UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

SUPPLEMENTARY EXAMINATION PAPER

July-2017

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

OLD PROGRAMME.

Title of Paper	:	MANAGEMENT ACCOUNTING-01
Course Code	:	IDE AC: 413 (Part-Time) July 2017.
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. Budget Centre, b. Budget Period c. Budget Manual.
(Mark: 09)

ii. Sups glass manufacturing company requires you to calculate and present the master budget for the next year from the following information (Marks: 16)

Particulars	Amount E
Sales	
Toughened Glass	1, 00,000
Bent Toughened Glass	4, 00,000
Direct material cost	40% of sales
Direct wages (20workers@100permonth)	
Factory Overheads:	
Indirect labour	
Works managerE400 per month	
Stores &spares	2.5% on sales
Depreciation on machinery	8,000
Light and power	5,000
Repairs and maintenance	4,000
Other expense	5% on sale
Selling and Distribution Expenses	10,000

QUESTION NO. 02

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

ii. The following information at 60% capacity is given below. Prepare a Flexible budget and forecast the profit or loss at 70%, 80% and 90% Of capacity. (Marks: 15)

Particulars	Expenses at 60% capacity
Fixed Expenses	E
Salaries	25,000
Deprecation	20,000
Rent and Taxes	55,000

Variable Expenses	
Material	1, 00,000
Labour	1, 25,000
Other expenses	25,000
Semi- variable Expenses	
Repairs	50,000
Indirect labour	75,000
Other Expense	25,000

It is estimated that fixed expenses will remain constant at all capacities Semi-variable expenses will not changes between 55%and 70% capacity, will rise by 10% between 70% and 85% capacity, a further increase of 5%when capacity crosses 85%. Estimated sales at various levels of

Capacity are;

Capacity	Sales E
70%	7, 00,000
80%	8, 50,000
90%	10, 00,000

QUESTION NO. 03

i. State the limitations of standard costing. (Marks:10)

ii. Rapa manufacturing concern, the standard time fixed for a month is 8200 hours. A standard wage rate of E2.50 Per Hour has been fixed. During one month, 50 workers were employed and average working Days in a month are 25, B worker works for 7 hours in a day. Total Wage bill of the factory for the month amounts to E26, 250. There was a Stoppage of work due to power failure (idle time) for 150 hours. (Marks: 15)
Calculate a. Labour cost variance b Labour rate of pay variance
c. Labour efficiency Variance d. Idle time variance

QUESTION NO. 04

i. What are the assumptions of break-even analysis? (Marks:08)

ii. Company A and Company B both under the same management produces and sells the same type of product. Their budgeted profit and loss accounts for the year ending 2015 are as follows: (Marks: 17)

Particulars		Company A		Company B	
		E	E	E	E
Sales			5, 00,000		5, 00,000
Less	Variable cost	3, 00,000		2, 50,000	
	Fixed cost	50,000		1, 00,000	
			3, 50,000		3, 50,000
Profit			1, 50,000		1, 50,000

You are required to calculate both companies1.profit- volume- ratios .2.break- even- sales3. Margin of safety. 4. Sales value at which each Business will earn a profit of E1, 00,000.

4. Explain which company is likely to earn greater profits in the conditions Of (i) heavy demand for the product (ii) low demand for the products.