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Family Name					
Given Name/s					
Student Number					
Teaching Period	Semester 1, 2018				

ACT205 – Accounting for Managers	DURATION	
	Reading Time:	10 minutes
	Writing Time:	180 minutes
INSTRUCTIONS TO CANDIDATES		
<p>The examination has two sections: Section A (Practical Questions) and Section B (Multiple Choice Questions). Section A must be answered on the Exam booklet provided. Section B must be answered on the Multiple Choice Answer sheet provided and must be handed in with your answer booklet.</p>		
EXAM CONDITIONS		
<p><u>You may begin writing from the commencement of the examination session.</u> The reading time indicated above is provided as a guide only.</p>		
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	
No additional printed material is permitted	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet 1 x Scrap Paper	

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DOUBLE-SIDED.**

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LEFT BLANK.**

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: (10 marks)

Doggie Donuts sells treats for pets for \$5 per box. The variable costs per box are \$3. Doggie Donuts' fixed costs total \$20 000.

- a. Calculate the contribution margin per box. **(2.5 marks)**
- b. Calculate the break-even point in boxes. **(2.5 marks)**
- c. Calculate the profit that Doggie would earn if sales total 30,000 units. **(2.5 marks)**
- d. If variable costs increase, and fixed costs and the selling price remain constant, what will happen to the break-even point? What will happen to profits? **(2.5 marks)**

Question 2: (10 marks)

As inventory manager in a retail-chain warehouse, how would you react regarding your inventory levels in the following circumstances?

- a. Sudden volatility in sales
- b. Continual short deliveries by suppliers
- c. Managerial suggestions to reduce the number of product lines
- d. Increase in interest rates

Question 3: (10 marks)

Kyle Company makes specially designed coffee mugs. The entity has developed its web page and is trying to switch customer behaviour to this form of medium. Sales for each quarter of 2017 were as follows.

Quarter ending	Sales 2017
31 March	\$117 000
30 June	114 000
30 September	115 500
31 December	201 000

Due to the change in sales strategy, the marketing department at Kyle Company expects sales to grow by 20 per cent in each quarter in 2018. The unit sales price will be the same as 2017, at \$15 per unit.

Required

Prepare a sales budget for 2018.

Question 4: (10 marks) (2.5 marks each)

Required: Calculate a, b, c, and d in the following table.

Current assets	+	Non-current assets	=	Current liabilities	+	Non-current liabilities	+	Capital	Profit/loss
200		a.		1 700		1 100		4 000	700
6 400		19 700		50		400		b.	750
15 100		8 400		3 900		2 200		11 100	c.
d.		5 700		10 700		17 900		3 500	5 300

Question 5: (12 marks)

The Golden Broom Cleaning Service acquired new equipment:

Cost	\$118 400
Residual value	12 800
Estimated useful life	8 years

Required:

- Determine the depreciation amount per year if the straight-line depreciation method is used. (Show calculations) **(4 marks)**
- Determine the accumulated depreciation balance at the end of the third year. **(4 marks)**
- Determine the depreciation expense for the first year if the equipment was purchased on the 01 of October and the financial year ends on 31 December. **(4 marks)**

Question 6: (18 marks)

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

- owners contributed \$30 000 to start the firm
- inventory costing \$16 000 was purchased for cash
- the first month's rent of \$4000 was paid in cash
- one-half of the inventory was sold to customers on credit for \$12 400
- advertising was run costing \$3600. It will be billed and paid for during the second month
- additional inventory costing \$14 000 was purchased and sold to customers for \$22 000 cash
- 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
- on the last day of the month, equipment costing \$11 000 was purchased for cash

Required:

Prepare the Income Statement for the first month (using accrual accounting).

SECTION B

Total marks for this section: 30 marks

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