

COMMONWEALTH OF AUSTRALIA

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

FINAL EXAMINATION	DURATION				
ACT502 – Management Accounting	<table border="1"> <tr> <td>Reading Time:</td> <td>10 minutes</td> </tr> <tr> <td>Writing Time:</td> <td>180 minutes</td> </tr> </table>	Reading Time:	10 minutes	Writing Time:	180 minutes
Reading Time:	10 minutes				
Writing Time:	180 minutes				

INSTRUCTIONS TO CANDIDATES

Complete both Parts A and B

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 20 Page Book 1 x 4-Multiple Choice Answer Sheet 1 x Scrap Paper

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

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LEFT BLANK.**

Part A: Multiple choice questions – answer these in the sheet provided.

*There are **20 questions** and the marks are shown for each of these. There are **52 marks** in total*

Please choose the answer that most applies and answer in the answer sheet provided

Part B: Practical Questions - All of the following questions must be answered

Answer these questions in the exam booklet provided. There are **48 marks** for this section.

Question 1 - 14 marks

Baker Winery manufactures a fine wine in two departments, Fermenting and Bottling. In the Fermenting Department, grapes are aged in casks for a period of 30 days. In the Bottling Department, the wine is bottled and then sent to the finished goods warehouse. Labour and overhead are incurred uniformly through both processes. Materials are entered at the beginning of both processes. Cost and production data for the Fermenting Department for December 2016 are presented below:

Cost data

Beginning work in process inventory	\$ 37,000	(\$30,000 of which were material costs)
Materials added	390,000	
Conversion costs	<u>116,000</u>	
Total costs	<u>\$543,000</u>	

Production data

Beginning work in process (litres)	5,000	(40%)
Litres started into production	79,000	
Ending work in process (litres)	8,000	(75%)

Required:

Prepare a production cost report for the month of December.

Question 2 - 11 marks

American Delights manufactures a wide variety of holiday and seasonal decorative items. It has four activity cost pools. Information regarding these pools and their drivers is presented below:

<u>Activity Cost Pool</u>	<u>Cost Driver</u>	<u>Est. Overhead</u>	<u>Est. Driver</u>
Purchasing	Orders	\$ 297,000	900
Storing	Square foot/days	\$ 130,000	100,000
Machining	Machine hours	1,000,000	10,000
Supervision	Inspections	5,000	1,000

The Snow Man project involved three purchase orders, 4,000 square feet of storage space, 60 machine hours, and 40 direct labour hours. The cost of direct materials on the job was \$19,000 and the direct labour rate is \$30 per hour.

Required:

- Calculate American's activity-based costing overhead rates (4 marks)
- Determine the total cost of the Snow Man project. (7 marks)

Question 3 - 12 marks

Stanton Company is performing a post-audit of a project completed one year ago. The initial estimates were that the project would cost \$490,000, would have a useful life of 9 years, zero salvage value, and would result in net annual cash flows of \$90,000 per year. Now that the investment has been in operation for 1 year, revised figures indicate that it actually cost \$510,000, will have a useful life of 11 years, and will produce net annual cash flows of \$77,000 per year.

Required:

- i) Calculate the net present value using the original estimate. Assume a discount rate of 10% (5 marks)
- ii) Calculate the net present value using the revised estimate. Assume a discount rate of 10%. (5 marks)
- iii) Evaluate the success of the project based on your answer in (ii). (2 marks)

Question 4 - 11 marks

Joey's Recording Studio rents studio time to musicians in 2-hour blocks. Each session includes the use of the studio facilities, a digital recording of the performance, and a professional music producer/mixer. Anticipated annual volume is 1,000 sessions. The company has invested \$2,000,000 in the studio and expects a return on investment (ROI) of 16.5%. Budgeted costs for the coming year are as follows.

Per Session	Total
Direct materials (tapes, CDs, etc.)	\$ 60
Direct labor	\$ 400
Variable overhead	\$ 50
Fixed overhead	\$850,000
Variable selling and administrative expenses	\$ 40
Fixed selling and administrative expenses	\$800,000

Required:

- i) Determine the total cost per session. (3 marks)
- ii) Determine the desired ROI per session. (3 marks)
- iii) Calculate the mark-up percentage on the total cost per session. (2 marks)
- iv) Calculate the target price per session. (3 marks)

*****End of Exam*****

TABLE 4 Present Value of an Annuity of 1

(n) Payments	4%	5%	6%	7%	8%	9%	10%	11%	12%	15%
1	.96154	.95238	.94340	.93458	.92593	.91743	.90909	.90090	.89286	.86957
2	1.88609	1.85941	1.83339	1.80802	1.78326	1.75911	1.73554	1.71252	1.69005	1.62571
3	2.77509	2.72325	2.67301	2.62432	2.57710	2.53130	2.48685	2.44371	2.40183	2.28323
4	3.62990	3.54595	3.46511	3.38721	3.31213	3.23972	3.16986	3.10245	3.03735	2.85498
5	4.45182	4.32948	4.21236	4.10020	3.99271	3.88965	3.79079	3.69590	3.60478	3.35216
6	5.24214	5.07569	4.91732	4.76654	4.62288	4.48592	4.35526	4.23054	4.11141	3.78448
7	6.00205	5.78637	5.58238	5.38929	5.20637	5.03295	4.86842	4.71220	4.56376	4.16042
8	6.73274	6.46321	6.20979	5.97130	5.74664	5.53482	5.33493	5.14612	4.96764	4.48732
9	7.43533	7.10782	6.80169	6.51523	6.24689	5.99525	5.75902	5.53705	5.32825	4.77158
10	8.11090	7.72173	7.36009	7.02358	6.71008	6.41766	6.14457	5.88923	5.65022	5.01877
11	8.76048	8.30641	7.88687	7.49867	7.13896	6.80519	6.49506	6.20652	5.93770	5.23371
12	9.38507	8.86325	8.38384	7.94269	7.53608	7.16073	6.81369	6.49236	6.19437	5.42062
13	9.98565	9.39357	8.85268	8.35765	7.90378	7.48690	7.10336	6.74987	6.42355	5.58315
14	10.56312	9.89864	9.29498	8.74547	8.24424	7.78615	7.36669	6.98187	6.62817	5.72448
15	11.11839	10.37966	9.71225	9.10791	8.55948	8.06069	7.60608	7.19087	6.81086	5.84737
16	11.65230	10.83777	10.10590	9.44665	8.85137	8.31256	7.82371	7.37916	6.97399	5.95424
17	12.16567	11.27407	10.47726	9.76322	9.12164	8.54363	8.02155	7.54879	7.11963	6.04716
18	12.65930	11.68959	10.82760	10.05909	9.37189	8.75563	8.20141	7.70162	7.24967	6.12797
19	13.13394	12.08532	11.15812	10.33560	9.60360	8.95012	8.36492	7.83929	7.36578	6.19823
20	13.59033	12.46221	11.46992	10.59401	9.81815	9.12855	8.51356	7.96333	7.46944	6.25933

TABLE 3 Present Value of 1

(n) Periods	4%	5%	6%	7%	8%	9%	10%	11%	12%	15%
1	.96154	.95238	.94340	.93458	.92593	.91743	.90909	.90090	.89286	.86957
2	.92456	.90703	.89000	.87344	.85734	.84168	.82645	.81162	.79719	.75614
3	.88900	.86384	.83962	.81630	.79383	.77218	.75132	.73119	.71178	.65752
4	.85480	.82270	.79209	.76290	.73503	.70843	.68301	.65873	.63552	.57175
5	.82193	.78353	.74726	.71299	.68058	.64993	.62092	.59345	.56743	.49718
6	.79031	.74622	.70496	.66634	.63017	.59627	.56447	.53464	.50663	.43233
7	.75992	.71068	.66506	.62275	.58349	.54703	.51316	.48166	.45235	.37594
8	.73069	.67684	.62741	.58201	.54027	.50187	.46651	.43393	.40388	.32690
9	.70259	.64461	.59190	.54393	.50025	.46043	.42410	.39092	.36061	.28426
10	.67556	.61391	.55839	.50835	.46319	.42241	.38554	.35218	.32197	.24719
11	.64958	.58468	.52679	.47509	.42888	.38753	.35049	.31728	.28748	.21494
12	.62460	.55684	.49697	.44401	.39711	.35554	.31863	.28584	.25668	.18691
13	.60057	.53032	.46884	.41496	.36770	.32618	.28966	.25751	.22917	.16253
14	.57748	.50507	.44230	.38782	.34046	.29925	.26333	.23199	.20462	.14133
15	.55526	.48102	.41727	.36245	.31524	.27454	.23939	.20900	.18270	.12289
16	.53391	.45811	.39365	.33873	.29189	.25187	.21763	.18829	.16312	.10687
17	.51337	.43630	.37136	.31657	.27027	.23107	.19785	.16963	.14564	.09293
18	.49363	.41552	.35034	.29586	.25025	.21199	.17986	.15282	.13004	.08081
19	.47464	.39573	.33051	.27615	.23171	.19449	.16351	.13768	.11611	.07027
20	.45639	.37689	.31180	.25842	.21455	.17843	.14864	.12403	.10367	.06110