

**UNIVERSITY OF SWAZILAND**

**DEPARTMENT OF ACCOUNTING**

**MAIN EXAMINATION PAPER MAY 2015**

**DEGREE AND YEAR OF STUDY: B.COM LEVEL V**

**COURSE CODE : IDE AC 414**

**TITLE : INTERMEDIATE MANAGEMENT  
ACCOUNTING**

**TIME : THREE (3) HOURS**

**TOTAL MARKS : 100 MARKS**

**INSTRUCTIONS:**

- 1. THERE ARE FOUR (4) QUESTIONS ON THIS PAPER**
- 2. BEGIN THE SOLUTION TO EACH QUESTION ON A  
NEW PAGE**
- 3. THE MARKS AWARDED FOR A QUESTION ARE  
INDICATED AT THE END OF EACH QUESTION**
- 4. SHOW ALL YOUR WORKINGS**
- 5. CALCULATIONS ARE TO BE MADE TO ZERO  
DECIMAL PLACES OF ACCURACY, UNLESS  
OTHERWISE INSTRUCTED**

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

**SPECIAL REQUIREMENTS: GRAPH**

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

### QUESTION 1

Home Pesticide Manufacturing Company's overhead costs are as follows:

Standard overhead supplied	E160,000
Budgeted overhead based on standard direct labor hours allowed for good output	E168,000
Budgeted overhead based on actual direct labor hours	E166,000
Actual total overhead	E192,000

**REQUIRED:** Calculate as many overhead variances as possible

Total (25 marks)

## QUESTION 2

The Meserole Corporation uses a static budget for its variable overhead. The planned level of capacity for the month of August is 1,000 units. Using the information below, develop a flexible budget for August using the following levels of production: 500, 750, 1,000 and 1,250 units.

*Meserole Corporation*  
*Static budget for August*

<b>Variable Overhead</b>	<b>1,000 Units</b>
Indirect materials	E4,000
Indirect labor	2,500
Storage costs	750
Maintenance	<u>250</u>
Total	E7,500
Total (25marks)	

### QUESTION 3

The accountant of Lozinini Pizza, a fast-food chain, prepared the following budget for the second quarter of 1995. Unfortunately, when the owner was reviewing it, he was eating a deep-pan pizza with extra cheese. Some of the topping spilled onto the page and smeared the figures. Complete the missing numbers on the cash budget, assuming that the accountant has projected a minimum cash balance at the start of each month of E2,500. All borrowings, repayments and investments are made in even E500 amounts.

	April	May	June	Total
Beginning cash balance	E4,500	E ?	E ?	E ?
Cash receipts	<u>8,200</u>	<u>10,100</u>	<u>?</u>	<u>?</u>
Total cash available	<u>E ?</u>	<u>E13,000</u>	<u>E19,500</u>	<u>E9,400</u>
Cash disbursements:				
Payments on account	E ?	E3,900	E5,700	E ?
Wages expense	5,000	?	6,100	17,200
Overhead costs	<u>4,000</u>	<u>4,600</u>	<u>?</u>	<u>13,000</u>
Total disbursements	<u>E10,300</u>	<u>E ?</u>	<u>E16,200</u>	<u>E ?</u>
Cash excess (inadequacy)	E ?	E ?	E ?	E ?
Minimum cash balance	<u>(2,500)</u>	<u>(2,500)</u>	<u>?</u>	<u>?</u>
Cash available (needed)	<u>E ?</u>	<u>E(4,100)</u>	<u>E ?</u>	<u>E(4,200)</u>
Financing:				
Borrowings (repayment)	E 500	E ?	E (500)	E ?
Acquire (sell) investments	0	0	?	?
Receive (pay) interest	<u>0</u>	<u>0</u>	<u>?</u>	<u>(50)</u>
Ending cash balance	<u>E2,900</u>	<u>E ?</u>	<u>E ?</u>	<u>E2,750</u>

( 1 mark ) each

Total (25 marks)

#### QUESTION 4

The sales budget for Arkansas Corp. shows the following sales projections (in units) for the calendar year of 1995.

Jan- March	540,000
Apr- June	680,000
July- Sept	490,000
Oct- Dec.	<u>550,000</u>
Total	2,260,000

A). Sales for the first quarter of 1996 are expected to be 590,000 units. Finished Goods Inventory at the end of each production period is scheduled to equal 30% of the next quarter's budgeted sales in units. The company is expected to be in compliance with this policy as of December 31, 1994. Develop a quarterly production budget for 1995. Include a column to show total expected production for 1995. (13 marks)

B) Aspen Ski Company has projected sales of 21,480 ski boots in September. Each pair of boots requires  $2\frac{1}{2}$  linear feet of leather. The beginning inventory of leather and boots, respectively, are 2,500 meters and 1,154 pairs. Aspen Ski wants to have 9,000 yards of leather and 3,800 pair of boots at the end of September due to high sales projections for the winter months. The leather comes in standard widths. Therefore, to convert linear feet to yards, divide by 3. If Aspen has no beginning or ending Work in progress, how many metres of leather must the company purchase in September? (12 marks)

Total (25 marks)