

Work Sheet for level II

Project one

Supreme manufacturing company was imported raw material by birr 900,000 and additional purchase local materials for birr 500,000 before VAT for production of XY product for 2013. The company charges local customs duty of birr 50,000 paid to tax authority. The company was sale 4,000 product at birr 650 each before VAT, including 2% sales commission. Total administration expenses of the company shows birr 460,000 and with hold birr 15,000 of employment income tax. The Imported goods are exempted from VAT and withholding tax. Business profit tax is 30%

Required

1. Calculate net profit
2. Calculate direct and indirect tax
3. Identify relevant document for taxation

Solution

Sales= sale including/1.02

Sales=4000*650/1.02

Sales=2,600,000/1.02

Sales=2,549,019.61

Cost of sale =900,000+500,000+50,000

Cost of sale=1,450,000

Required 1.

Supreme manufacturing company

Income statement

For the year ended of 2014

Sale -----	2,549,019.61
Cost of sales-----	<u>1,450,000</u>
Gross profit -----	1,099,019.61
Administrative expenses -----	<u>460,000</u>
Net income -----	<u>639,019.61</u>
Business profit tax-----	191,705.88
Net profit -----	<u>447,313.73</u>

Withholding tax payable =2 % (500,000)

=10,000

Required 2.

Direct tax =Business profit tax + employment income tax

=191,705.88+15,000

=206,702.88

Indirect tax

Output VAT =15 % (2,600,000)

=390,000

Input VAT=15 % (500,000)

=75,000

Net VAT = output VAT-input VAT

= 390,000-75,000

=315,000

Indirect tax =315,000+50,000

=365,000

Required 3.

- Sale invoice
- Purchase invoice
- Payroll sheet
- Goods transits vouchers
- Tax return Statement
- VAT invoice
- With holding invoice

Project Two

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- 1) Ato Bulti is one of the employees of ABC Corporation earns Net income of Birr 10,000. 30% of his income Covers fixed cost and the remaining income are allocated (distribute) to Variable expenses and Personal saving, Personal saving is 20% of Variable expenses. For the month Of December 2014 the actual Variable expense is 80% of the budgeted Variable expenses. If Variable expenses budget is Deficit deducted from personal saving and variable expenses budget is Surplus added to personal saving. His Net income will be expected increased by 15% from February Month.

Required

- 1) Prepare Budget performance report for the month of December 2014.
- 2) Prepare personal budget of March 2015.
- 3) Calculate total saving at the end of March 2015 and identify the related investment opportunities.
- 4) Identify Investment risk of personal saving.

Solution

Required

$$\text{Fixed cost} = 30\% (10,000) = \underline{3,000}$$

$$\text{Remaining} = 10,000 - 3,000 = \underline{7,000}$$

$$\text{Variable expenses (VE) + Personal saving (PS)} = 7,000$$

$$\text{PS} = 20\% \text{ VE}$$

$$\text{VE} + 20\% \text{ VE} = 7,000$$

$$\text{VE} + 0.2 \text{ VE} = 7,000$$

$$1.2 \text{ VE} = 7,000$$

$$1.2 \text{ VE} / 1.2 = 7,000 / 1.2$$

$$\text{VE} = \underline{5833.33}$$

$$\text{Ps} = 20\% (5833.33)$$

$$= \underline{1166.67}$$

$$\text{Actual VE} = 80\% (5833.33)$$

$$= \underline{4666.67}$$

$$\text{Budget surplus} = 5833.33 - 4666.67$$

$$= \underline{1166.67 \text{ saved}}$$

ATO BULTI

Budget Performance report For the month ended of Dec, 2014

Description	Budgeted amount	Actual budget	difference
Income			
Net income	10,000	10,000	-
Total income	10,000	10,000	-
Cost and expenses			
Fixed cost	3,000	3000	-
Variable Expenses	5833.33	4666.67	1166.67
Total Expenses	8,833.33	7,666.67	-
Persona Saving	1166.67	2333.34	-

Required 2

His income is increased by 15% from February 2014

$$\text{Net income} = 10,000 + 15\% (10,000)$$

$$= 10,000 + 1,500$$

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=11,500

Fixed cost =30 %(11,500)

=3,450

Remaining =11,500-3450

=8050

VE +PS =8050

VE+20%VE=8050

1.2VE/1.2=8050/1.2

VE=**6708.33**

PS=20 %(6708.33)

Ps=**1341.67**

ATO BULTI Personal Budget For the month of March, 2014

Description	amount
Income	
Net income	11,500
Total income	11,500
Cost and expenses	
Fixed cost	3,450
Variable Expenses	6708.33
Total Expenses	10,158.33
Persona Saving	1341.67

Required 3

ATO BULTI Budget Performance report For the month ended of Jan, 2014

Description	Budgeted amount	Actual budget	difference
Income			
Net income	10,000	10,000	-
Total income	10,000	10,000	-
Cost and expenses			
Fixed cost	3,000	3000	-
Variable Expenses	5833.33	4666.67	1166.67
Total Expenses	8,833.33	7,666.67	-
Persona Saving	1166.67	2333.34	-

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ATO BULTI
Budget Performance report
For the month ended of February, 2014

Description	Budgeted amount	Actual budget	difference
Income			
Net income	11,500	11,500	-
Total income	11,500	11,500	-
Cost and expenses			
Fixed cost	3,450	3,450	-
Variable Expenses	6708.33	5366.66	1341.67
Total Expenses	10,158.33	10,158.33	-
Persona Saving	1341.67	2683.33	-

ATO BULTI
Budget Performance report
For the month ended of March, 2014

Description	Budgeted amount	Actual budget	difference
Income			
Net income	11,500	11,500	-
Total income	11,500	11,500	-
Cost and expenses			
Fixed cost	3,450	3,450	-
Variable Expenses	6708.33	5366.66	1341.67
Total Expenses	10,158.33	10,158.33	-
Persona Saving	1341.67	2683.33	-

Total saving at the end of March 2014

December month saving 2,333.34
January month saving 2,333.34
February month saving..... 2,683.33
March month saving 2,683.33

Total actual saving at the end of March 2014-----10,033.34

Required Three

Relative investment opportunity

- Barbra
- Beauty salon
- Car washing services
- In ternate services
- Coffee
- Wood work
- Metal work
- Retail shop

Investment related risk

- Inflection
- Bankruptcy
- Market competition
- Lack of resource
- Missing of relative legislative requirement
- Supply and demand

Project three

ABC Company present loan proposal to awash international bank and the Bank provides four credit schema to the loan. The first option is to borrow birr 100,000 mortgage to be paid with 6 years at equal

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installment at the rate of 15% Semi- annually. The second, third and fourth option are to borrow birr 250,000 for 30 months at equal installment at rate of 10% at semi-annually, birr 150,000 for a year at equal installment at rate of 13% semi-annually and birr 200,000 for 18 months at equal installment at rate of 8% semi annually respectively. The bank agreed with the company and the loan disbursed with additional service charge of birr 21,000 (one time borrowing cost for the three loans).

Required

1. Calculate interest expenses and other charges At the end of first year
2. Calculate total loan repaid at the end of second year
3. Demonstrate document required to open bank account at AIB by the company
4. What is the advantage of credit facility?

Solution :-Required 1

1st option Installment paid amount= $100,000/12=8,333.33$

1st installment interest= $100,000 \cdot .15 \cdot 1/2=7,500$

Outstanding balance = $100,000-8,333.33=91,666.67$

2nd installment interest = $91,666.67 \cdot .15 \cdot 1/2=6,875$

Outstanding balance = $91,666.67-8,333.33=83,333.34$

2nd option installment paid amount= $250,000/5=50,000$

1st installment interest= $250,000 \cdot .1 \cdot 1/2=12,500$

Outstanding balance = $250,000-50,000=200,000$

2nd installment interest = $200,000 \cdot .1 \cdot 1/2=10,000$

Outstanding balance = $200,000-50,000=150,000$

3rd option installment paid amount= $150,000/2=75,000$

1st installment interest= $150,000 \cdot .13 \cdot 1/2=9,750$

Outstanding balance = $150,000-75,000=75,000$

2nd installment interest = $75,000 \cdot .13 \cdot 1/2=4,875$

Outstanding balance = $75,000-75,000=0$

4th option installment paid amount= $200,000/3=66,666.67$

1st installment interest= $200,000 \cdot .08 \cdot 1/2=8,000$

Outstanding balance = $200,000-66,666.67=133,333.33$

2nd installment interest = $133,333.33 \cdot .08 \cdot 1/2=5,333.33$

Outstanding balance = $133,333.33-66,666.67=66,666.67$

Interest expenses for first year

1st option interests = $7,500+6,875=14,375$

2nd option interests = $12,500+10,000=22,500$

3rd option interests = $9,750+4,875=14,625$

4th option interests = $8,000+5,333.33=13,333.33$

Interest expenses for first year **64,833.33**

Added other charges **21,000**

Interest expenses and other charge for first year **85,833.33**

Required two

Total loan repaid at the end of second year

1st option loan re paid = $8,333.33 \cdot 4 = 33,333.32$

2nd option loan re paid = $50,000 \cdot 4= 200,000$

3rd option loan repaid = $75,000 \cdot 2= 150,000$

4th option loan repaid = $66,666.67 \cdot 3= 200,000$

Total loan repaid at the end of second year **583,333.32**

Required three

- Valid and renewed Licenses
- Renewed and Valid ID, card of authorized person
- Tax identification Number
- Memorandum and article of association

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- Letter of requesting to operate an account that signed by designated person
- Designated Person signatory

Required four

- Credit is convenient. You do not need to carry a lot of money with you.
- You may save money, because you can take advantage of sales.
- Credit can help if you need money for emergencies, such as unemployment, illness, death, or property loss.
- Credit is handy for making purchases through the mail, telephone, and Internet.
- You can buy things that are needed now when you don't have enough money to pay for them.
- It can make easier to purchase thing
- It can improve family level of living
- It can make smooth flow of money through the economy

Project Four

Required 1. Identify your own role and responsibility within the team

Required 2 demonstrate your role to work effectively in the financial service sectors

Required 3 Demonstrate your role in work place Meeting and discussion

Answer

Required One

- Identify Individual role and responsibilities within the team environment
- Identify and recognize Roles and responsibility of other team members
- Identify Reporting relationships within team and external to team

Required Two

- 1 Work within financial services industry guidelines, procedures and legislation
 - Identify *Guidelines, procedures, legislation and codes of practice* applying to the financial industry and determine the effects on everyday work
 - Recognize and follow Workplace procedures and instructions for *environmentally sustainable work practices* and suggest any potential improvements to *appropriate personnel*
 - Carry out Work tasks in accordance with specific *organization policy, guidelines and procedures*
 - Undertake Work tasks meet the *organization philosophy, values and objectives* in relation to customer service, professional practice and ethical principles
 - sought Assistance in clarifying the application of the guidelines, procedures and legislation from appropriate personnel where necessary
2. communicate in the workplace
 - use Effective listening and speaking skills in *verbal communication*
 - respond Instructions or enquiries to promptly and in accordance with organizational requirements
 - the Presentation of written information meet organizational *standards* of style, format and accuracy
 - use Communication to develop and maintain positive relationships, mutual trust and confidence
3. Work safely

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- Follow Established *safety procedures* when conducting work
- Identify *Designated persons* for reporting queries and concerns about safety in the workplace
- Take Actions to eliminate workplace hazards or to reduce *risk*
- Follow Organizational procedures for responding to emergency incidents
- 4. Use workplace technology
 - Access and use Relevant information management systems and databases according to organizational procedures
 - Use *Proprietary or organizational software* effectively to develop workplace documents, input and extract data and make calculations
- 5. Work in a team environment
 - Provide *Support to team members* to ensure work group goals are met
 - made Constructive contribution to work group goals and tasks
 - share Information relevant to work with work group to ensure designated goals are met
 - share Opportunities for improvement of work group activity with work group members
- 6. Develop effective work habits
 - Identify and plan Work and personal priorities to achieve a balance between any competing priorities
 - Apply Time management strategies to work duties
 - Follow Appropriate dress and behavior codes as required by the workplace, job role or customer contact

Required Three

- Attend Team meetings on time
- Express Own opinions clearly and those of others are listened to without interruption
- consistent Meeting inputs with the meeting purpose and established protocols
- Conduct Workplace interactions in a courteous manner
- Ask and respond Questions about simple routine workplace procedures and matters concerning working conditions of employment
- Interpret and implement Meetings outcomes

Project One

MDF manufacturing PLC imported Materials 2,500,000 and purchase local materials of Birr 1,000,000 before Vat for production of gloves in 2014. The local custom duty charges are birr 200,000 paid to tax authority. The factory sells 30,000 gloves at birr 150 each before Vat including 2% sales commission, the company paid 53,000 administration expenses and employment income tax of 30,000. Imported materials are exempted from Vat and withholding tax. Business profit tax is 30%.

Task 1.1 Calculate net profits

Task 1.2 Calculate direct and indirect tax

Task 1.3 Identify relevant documents for taxation

Project Two

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DL Hotel present loan proposal to Dashen bank and the Bank provides three credit shames to the loan. The first option is to borrow birr 230,000 mortgage to be paid with 8 years at equal installment at the rate of 15% Sami- annually. The second and third option are to borrow birr 450,000 for 30 months at equal installment at rate of 13% at semi-annually and birr 300,000 for a year at equal installment at rate of 12.5% semi-annually respectively. The bank agreed with the company and the loan disbursed with additional service charge of birr 27,500 (one time borrowing cost for the three loans).

Task 2.1 Calculate interest expenses and other charges at the end of first year

Task 2.2 Calculate total loan repaid at the end of second year

Task 2, 3 Demonstrate document required to open bank account at AIB by the company

Task2, 4 what is the advantage of credit facility?

Project Three

Abebe An employees of 3F Furniture Company earns a monthly Net income of Birr 15,000. 25% of the total income is used to Covers his fixed cost and the remaining income is used to caver his Variable expenses and saving. Saving is 15% of his Variable expenses. For the month Of December 2014 The actual Variable expense is 85% of the budgeted Variable expenses. If Variable expenses budget is Deficit deducted from personal saving and variable expenses budget is Surplus added to personal saving. His Net income will be expected increased by 20% from February Month.

Task 3.1 Prepare Budget performance report for the month of December 2014

Task 3. 2 Prepare personal budget of March 2015.

Task 3.3 Calculate total saving at the end of March 2015 and identify the related investment opportunities.

Task 3.4 Identify Investment risk of personal saving

Project Four

Let us consider, you are employed as graduate trainees at AB international Bank. You are learning many new and interesting tasks. However, you have a concern about the volume of work you have to complete each month. You are required to process a large number of transactions each month. In order to accomplish your work according to your organization requirement you do have the following duties and responsibility.

Required 1, Identify your own role and responsibility within the team

Required 2 demonstrate your role to work effectively in the financial service sectors

Required 3 Demonstrate your role in work place Meeting and discussion