

Entry test	<p>Subject : Financial Management and Business Administration Date : Monday June 12 2017 Venue : HES-SO Master / Lausanne Number of pages : 15 Material allowed : non-programmable personal pocket calculator.</p>
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Candidate	<p>Last name : First name : Date of birth : Field and school selected :</p>
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Examiner	<p>Mark : Comments : Examiner's name : Signature : Date :</p>
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	Points Obtained	Points Maximum
Exercise 1		9
Exercise 2		7
Exercise 3		10
Exercise 4		4
Exercise 5		7
Exercise 6		8
Total		45

IMPORTANT NOTES

- Length : 90 minutes
- Allowed : 1 non-programmable calculator
- No other documents allowed

The following points will be part of the assessment criteria :

- Quality of the presentation (**no pencil allowed**)
- Justification / Accuracy of your answers
- All verification calculations must be given

Exercise 1 – Accounts closing - MCQ

HES-SO SA, a company specialised in selling educational games, was founded in early 2015.

At the end of the second year of operation, i.e. **December 31, 2016**, their **balance sheet** is presented to you before adjustments :

Balance sheet as at December 31, 2016	Debit	Credit
2015 fees		4'000.00
Accrued liabilities	3'560.00	3'560.00
Adjustment assets	2'400.00	2'400.00
Administration costs and other operating expenses	45'800.00	
Advertising	13'600.00	
Building charges	16'800.00	
Building income		66'500.00
Cash	2'460.00	
Correction of values on customer debts (provision)		2'000.00
Credit losses	1'800.00	
Debt from the purchase of goods		34'000.00
Debts from the sale of goods	24'400.00	
Deferred profit		2'400.00
Depreciation		
Depreciation and value adjustment on equipment & furniture (cumulative)		36'800.00
Dividends (not distributed)		3'000.00
Equipment and furniture	99'000.00	
Financial expenses	13'800.00	
Freight charges	380'000.00	24'000.00
Insurance	10'000	10'000
Inventory changes		
Legal reserve from profit		15'000.00
Mortgages		644'200.00
Post	3'987.00	
Raiffeisen Bank current account		53'047.00
Rental building (purchased on 1.1.2015)	1'440'000.00	
Sales of product		756'100.00
Share capital (3'000 registered shares)		300'000.00
Stock of goods	24'000.00	
Third-party debts (Yvan)		233'000.00
Wages	108'400.00	
	<u>2'180'007.00</u>	<u>2'180'007.00</u>

Task :

Using the balance sheet on the previous page, journalise the closing operations from 31.12.2016 or answer questions 1 to 9.

Clearly circle the correct answer (a, b, c or d). For each question, only one answer is correct or undoubtedly the best choice.

Any false answer, multiple answer or no response will be given 0 point.

1. The inventory of the stock of goods amounts to Fr. 30'000.-.

a)

Inventory changes	Stock of goods	30'000.-	30'000.-
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b)

Inventory changes	Stock of goods	6'000.-	6'000.-
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c)

Stock of goods	Inventory changes	30'000.-	30'000.-
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d)

Stock of goods	Inventory changes	6'000.-	6'000.-
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2. Before the closing date, the accountant forgot to enter the half-yearly interest in favour of Raiffeisen Bank, Fr. 1'522.-. Book the payment of this half-yearly interest.

a)

Raiffeisen Bank	Financial products	1'522.-	1'522.-
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b)

Financial expenses	Raiffeisen Bank	2'341.55	2'341.55
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c)

Financial expenses	Raiffeisen Bank	1'522.-	1'522.-
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d)

Raiffeisen Bank		1'522.-	
	Financial products		2'341.55
Recoverable withholding tax		819.55	

3. The building is depreciated on a straight-line and constant basis at a rate of 4%. What does the amortisation as at 31.12.2016 amount to ?

- a) 57'600.-
- b) 60'000.-
- c) 62'608.70
- d) None of the above answers is correct.

4. Equipment and furniture are depreciated on an indirect and declining balance method at a rate of 25 %.

a)

Amortisation and correction of value on equipment & furniture (cumul.)	Equipment and furniture	15'550.-	15'550.-
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b)

Amortisation	Amortisation and value adjustment on equipment & furniture (cumul.)	24'750.-	24'750.-
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c)

Amortisation	Amortisation and value adjustment on equipment & furniture (cumul.)	15'550.-	15'550.-
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d)

Amortisation	Equipment and furniture	24'750.-	24'750.-
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5. As at 31.12.2016, what do the accrued interests on the mortgage debt (interest rate 4.25% / maturity date : June 30) amount to ?

- a) 13'689.25
- b) 14'494.50
- c) 27'378.50
- d) None of the above answers is correct.

6. Book the accrued interests on the debt to Yan, interest rate 5% / maturity date : August 31 (result rounded up to 5 cents)

a)

Financial expenses	Prepaid expenses	7'766.65	7'766.65
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b)

Accrued income	Financial income	3'883.35	3'883.35
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c)

Financial expenses	Accrued expenses	7'766.65	7'766.65
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d)

Financial expenses	Accrued expenses	3'883.35	3'883.35
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7. In January 2017, the tenant, Marco, will pay Fr. 5'200.- for the rents of December 2016 and January 2017.

a)

Accrued income	Building income	2'600.-	2'600.-
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b)

Accrued income	Building income	5'200.-	5'200.-
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c)

Building income	Deferred income	2'600.-	2'600.-
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d)

Rent	Building income	5'200.-	5'200.-
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8. The annual theft insurance premium of CHF 1'500 covering risks related to the stock of goods will be valid until March 31, 2017.

a)

Insurances	Accrued expenses	375.-	375.-
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b)

Prepaid expenses	Insurances	1125.-	1125.-
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c)

Insurances	Bank	1125.-	1125.-
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d)

Prepaid expenses	Insurances	375.-	375.-
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9. The value adjustment on customers' debts (provision) must amount to 5% of the debts from the sales of goods.

a)

Credit losses	Value adjustment on customers' debts	1220.-	1220.-
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b)

Value adjustment on customers' debts	Customers' debts	780.-	780.-
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c)

Value adjustment on customers' debts	Credit losses	780.-	780.-
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d)

Value adjustment on customers' debts	Credit losses	1220.-	1220.-
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Exercise 2 : Capital increase and securities transactions

On June 15, 2016, the general meeting of Bobbie Ltd decided to increase the share capital by issuing 450 new shares with a nominal value of CHF 250.-.

The new shares are listed for sale at the price of CHF 275.-. Issue expenses amount to CHF 4'000.- and are settled by bank transfer.

1) Book the subscription of new shares. (2 pts)

ACCOUNTS		ENTRIES / Supporting calculations	AMOUNTS	
TO BE DEBITED	TO BE CREDITED		DEBIT ENTRY	CREDIT ENTRY

2) What amount will be paid to the legal reserve following the capital increase ? (1pt)

- 3) On June 15, 2016, an investor purchases 27 new Bobbies Ltd shares (see point 1) and 12 Swiss Confederation bonds with a nominal value of CHF 5'000.- each (maturity date : July 15 / interest rate : 0.5% / rate : 99%).

Total bank fees amount to CHF 174.-.

What is the total amount of the securities transaction including the purchase of shares and bonds ? Justify your answer. (3pts)

- 4) On July 15, 2016, the investor receives interest on the Swiss Confederation bonds purchased the previous month (see point 3).

What is the net interest on 15.07.2016 ? (1pt)

EXERCISE 4 - Prices

Based in Lausanne, the company «Vivo Ltd» imports 4'250 household products from France. The products are delivered in Switzerland at a net purchase price of 25 euros per unit. The purchase costs (transport + various fees) for 4'250 products amount to CHF 2'800.-.

Considering the above data, what is Vivo Ltd's total gross margin if 4'250 products were sold for a gross selling price of CHF 45.- per unit with a discount of 2% ?

Exchange rate at the time of purchase :
1.04 (buying rate) / 1.10 (selling rate)

4 points

Exercise 5 – Miscellaneous questions

Clearly circle the correct answer (a, b, c or d). For each question, only one answer is correct or undoubtedly the best choice.

Any false answer, multiple answer or no response will be given 0 point.

1. What are fees paid by a limited company ?
 - a) A share of the profit paid to shareholders
 - b) A share of the profit paid to directors
 - c) A bonus paid to employees
 - d) None of the above answers is correct

2. What is the type of account named «net dividends» before they are paid to shareholders ?
 - a) A current assets account
 - b) An expense account
 - c) An equity account
 - d) A short-term foreign capital account

3. What is the type of account named «withholding taxes» ?
 - a) An income account
 - b) A short-term foreign capital account
 - c) An expense account
 - d) A current assets account

4. What is the difference between constant and declining depreciation ?
 - a) The declining depreciation is calculated on the residual value of the fixed asset
 - b) The fixed asset is depreciated by the same amount each year on a declining balance method
 - c) The fixed asset is depreciated on an indirect and declining balance method
 - d) None of the above answers is correct

5. A company sells fashion accessories at an average price of CHF 90.- per unit. The accessories are purchased from a Swiss designer at an average price of CHF 50.- per unit. Considering fixed expenses of CHF 15'000.- per month, what monthly turnover must be realised to reach the break-even point (profitability threshold) ?
- a) CHF 15'000.-
 - b) CHF 27'000.-
 - c) CHF 33'750.-
 - d) None of the above answers is correct
6. What is the threshold for a company to be subject to VAT ?
- a) From a capital of CHF 100'000.-
 - b) From a turnover of CHF 100'000.-
 - c) From a profit of CHF 100'000.-
 - d) None of the above answers is correct
7. VAT is an indirect federal tax. Who pays for its tax burden ?
- a) The final consumer
 - b) Companies
 - c) The State
 - d) None of the above answers is correct

Exercise 6 – Nature of accounts – Balance sheet

Using the company Univor Ltd's list of accounts below, draw up the balance sheet as at 31.12.2016 according to the classification categories (no amount given).

ACCOUNTS

Accrued liabilities (transitional)
Adjustment assets (transitional)
Administrative costs
Bank (balance in favour of Univor Ltd)
Costs of premises
Debt to close relatives
Debts from purchases
Depreciation
Depreciation and value adjustment on technical facilities (cumulative)
Equipment and furniture
Hardware
Insurance
Inventory changes
Investments
Long term interest-bearing debts
Loss on sales receivables
Non-operating expenses
Patents
Personnel costs
Purchase of goods
Sales receivables
Share capital
Short term debts to close relatives
Stock of goods
Tax
Technical facilities
Value adjustment on sales receivables (provision)

