**Exercise**

**Week 1**

1. Explain the important of financial statement and why the financial analyst must focus on these statements

2. Explain the character of financial data which use to analysis for planning

3. Explain accounting concept that financial analyst must concern

4. How many financial statements to analysis describe each statement

5. Between balance sheet vs income statement, what is the first information from business operation and why Explain the reason in term of source of data

**Exercise**

**Week 2**

1. Explain the impact of inventory system between First-in First-out: FIFO compare with Last-in First-out: LIFO method

2. Explain the impact of inventory system between at cost compare with lower of cost or market

3. The inventory transaction of Kaew Jao Jom Co.,Ltd. Show as below

January 1 brought forward 5 @ 1.10

15 buy 3 @ 1.20

31 sell 2

February 10 buy 8 @ 1.30

28 sell 4

March 20 sell 3

April 18 buy 4 @ 1.35

20 sell 5

May 16 sell 1

June 6 buy 2 @ 1.45

30 sell 3

Calculate value of inventory and value of cost of goods sold by FIFO. LIFO and weighted average

**Exercise**

**Week 3**

1. Explain the meaning and the position of these items below

1. reserve for expansion

2. reserve for bad debt

3. retained earning allocated

4. accrued dividend

2. Explain the different in meaning of these items

1. discount on debentures vs discount on common stock

2. reclaimed debentures vs convertible debentures

3. appropriated retained earnings vs Unappropriated retained earnings

4. book closing date vs excluding right

5. cumulative preferred stock vs Non-cumulative preferred shares

3. From these data. Sequence in statement of financial position of Kaew Jao Jom Co.,Ltd. (unit: thousand baht)

Stage-Owned Enterprise Bonds 310,000

Treasury Stock 70,000

stock dividend payable 100,000

retained earnings 1,100,000

reserve for redemption of debentures 240,000

reserve for inventory price decrease 80,000

reserve for contingent debts 250,000

deferred income 10,000

long term payable 250,000

premium on ordinary shares 30,000

premium on debentures 30,000

discounted bills 200,000

reserve for bad debt 300,000

reserve for pension payments 250,000

accrued income tax 300,000

accrued dividends 150,000

common stock 5,000,000

debenture 1,500,000

capital surplus in land 50,000

Accumulated depreciation 400,000

**Exercise**

**Week 4**

1. Explain the meaning and the position of these items below in Income statement

1. depletion

2. depreciation

3. goodwill write-off

4. expense for account receivable

5. discount received

6. sell discounted

2. From these data of Kaew Jao Jom Co.,Ltd.

unit: million baht

|  |  |  |
| --- | --- | --- |
|  | last year | this year |
| cash | 4 | 5 |
| account receivable | 7 | 10 |
| inventory | 12 | 15 |
| total | 23 | 30 |
| building (net) | 40 | 40 |
| Total asset | 63 | 70 |
|  |  |  |
| account payable | 8 | 10 |
| notes payable | 5 | 5 |
| accrued expense | 2 | 3 |
| accrued tax | 3 | 2 |
| total | 18 | 20 |
| long term liabilities | 20 | 20 |
| common stock | 10 | 10 |
| retained earning | 15 | 20 |
| Total liabilities and equities | 63 | 70 |

Profit and loss statement of this year is

unit: million baht

|  |  |  |
| --- | --- | --- |
| sale |  | 100 |
| cost of goods sold | 50 |  |
| selling and administrative expenses | 15 |  |
| depreciation | 3 |  |
| Interest paid | 2 | 70 |
| earning before tax |  | 30 |
| tax 50% |  | 15 |
| Earning after tax |  | 15 |

From the information above. Analysis and explain about financial structure and operating performance and should improve what items

3. From these data. Do income statement and comment the performance of Kaew Jao Jom Co.,Ltd.

1. retained earning – appropriated 10,000,000 บาท

2. addition retained earning (error term from last year) 8,000,000 บาท

3. loss from sell debenture 2,000,000 บาท

4. return tax from last year 15,000,000 บาท

5. loss from flood (no insurance) 30,000,000 บาท

6. declaration of dividend payment 35000,000 บาท

7. tax for this year 40,000,000 บาท

8. depreciation last year too low 2,000,000 บาท

9. loss from ssell fix asset 10,000,000 บาท

10. earning before tax 100,000,000 บาท

11. amortization of goodwill 5,000,000 บาท

12. profit from sell land 40,000,000 บาท

13. retained earning begin of this year 200,000,000 บาท

**Exercise**

**Week 5**

1. Analyze cause that “gross margin when compare with sell growth from 15% to 25%” and where these data are in the position in financial statement

2. In case of income statement analysis. Describe that we should compare every items or not and we should notice in what topics

3. From these statement of financial position

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | A Co.,ltd. | | B Co.,ltd. | | C Co.,ltd. | |
|  | Baht | % | Baht | % | Baht | % |
| **Asset** |  |  |  |  |  |  |
| Current asset | 1,000 | 33.33 | 1,000 | 25.00 | 1,800 | 51.43 |
| Fix asset | 2,000 | 66.67 | 3,000 | 75.00 | 1,700 | 48.57 |
| Total | 3,000 | 100.00 | 4,000 | 100.00 | 3,500 | 100.0 |
| Liabilities and Equity |  |  |  |  |  |  |
| Current liability | 750 | 25.00 | 500 | 12.50 | 1,500 | 42.88 |
| Long term liability | 750 | 25.00 | 500 | 12.50 | 1,500 | 42.88 |
| Equity | 1,500 | 50.00 | 3,000 | 75.00 | 500 | 14.24 |
| Total | 3,000 | 100.00 | 4,000 | 100.00 | 3,500 | 100.0 |

Analyze with vertical analysis and common size analysis by compare all companies

4. Last year Kaew Jao Jom Co.,Ltd. has earning from operation 7 million baht and it has depreciation 2 million baht and interest paid 1 million baht. If tax rate is 30%, this company has paid-in capital 30 million baht and predict that return after tax is 10%.

1. Calculate net profit

2. Calculate earning from operation

**Exercise**

**Week 6**

1. Kaew Jao Jom Co.,Ltd. has these information

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **ปี (ปี 2XX3 = 100)** | **2XX4** | **2XX5** | **2XX6** | **2XX7** |
| Sell | 97 | 98 | 102 | 122 |
| Cost of goods sold | 98 | 102 | 100 | 120 |
| Operating expense | 99 | 107 | 105 | 225 |
| Earning before interest and tax | 88 | 66 | 103 | 122 |

1.1 From information above, describe the result all 4 years

1.2 If in 2XX3 sell is 300,000 baht cost of goods sold is 180,000 baht operating expense is 40,000 baht and earning before interest and tax is 80,000 baht. Convert each items in baht currency

1.3 From 1.2 Convert each items to common size pattern

2. Kaew Jao Jom Co.,Ltd. has these financial information as below

Unit: million baht

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **2XX3** | **2XX4** | **2XX5** | **2XX6** | **2XX7** |
| sell | 253 | 245 | 248 | 255 | 303 |
| current asset | 94 | 91 | 89 | 86 | 87 |
| fix asset | 72 | 83 | 94 | 199 | 126 |
| account receivable | 30 | 30 | 29 | 25 | 30 |
| inventory | 39 | 37 | 36 | 36 | 42 |

From table above calculate percentage from base year (2XX3) and describe the trend and meaning from indices

3. From financial statement of Bangkok Noi Co.,Ltd.

Bangkok Noi Co.,Ltd.

Statement of Financial Position

As at 31 December 2XX0

Unit: million baht

|  |  |  |  |
| --- | --- | --- | --- |
| Asset | | Liability and Equity | |
| cash | 500 | account payable | 850 |
| account receivable | 1,300 | note payable | 500 |
| inventory | 2,000 | total current liability | 1,350 |
| total current asset | 3,800 | Long term liability | 3,750 |
| fix asset | 12,500 | common stock (500 shares) | 5,000 |
| accumulate depreciation | (4,150) | retained earning | 2,050 |
| Total asset | 12,150 |  | 12,150 |

Bangkok Noi Co.,Ltd.

Profit and Loss Statement

For year end 31 December 2XX0

Unit: million baht

|  |  |  |
| --- | --- | --- |
| Sell |  | 40,000 |
| Cost of goods sold |  |  |
| Inventory at 1 January 2XX0 | 1,800 |  |
| purchase | 30,200 |  |
| total | 32,000 |  |
| Inventory at 31 December 2XX0 | 2,000 | 30,000 |
| Gross margin |  | 10,000 |
| Operating expenses |  | 7,500 |
| Earning from operation |  | 2,500 |
| Interest paid |  | 500 |
| Earning before tax |  | 2,000 |
| Tax paid |  | 600 |
| Net profit |  | 1,400 |

From above information. Calculate these items

1. current ratio

2. acid test ratio or quick ratio

3. inventory turnover

4. average collection period

5. repayment period or days payable outstanding

6. fix asset turnover

7. debt to equity ratio

8. time interest earn

9. net profit margin

10. total asset turnover

11. return on investment

12. return on equity

13. earning per share

**Exercise**

**Week 7**

1. Why earning per share is the first priority for the investors especially business listed in Stock Exchange of Thailand (SET)

2. Explain the meaning of dilution effect and cause of this effect

3. Explain the meaning of antidilutive and cause of this effect

4. Data change of number of shareholders of Jaroen Co.,Ltd. as below

|  |  |  |
| --- | --- | --- |
| **Date of transaction**  **Year 2XX0** | **transaction** | **Common stock outstanding** |
| 1 January | **Common stock** brought forward | 2,200,000 |
| 1 March | Issuance of new ordinary shares | 500,000 |
| 1 June | buy back common stock | 600,000 |
| 1 September | Issuance of new ordinary shares | 700,000 |

From these information calculate number of common stock by weighted average method for year 2XX0

**Exercise**

**Week 9**

1. From information of Suchanuda Co.,Ltd.

Unit: million baht

|  |  |  |
| --- | --- | --- |
|  | 2XX1 | 2XX2 |
| cash | 4 | 5 |
| account receivable | 7 | 10 |
| inventory | 12 | 15 |
| total | 23 | 30 |
| Building (net) | 40 | 40 |
| total asset | 63 | 70 |
|  |  |  |
| account payable | 8 | 10 |
| notes payable | 5 | 5 |
| accrued wages | 2 | 3 |
| tax payable | 3 | 2 |
| total | 18 | 20 |
| long term liability | 20 | 20 |
| common stock | 10 | 10 |
| retained earning | 15 | 20 |
| total liability and equity | 63 | 70 |

Profit and loss statement for year 2XX2 is

|  |  |  |
| --- | --- | --- |
| sell |  | 100 |
| cost of goods sold | 50 |  |
| selling and administrative expense | 15 |  |
| depreciation | 3 |  |
| interest paid | 2 | 70 |
| earning before tax |  | 30 |
| tax 50% |  | 15 |
| earning after tax |  | 15 |
|  |  |  |

Prepare financial statement and explain the meaning

1. fund flow statement in the meaning of investments and claims

2. fund flow statement in the meaning of working capital

3. fund flow statement in the meaning of cash

4. cash flow statement

2. Bangkok Yai Co.,Ltd. last year has earning from operating 7 million baht, depreciation is 2 million baht and interest paid 1 million baht, tax rate is 30%, authorized capital stock outstanding 30 million baht and predict that return on investment is 10%

Calculate

1. net profit

2. net cash flow

3. operating cash flow

3. From information of Happy Return Co.,Ltd. for year 2XX2

Depreciation year 2XX2 21,400,000 baht

Net loss 14,100,000 baht

Dividend of common stock 12,000,000 baht

Loss from sell factory 4,000,000 baht

Invest in new office 57,500,000 baht

Adjust inventory end of year decrease 24,000,000 baht

Trade mark write-off 15,000,000 baht

Retained earning at 31 December 2XX1 167,300,000 baht

1. What items are invole with net profit in 2XX2

2. What items are invole with retained earning at 31 December 2XX2

3. What items are source of fund and What items are use of fund

4. in case of loss, depreciation is source of fund or not. Explain the cause and result

**Exercise**

**Week 10**

1. Real estate project has return within 4 years total 10,000 thousand baht. This project demand in return 8%. Calculate the present value of cash inflow from information below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 1 | 2 | 3 | 4 | Total |
| cash inflow | 1,000 | 3,000 | 4,000 | 2,000 | 10,000 |

2. Chiang Mai Vill co.,Ltd. compares between 2 projects. Each project invests 10 million baht in 4 years and demand return at least 1% per month. Cash inflow show as below

|  |  |  |
| --- | --- | --- |
|  | Project 1 | Project 2 |
| Year 1 | 6.5 million baht | 3.5 million baht |
| Year 2 | 3.0 million baht | 3.5 million baht |
| Year 3 | 3.0 million baht | 3.5 million baht |
| Year 4 | 1.0 million baht | 3.5 million baht |

Appraisal both projects by Pay back perid

2.1 Pay back perid

2.2 Average rate of return

2.3 Net present value

2.4 Profitability index

2.5 Internal rate of return

3. Santi Buri Co.,Ltd. will sell old machine and will buy new machine. Old machine has book value 20,000 baht expect sell at 30,000 baht and has remain useful life 5 years. Useful life of new machine is also 5 years. New machine price 70,000 Baht, transportation cost is 3,000 baht and accessary is 37,000 baht. This change will save oil engine 22,000 baht per year. Tax rate is 30% and use Straight line method. Calculate these items

3.1 Cash for purchase new machine

3.2 Net cash inflow each year

3.3 If use net present value method and return on assets (ROA) 10%. This company should change old to new machine or not and why.

**Exercise**

**Week 11**

1. Mr. Kris sell egg grill. His wage cost is 200 baht per day. Fresh egg at 2 baht per unit and when grilled, he sells at 5 baht per unit and he has others expenses and variable cost at 1 baht per unit.

1.1 At break even point, How many grilled eggs he must sell.

1.2 Plot graph of his break even point

1.3 How much of profit margin per unit

1.4 If Mr. Kris sell 4 baht and 6 baht per unit, how many unit at the break even point for each case. Show in line with 3 cases in the same graph.

1.5 If he demand profit 200 baht, how many units he sell.

1.6 If his wife help him with wage cost is 200 baht per day, how many unit at the break even point.

1.7 If fresh egg is 2.50 baht per unitม What about the change of break even point.

2. Daeng noodle shop has shop rent expense 200 baht per day, wage cost 600 baht per day, noodle ball and vegetable 10 baht per unit. If she sell at 20 baht per unit.

2.1 How many units at break even point she sell.

2.2 Plot graph of her activity.

2.3 How much profit margin per unit

2.4 If Daeng sell 15 and 25 baht per unit, how many unit at the break even point for each case. Show in line with 3 cases in the same graph.

2.5 If she demand profit 200 baht, how many units he sell.

3. Star salon has shop rent expense 200 baht per day. Labor cost 2,000 baht per day and shampoo with treatment at 30 baht per head. This shop predict that if charge 120 baht it will has 60 customers, if charge 100 baht it will has 65 customers and if charge 80 baht it will has 80 customers

3.1 In case of 120 baht, 100 baht and 80 baht, How many customers at break even point for each case.

3.2 Calculate profit and loss for each price level.

3.3 How many price charge is the maximize profit for this shop.

**Exercise**

**Week 12**

1. Explain the incentive receive from lease contract

2. Explain the different between operating lease and finance lease and how impact to lessee in term of financial management focus on cost of the firm

3. Describe the reason of

1. sell account receivable under guarantee obligation

2. the risk of account receivable still going concern in what topics

4. “The activity that subsidiaries company finance the source of fund to support investment in account receivable of their holding company” From this sentence explain the reason and benefit of the group of companies.

5. “Repurchase Contract” explain in the view of liability off Statement of Financial Position when compare with sell account receivable under guarantee obligation

**Exercise**

**Week 13**

1. From information of Thanong Co.,Ltd. In status of lessee at 31 December 2XX0, at least this company must pay 1,200,000 baht at the end of year for 4 years with discount rate at 10%. Calculate present value of pay system all lease contract

2. Thai Sea Line Co.,Ltd. has partial Statement of Financial Position at 31 December 2XX6 as below

**Statement of Financial Position (partial)**

**at 31 December 2XX6**

(unit : million baht)

|  |  |  |
| --- | --- | --- |
| **Assets** |  |  |
| Building and equipment  (net from accumulation 14,806 million baht)  Building and equipment under lease contract  (net from accumulation 2,694 million baht)  Total assets |  | 14,338  1,949  24,374 |
| **Liabilities** |  |  |
| Longterm liability  Due in the year  Not due within this year  Obligation under financial lease  Due in the year  Not due within this year  Total liabilities | 302  4,078  236  1,611 | 4,380  1,847  6,227 |
| **Owner equity** |  | **6,858** |

(unit : million baht)

|  |  |  |
| --- | --- | --- |
| **at 31 December** | **finance lease** | **operating lease** |
| 2XX1 | 347 | 1,015 |
| 2XX2 | 329 | 1,006 |
| 2XX3 | 280 | 952 |
| 2XX4 | 198 | 965 |
| 2XX5 | 249 | 954 |
| 2XX6 and after | 1,081 | 12,169 |
|  | 2,484 | 17,061 |
| deduct interest | (637) |  |
| Present value at least to pay under lease contract | 1,847 |  |

From information above, analyze that how many years this company must pay at least and how much proportion to pay for first 5 years

**Exercise**

**Week 14**

1. Describe the meaning of these words with example to clarify your understanding

1.1 profit for tax

1.2 tax payable

1.3 income tax

1.4 tax loss carry forward

2. Describe the meaning of these words with example to clarify your understanding

2.1 deferred income tax

2.2 Deferred tax assets

2.3 Deferred tax liabilities

2.4 Valuation Allowance

3. From this sentence “Temporary difference is the different between asset base income tax with book value of total asset” Explain with example to clarify your understanding

**Exercise**

**Week 15**

1. Explain the meaning of real tax rate and the objectives of real tax rate analysis

2. Boarder Co.,Ltd. has revenue 10,000,000 baht. This firm purchase 4 new machines 25,000,000 baht at end of year, straight line method is use for amortize and useful life is 5 years. In tax base use straight line method but use 25% per year. The loss from tax can use for benefit to reduce tax within 5 years. This company start profit at 5,000,000 baht and tax rate is 20%

Calculate tax of Boarder Co.,Ltd. from year 1 to 5

3. From data in 2. Analyze the impact to profit and loss statement from year 1 to 5.

4. Sujinda Co.,Ltd. has revenue 20,000,000 baht. This firm purchase 4 new machines 40,000,000 baht at end of year, straight line method is use for amortize and useful life is 5 years. In tax base use straight line method but use 25% per year. The loss from tax can use for benefit to reduce tax within 5 years. This company start profit at 10,000,000 baht and tax rate is 20%

Calculate tax of Boarder Co.,Ltd. from year 1 to 5