**Exercise 1**

|  |  |
| --- | --- |
| **Items** | **Units** |
| Calculated material consumption | 90 CZK |
| Production plan | 5. 000 gloves |
| Real production | 4. 800 gloves |
| Budgeted consumption of basic material | 450 000 CZK |
| Actual consumption of basic material | 420 000 CZK |

* Assess the level of economy achieved in glove manufacturing.

**Exercise 2**

|  |  |
| --- | --- |
| **Items** | **Units** |
| Sales revenue | 300.000.000 CZK |
| Air freight costs (material consumption, purchased services, depreciation, labor costs) | 210.000.000 CZK |
| Profit tax | 10.000.000 CZK |
| The net profit | 24.400.000 CZK |
| Invested capital | 1.200.000.000 CZK |
| Foreign resources (mainly bank loans) | 2/3 of capital |
| Interest rate of bank loans | 6.95 % |
| Required appreciation of equity capital by business owners | 11 % |
| Income tax rate | 24 % |

The airline achieved the following results in the period under review:

* Calculate the amount of return on equity (ROE) and interpret the result.
* Calculate the amount of economic added value (EVA) and interpret the result.

**Exercise 3**

|  |  |
| --- | --- |
| **Items** | **Units** |
| Purchase price of goods | 100.000 CZK |
| Selling price of goods | 120.000 CZK |
| Replacement cost | 106.000 CZK |
| Opportunity costs | 10 % of return on costs (ROC) |

• Express the cost of goods sold depending on their financial, value and economic concept.

• Find out the trade margin (profit) from the sale of goods.

**Exercise 4**

Mr. Smith decided to do business as a craftsman.

|  |  |
| --- | --- |
| **Items** | **Units** |
| Annual earnings | 500.000 CZK |
| Production and other costs | 300.000 CZK |
| Invested capital | 1.000.000 CZK |
| Interest rate on invested capital | 6 % |
| Lost monthly salary due to business | 9.000 CZK |

* Calculate accounting profit and economic profit.