

IDE AC413 (Part-Time) December 2016

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

MAIN FINAL EXAMINATION PAPER

December 2016

DEGREE / YEAR OF STUDY: BACHELOR OF COMMERCE LEVEL V (PART-TIME)
OLD-PRAGRAMME

Title of Paper : MANAGEMENT ACCOUNTING- I
Course Code : IDE AC 413(Part-Time) December 2016
Total Marks : 100
Time Allowed : **THREE HOURS**

Instructions

- (i) There are **FOUR** Questions Answers to All
- (ii) Begin the solutions to each Question on a New page
- (iii) The marks awarded for each question are indicated at the end of the question
- (iv) Show all your workings
- (v) Calculations are to be made to zero decimal places of accuracy, unless otherwise Instructed.

RECOMMENDATION: Reading time should not exceed fifteen minutes

Note: You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.

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

SPECIAL REQUIREMENTS : CALCULATOR

QUESTION NO.1

i. Define the Terms .a. Master Budget b. Flexible Budget (Marks: 06)

ii. From the following particulars, prepare a production budget of XYZ sales Corporation for the year ended June 30th 2016. (Marks: 04)

Product	Sales (units)	Estimated stock (units)	
		1-07-2015	30-06-2016
A	1, 50,000	14,000	15,000
B	1, 00,000	5,000	4,500

iii. A firm expects to have E 30,000 in the bank on 1st May 2016, and requires You to prepare an estimate of the cash position during the three months May to July 2016. The following information is supplied to you (Marks: 15)

Months	Sales	purchases	Wages	Office Expenses
	E	E	E	E
March	40,000	24,000	6,000	4,000
April	46,000	28,000	6,500	4,000
May	50,000	32,000	6,500	4,000
June	72,000	36,000	7,000	4,000
July	84,000	40,000	7,250	4,000

Other information.

- 1, 25% of the sales is for cash, remaining amount is collected in the month following that of sales.
- 2, Suppliers supply goods at two months credit
- 3, Delay in payment of wages and all other expenses one month.
- 4, income tax of E10, 000 is due to be paid in July.
- 5, preference share dividend of 10% on E1, 00,000 to be paid in May.

QUESTION NO. 02

i. Explain the objectives of budgetary control. (Marks: 10)

ii. The following information at 50% capacity is given, prepare a flexible budget.

And forecast the profit or loss at 60%, 70% and 90% capacity. (Marks: 15)

Particulars	Expenses at 50% capacity
Fixed Expenses	E
Salaries	1, 00,000
Rent and Taxes	40,000
Depreciation	60,000

Variable Expenses

Materials	2, 00,000
Labour	2, 50,000

Semi- Variable Expenses

Repairs	1, 00,000
Indirect Labour	50,000

It is estimated that fixed expenses will remain constant at all capacities.
 Semi- variable Expenses will not change between 45%and 60% capacity,
 Will rise by 10% between 60% and 75% capacity, a further increase of
 5% when capacity crosses 75%. Estimated sales at various levels of capacity
 Are as follows.

Capacity	Sales E
60%	10, 00,000
70%	13, 00,000
90%	15, 00,000

QUESTION NO. 03

- i. Describe the Advantages of standard costing. (Marks: 12)
- ii, From the following data. Calculate a. Material cost variance
 b, Material Price variance .c .Material usage variance (Marks: 13)

Product	Standard Quantity (Units)	Standard Price E	Actual Quantity (Units)	Actual price E
A	1,050	2, 00	1,100	2, 25
B	1,500	3, 25	1,400	3, 50

QUESTION NO. 04

i. Explain the assumptions of break- even –analysis. (Marks: 10)

ii From the following information. Calculate 1. Profit- volume -ratio

2. Break –even- sales units 3. Margin of safety 4.margin of safety ratio

5. Sales units required to earn a profit of E 50,000 (Marks: 15)

Particulars	Amount
	E
Total sales	3, 60,000
Selling Price, per unit	100
Variable Cost per unit	50
Fixed cost	1, 00,000