

# COMMONWEALTH OF AUSTRALIA

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

<b>FINAL EXAMINATION</b>	<b>DURATION</b>				
<b>ACT202 – Management Accounting</b>	<table border="1"> <tr> <td>Reading Time:</td> <td><b>10</b> minutes</td> </tr> <tr> <td>Writing Time:</td> <td><b>180</b> minutes</td> </tr> </table>	Reading Time:	<b>10</b> minutes	Writing Time:	<b>180</b> minutes
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### INSTRUCTIONS TO CANDIDATES

1.1 The examination has 2 sections

Section A: Total Marks = 60. Suggested Time is 1 hour and 50 mins Multiple Choice Questions

Section B: Total Marks = 40. Suggested Time is 1 hour and 10 mins, Calculation and Report Questions:

Section A must be answered on the Answer sheet provided and must be handed in with your answer booklet. Please ensure that your name and student number are clearly indicated on your Answer Sheet.

Section B is to be answered in separate booklet.

1.2 Note that questions ARE NOT of equal value.

1.3 Read ALL questions carefully.

### 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

<b>ADDITIONAL AUTHORISED MATERIALS</b>	<b>EXAMINATION MATERIALS TO BE SUPPLIED</b>
No additional printed material is permitted	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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BLANK.**

**Section A**  
**Multiple Choice Questions**  
**Total No of Marks for this section: 60**

This section should be answered on the Answer Sheet provided. Please ensure that your name and student number have been written on the Answer sheet and place in the answer booklet which you can use for your workings.

Marks for each question are indicated. Suggested Time allocation for Section A: 110 mins

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## Section B

**Total Number of Marks for this section: 40**

This section should be answered in the Answer Booklet provided. Please ensure that your name and student number have been written on the Answer Booklet.

Marks for each question are indicated. Suggested Time allocation for Section B: 70 mins

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### Question 1 (6 Marks)

Armidale Corporation has provided the following cash budget forecasts:

<u>Month</u>	<u>Sales</u>	<u>Purchases</u>
July	\$30,000	\$10,000
August	34,000	12,000
September	38,000	14,000
October	42,000	16,000
November	48,000	18,000
December	60,000	20,000

- Cash is collected from customers in the following manner:
  - Month of sale (2% cash discount) 30%
  - Month following sale 50%
  - Two months following sale 15%
  - Amount uncollectible 5%
- 40% of purchases are paid for in cash in the month of purchase, and the balance is paid the following month.

### Required:

- Prepare a summary of cash collections for the 4th quarter. **(Marks 3)**
- Prepare a summary of cash disbursements for the 4th quarter. **(Marks 3)**

**Question 2 (10 Marks)**

Molonglo Manufacturing produces two products, Deluxe and Supreme. Molonglo expects to sell 20,000 units of Deluxe and 10,000 units of Supreme. Molonglo plans on having an ending inventory of 4,000 units of Deluxe and 2,000 units of Supreme. Currently, Molonglo has 1,000 units of Deluxe in its inventory and 800 units of Supreme. Each product requires two labour operations: moulding and polishing. Product Deluxe requires one hour of moulding time and one hour of polishing time. Product Supreme requires one hour of moulding time and two hours of polishing time. The direct labour rate for moulders is \$20 per moulding hour, and the direct labour rate for polishers is \$25 per polishing hour.

**Required:**

Prepare a direct labour budget in hours and dollars for each product. **(Marks 10)**

### Question 3 (14 Marks)

Winton Corporation produces a special line of basketball hoops. Winton Corporation produces the hoops in batches. To manufacture a batch of the basketball hoops, Winton Corporation must set up the machines and molds. Setup costs are batch-level costs because they are associated with batches rather than individual units of products. A separate Setup Department is responsible for setting up machines and molds for different styles of basketball hoops. Setup overhead costs consist of some costs that are variable and some costs that are fixed with respect to the number of setup-hours. The following information pertains to January 2014.

	<b>Static-budget</b>	<b>Actual</b>
	<b><u>Amounts</u></b>	<b><u>Amounts</u></b>
Basketball hoops produced and sold	40,000	38,000
Batch size (number of units per batch)	200	250
Setup-hours per batch	5	4
Variable overhead cost per setup-hour	\$10	\$9
Total fixed setup overhead costs	\$22,500	\$21,000

#### Required:

- Calculate the efficiency variance for variable setup overhead costs. **(Marks 2)**
- Calculate the spending variance for variable setup overhead costs. **(Marks 2)**
- Calculate the flexible-budget variance for variable setup overhead costs. **(Marks 2)**
- Calculate the spending variance for fixed setup overhead costs. **(Marks 2)**
- Calculate the production-volume variance for fixed setup overhead costs. **(Marks 2)**
- Can the variable overhead efficiency variance
  - be COMPUTED the same way as the efficiency variance for direct-cost items?  
Yes or No? **(Marks 1)**
  - be INTERPRETED the same way as the efficiency variance for direct-cost items?  
Explain. **(Marks 3)**

#### Question 4 (10 Marks)

The Homebush Tennis Corporation operates one central plant that has two divisions, the Spot Light Division and the Lamp Division. The following data apply to the coming budget year:

*Budgeted costs of the operating the plant for 10,000 to 20,000 hours:*

Fixed operating costs per year	\$240,000
Variable operating costs	\$10 per hour
<i>Practical capacity</i>	20,000 hours per year

*Budgeted long-run usage per year:*

Lamp Division	800 hours × 12 months =	9600 hours per year
Spot Light Division	450 hours × 12 months =	5400 hours per year

Assume that practical capacity is used to calculate the allocation rates. Further assume that actual usage of the Lamp Division was 700 hours and the Spot Light Division was 400 hours for the month of June.

#### Required:

a. If a single-rate cost-allocation method is used, what amount of operating costs will be budgeted for the Lamp Division each month? For the Spot Light Division each month?

**(Marks 2)**

b. For the month of June, if a single-rate cost-allocation method is used, what amount of cost will be allocated to the Lamp Division? To the Spot Light Division? Assume actual usage is used to allocate operating costs.

**(Marks 2)**

c. If a dual-rate cost-allocation method is used, what amount of operating costs will be budgeted for the Lamp Division each month? For the Spot Light Division each month?

**(Marks 2)**

d. For the month of June, if a dual-rate cost-allocation method is used, what amount of cost will be allocated to the Lamp Division? To the Spot Light Division? Assume budgeted usage is used to allocate fixed operating costs and actual usage is used to allocate variable operating costs.

**(Marks 2)**

e. Distinguish between the single rate and the dual-rate methods?

**(Marks 2)**