

COMMONWEALTH OF AUSTRALIA

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Family Name	
Given Names	
Student Number	
Teaching Period	Semester 1, 2016

FINAL EXAMINATION	DURATION
ACT101 – Accounting for Managers	Reading Time: 10 minutes
	Writing Time: 180 minutes

INSTRUCTIONS TO CANDIDATES

EXAM CONDITIONS

You may begin writing from the commencement of the examination session. The reading time indicated above is provided as a guide only.

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
none	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet 1 x Scrap Paper

**THIS EXAMINATION IS PRINTED
DOUBLE-SIDED.**

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SECTION A

Total marks for this section: 70 marks

Answer **ALL** questions. Marks for each question are indicated.
Suggested time allocation for Section A: 135 minutes.

Question 1: (12 marks)

Rapunzel is a small business that currently sells a single product, shampoo, for \$4 per bottle. The variable cost per bottle is \$3. Rapunzel's fixed cost totals \$6,000.

Required:

- Calculate the contribution margin per bottle of shampoo.
- Calculate the break-even point in bottles of shampoo.
- Calculate the profit that Rapunzel will earn at a sales volume of 25,000 bottles of shampoo.
- Calculate the number of bottles of shampoo that Rapunzel must sell to earn a profit of \$16,000.

Question 2: (12 marks)

The following inventory information is available for Donaldson Company Ltd:

	<u>Units</u>	<u>Unit cost</u>	<u>Total cost</u>
Beginning inventory	400	\$56	\$22 400
14 January purchase	1000	66	66 000
25 January purchase	1000	70	70 000
Ending inventory	600		

Required:

Fill in the table below (assume periodic inventory method).

	FIFO	LIFO	Weighted average
Ending inventory			
Cost of goods sold			

Question 3: (10 marks)

The Golden Broom Cleaning Service acquired new equipment:

Cost	\$118 400
Residual	12 800
Estimated useful life	eight years

Required:

- a) Determine the book value of the asset at the end of the **THIRD** year if the straight-line depreciation method is used (**5 marks**)
- b) Determine the depreciation expense for the **SECOND** year assuming double declining balance method is used. (The double declining balance method is the reducing balance method using a depreciation rate that is double the straight line depreciation rate (**5 marks**))

Question 4: (12 marks)

Slade Enterprises & Co. had the following transactions during its first month:

1. owners contributed \$30 000 to start the firm
2. inventory costing \$16 000 was purchased for cash
3. the first month's rent of \$4000 was paid in cash
4. one-half of the inventory was sold to customers on credit for \$12 400
5. advertising was run costing \$3600. It will be billed and paid for during the second month
6. additional inventory costing \$14 000 was purchased and sold to customers for \$22 000 cash
7. at month end the employees were paid \$5000 in cash and an additional \$1600 of wages was owed to them, but had not been paid
8. on the last day of the month, equipment costing \$11 000 was purchased for cash

Required:

Prepare a schedule that shows how profit for the first month is determined.

Question 5: (12 marks)

Beltway Pty Ltd had the following account balances at 31 December 2007:

Buildings	335 000
Cash	70 800
Share capital	180 000
Cost of goods sold	150 000
Equipment	52 000
Fees earned for service	5 000
Land	80 000
Merchandise inventory	34 000
Loan payable to bank	48 000
Retained earnings, beginning of year	0
Sales revenue	565 000
Interest expense	1 200
Supplies expense	11 000
Wages expense	64 000

Required:

Prepare a balance sheet at 31 December 2007

Question 6: (12 marks)

Advance Ltd manufactures two solar-powered Frisbees – Wild One and Bold One. The company has only a limited supply of skilled labour, which is essential in the production process.

The following information is available:

	Wild One	Bold One
Contribution margin per unit	\$15	\$18
Hours to produce one unit	3	4

- Anticipated sales exceed capacity for both products.
- Total labour hours available: 12,000 hours.

Required:

Determine which product should be produced. (Show your computation).

SECTION B

Total marks for this section: 30 marks

There are 30 multiple choice questions.

Please answer **ALL** questions on the Multiple Choice Answer sheet provided.

Suggested time allocation for Section B: 45 minutes.

***** END OF EXAM *****