

Accounting

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Manufacturing Accounting

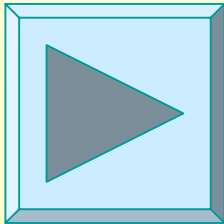
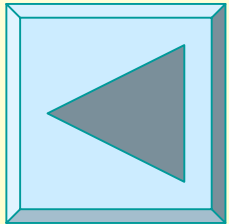
- $\text{Production cost} = \text{Prime cost} + \text{factory overhead cost}$
- $\text{Prime cost} = \text{Direct material} + \text{Direct Labour} + \text{Direct expenses}$
- $\text{Production cost of Goods Completed} = \text{Production cost} + \text{opening WIP} - \text{closing WIP}$

Non-profits organisation

- Income Statement
- Profit and Loss account rename as Income and Expenditure Account
- No profits or loss
- Only surplus or deficit
- Balance Sheet
- Capital rename as Accumulated Fund

Main Contents

- Discuss all SSAP
- Discuss accounting entry
- Provide a simple guideline



Capital Reduction Scheme (introduction)

- Reduce /Cancel liabilities
- Return capital in excess of company needs
- Cancel paid up share capital no longer represented by shares

Capital Reduction Scheme (Procedure)

- Must have a power in the articles
- Pass a special resolution
- Apply to the court for petition
- Position of creditors
- Court confirm
- File documents with Registrar Companies

Group Accounting – Four level of investments

Level of investment	Accounting treatment (Income)	Accounting treatment (Assets)
Simple investment	Cr. Dividend (P & L)	B/S at cost(revalued)
Large investment (N.1)	Cr group shares of investee (N. 3)	Equity method of accounting(N.4)
Large investment (N.2)	Full consolidation	Full consolidation
Joint venture	Cr. Dividend / Proportional consolidation	Equity method or Proportional consolidation

Group Accounting – Four level of investments

- N1. Large investment carrying significant influence
- N2. Large investment giving control
- N3. Group share of investee's pre-tax profit in P/L and group's share of tax
- N.4 Cost plus group's share of post-acquisition retained profit

Simple Consolidated accounts

		Post-acquisition profits (H & S: economy entity)	
80%	Cost of Control	P & L	
20%	Minority Interest	Minority Interest	
Time	Pre-acquisition profits	Post-acquisition profits(Group performance)	

Simple Consolidation accounts (Con't)

- Refer to excel file (L1)
- Goodwill = Consideration – issued share capital - % x Reserve(undistributed + distributed)
- Associate : Net assets(Group share) + Goodwill not W/O or Original Cost + Group share post-acquisition profits – Goodwill W/O