

Exercises: ACC

Exercise 1) Evaluation of Inventory:

A company has collected the following data from the purchase and use of heating fuel from its Business Statistics department for inventory management of the previous year:

Date	Amount purchased (liters)	Purchase Price (EUR/liter)
12.1.2006	15000	0,80
14.2,2006	20000	0,75
25.3.2006	6000	0,81
28.6.2006	18000	0,90
29.8.2006	33000	0,76

Date	Amount used/consumed (liters)	
30.9.2006	7000	
31.10,2006	23000	
30.11.2006	9000	
31.12.2006	11000	

a) Calculate the cost/use of material sold for the material(energy):

Based on the following evaluation methods:

- FIFO
- HIFO
- LIFO
- average price

b) Book the transaction for the consumption of the fuel at the 31.12.2006 (1.1.-31.12.2006) correctly by using the FIFO-method and indicate the effect on the profit! (All the purchases of the fuel have been recorded yet!)

Date	Debit	Credit	Amount (EUR)
31.12.2006			

Effect on the profit?

Exercise 2) Depreciation:

The following data for a machinery is available:

Purchase price (<u>incl. 20% VAT</u>)	360 000 EUR
Salvage value (<u>excl VAT</u>)	10 000 EUR

useful life	7 years
(=estimated service life)	

production capacity	580 000 hours
1 st year: production (2006)	120 000 hours
2 nd year: production (2007)	160 000 hours
3 rd year: production (2008)	130 000 hours
4 th year: production (2009)	80 000 hours
5 th year: production (2010)	50 000 hours
6 th year: production (2011)	40 000 hours
7 th year: production (2012)	30 000 hours

- Calculate the straight-line depreciation. (straight-line method)*
- Calculate the depreciation based on the activity method.*
- What other depreciation methods do you know?*
- Calculate the depreciation for 2006 and the book value (31.12.2006) in accordance with the Austrian (taxation) regulations (straight-line) if the machinery has been purchased at 30 May 2006.*
- Calculate the depreciation for 2006 and the book value (31.12.2006) in accordance with the Austrian (taxation) regulations (straight line) if the machinery has been purchased at 5 August 2006.*

