calculated depreciation of intangible assets, purchase of raw materials, purchase of equipment, repayment of overdrafts, dividends paid to shareholders, purchase of government bonds, selling of own equipment, production, received long-term loan, payment of contributions to the social insurance fund, buying a property complex, the sale of shares of another company, calculated depreciation of fixed assets, bonds emission, shares emission, labour payment, payment of income tax, change in accounts payable, received dividends from equity of another entity

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Determine cash-inflow from financing and investing activity:

1. enterprise got credit 50 th.
2. result of shares emission 100 th., including registered capital 80 th.. and Additional paid-in capital 20 th.
3. revenue from sales of production 350 th., including VAT .
4. enterprise received dividends — 20 th..
5. enterprise sold government bond — 40 th..

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Determine Cash flow from financing activities For the reporting period:

1. The financial result before taxation — 100 th.
2. result of shares emission 250 th., including registered capital 200 th.
3. result of bonds emission — 50 th.
4. enterprise defined amount of dividends 40 th.
5. Cost of production sold— 800 th., including depreciation — 20 th.

Determine Cash flow from investing activities For the reporting period:

1. cash inflow from sale of other company shares— 50 th.
  2. result of shares emission 250 th., including registered capital 200 th.
  3. result of bonds emission — 60 th.
  4. paid dividends 40 th.
  5. Cost of production sold— 800 th., including depreciation — 20 th.
  6. cash outflow for tangible assets purchase — 70 th.
78. Which of the following financial statements would show how quickly a hospitality operation could convert assets into cash?
- a. income statement
  - b. balance sheet
  - c. statement of cash flows
  - d. aging of accounts payable report
79. What happens to the fundamental accounting equation when the sole proprietor of a business invests more cash in it?
- a. Assets increase, liabilities increase, and owner's equity decreases.
  - b. Assets increase, liabilities remain the same, and owner's equity increases.
  - c. Assets remain the same, liabilities increase, and owner's equity increases.
  - d. Assets increase, liabilities increase, and owner's equity remains the same.
80. what indexes are used in calculation of net Cash-flow from investing activity?
1. Net operating cash flow.
  2. cash inflow from financial investments sale .
  3. received dividends .
  4. paid dividends.
  5. cash outflow for Fixed assets purchase .
81. what indexes are used in calculation of net Cash-flow from financing activity?
1. Net cash-flow from investing activities .
  2. cash inflow from financial investments sale .
  3. received dividends .
  4. paid dividends.
  5. cash outflow for Tangible assets purchase .
82. the goal of The cash flows statement is providing information concerning ...
- 1) Incomes, costs, profits, loses For the reporting period;
  - 2) Changes in assets, liabilities structure For the reporting period ;
  - 3) Financial statement of the enterprise For the reporting period;
  - 4) cash flows during reporting period as result of operating, financing, investing activities;
  - 5) Changes in equity structure For the reporting period.
83. Proceeds from the issuance of capital stock would appear under the \_\_\_\_\_ section of the statement of cash flows.
- a. Noncash

- b. Operating Activities
- c. Financing Activities
- d. Earning Activities

84. Use the LIFO method to value (at cost) the ending inventory. There was no beginning inventory. The purchases during the month were as follows:
- 5 units @ \$2.00 apiece
  - 10 units @ \$2.10 apiece
  - 15 units @ \$2.20 apiece
- If the ending inventory were 15 units, it would be valued under LIFO at:
- a. \$31.00.
  - b. \$33.00.
  - c. \$64.00.
  - d. none of the above.
85. The beginning inventory of a certain item for the Frolicsome Resort was 10 units, which were purchased at \$10 each. It purchased 5 units at \$5 apiece, and later, 3 units at \$10 apiece. The resort sold a total of 8 units during the current accounting period. Which of the following inventory valuation methods yields the highest ending inventory value for this inventory item?
- a. FIFO
  - b. LIFO
  - c. weighted average
  - d. All these methods yield the same value for ending inventory.
86. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 48,000 hours, or 6 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the straight-line method of depreciation, calculate the sub's depreciation for the first year.
- a. \$50,000
  - b. \$40,000
  - c. \$36,000
  - d. \$80,000
87. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 48,000 hours, or 6 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the units of production method of depreciation, calculate the sub's depreciation for the first year.
- a. \$41,667
  - b. \$40,000
  - c. \$38,000
  - d. \$35,000

88. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 48,000 hours, or 6 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the sum-of-the-years' digits method of depreciation, calculate the sub's depreciation for the first year.
- \$68,571
  - \$71,870
  - \$63,140
  - \$68,061
89. The Lagoon Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost \$250,000, has a salvage value of \$10,000, and has an estimated useful life of 40,000 hours, or 5 years' use. During the first year of the sub's operation, it was used for 8,000 hours. Using the double declining balance method of depreciation, calculate the sub's depreciation for the first year.
- \$48,000
  - \$92,000
  - \$94,000
  - \$100,000
90. Calculate Production process, outflow and ending inventory according weighted average method

Date of purchase	Amount of purchase	Production process, outflow	Ending inventory
16.01	20 units*\$3	3units*\$	
20.01	18*\$3.5	10 units *\$	
1.02	16*\$3.8	4 units *\$	
15.03	14*\$3.6	2 units *\$	

91. Calculate Production process, outflow and ending inventory according FIFO method

Date of purchase	Amount of purchase	Production process, outflow	Ending inventory
16.01	20 units*\$3	3units*\$	
20.01	18*\$3.5	10 units *\$	
1.02	16*\$3.8	4 units *\$	
15.03	14*\$3.6	2 units *\$	

92. Calculate Production process, outflow and ending inventory according LIFO method

Date of purchase	Amount of purchase	Production process, outflow	Ending inventory
16.01	20 units*\$3	3units*\$	
20.01	18*\$3.5	10 units *\$	
1.02	16*\$3.8	4 units *\$	
15.03	14*\$3.6	2 units *\$	

