

**UNIVERSITY OF SWAZILAND**  
**DEPARTMENT OF ACCOUNTING**  
**MAIN EXAMINATION PAPER MAY 2014**

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**YEAR OF STUDY** : **B.COM IV/IDE LEVEL SEVEN**  
**TITLE OF PAPER** : **MANAGEMENT ACCOUNTING II**  
**COURSE CODES** : **AC 424, IDE-AC 505**  
**TIME ALLOWED** : **THREE HOURS**

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**INSTRUCTIONS**

- 1. THE TOTAL NUMBER OF QUESTIONS ON THIS PAPER ARE 4**
- 2. ANSWER ALL QUESTIONS**
- 3. THE MARKS AWARDED FOR A QUESTION/PART ARE INDICATED AT THE END OF EACH**
- 4. WHERE APPLICABLE, SUBMIT ALL WORKINGS AND CALCULATIONS.**

**NOTE:**

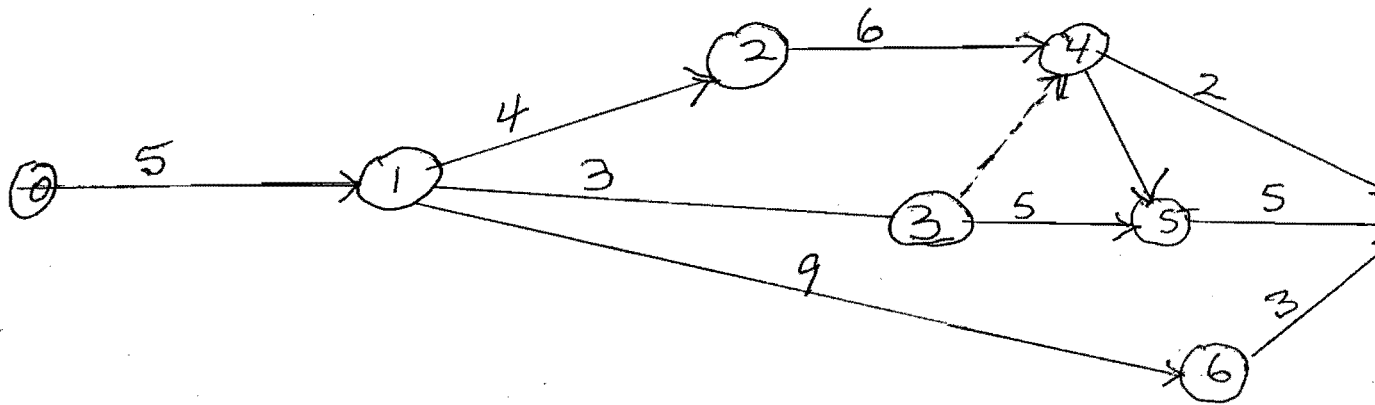
**YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE TAKEN OF ACCURACY OF THE LANGUAGE AND THE GENERAL QUALITY OF EXPRESSION, TOGETHER WITH THE LAYOUT AND PRESENTATION OF YOUR FINAL ANSWER.**

**SPECIAL REQUIREMENTS: NONE**

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

### QUESTION 1

You are given the following PERT network before crashing. The earliest completion times of each activity are also shown (indicated)



#### REQUIRED:

- (a) Compute the critical path in the network (10 Marks)
- (b) (i) With reference to the PERT network in requirement A above, compute the latest completion times for each event. (5 Marks)
- (ii) Compute the total slack in the network (5 Marks)
- (iii) How can slack be initialized? (5 Marks)

**Total 25 Marks**

## **QUESTION 2**

XYZ Ltd has three divisions whose income statement and statements of assets and liabilities are summarized below:

	<b>DIVISION X</b>	<b>DIVISION Y</b>	<b>DIVISION Z</b>
Sales	E 500 000	(d)	(g)
Operating Profit	E 25 000	E30 000	(h)
Operating assets	E 100 000	(e)	E 250 000
Turnover	(a)	(f)	0.4
Margin	(b)	0.4	5%
Return on investment (ROI)	(c)	2%	(i)

### **REQUIRED:**

1. Supply the missing data in the table above and summarize the results  
(18 Marks)
2. Comment on the relative performance of each division. ( 7 Marks)

**Total = 25 Marks**

### QUESTIONS 3

Consider an investment which has the following cash inflows:

YEAR	CASH INFLOWS
0	(E31 000)
1	10 000
2	20 000
3	10 000
4	10 000
5	5 000

#### **REQUIRED:**

1. Compute the following:

- a. Payback period (5 Marks)
- b. Net present value (NPV) at 14 percent cost of capital (5 Marks)
- c. Internal rate of return (IRR) (10 Marks)

2. Based on (b) and (c) in part 1, make a decision whether to make the investment on the project.

(5 Marks)

**Total = 25 Marks**

### QUESTIONS 4

#### **REQUIRED:**

Briefly discuss the factors that affect pricing decision.

**Total = 25 marks**