


**AKENTEN APPIAH-MENKA UNIVERSITY OF SKILLS TRAINING
AND ENTREPRENEURIAL DEVELOPMENT**
DEPARTMENT OF ACCOUNTING STUDIES EDUCATION
END OF FIRST SEMESTER EXAMINATIONS: MAY/JUNE, 2022

PROGRAMME	BSC ACCOUNTING EDUCATION	
COURSE CODE	ACC 232	
 COURSE TITLE	MANAGEMENT ACCOUNTING	
Duration	2 Hours 30 Minutes	
EXAMINER (S)	RABIATU KAMIL	
INSTRUCTIONS	1. ATTEMPT ALL QUESTIONS 2. ALL WORKINGS SHOULD BE DONE IN THE ANSWER BOOKLET. 3. CIRCLE THE CORRECT ANSWERS	
INDEX NUMBER		
SESSION:	REGULAR	LEVEL: 200

SECTION A

ANSWER ALL QUESTIONS IN THIS SECTION ON THE QUESTION PAPER

- Marginal costing is more appropriate for short-run decision-making than absorption costing because:
 - marginal costing reflects the behaviour of costs in relation to activity
 - marginal costing needs to be used in financial statements
 - once fixed costs have been incurred, they are sunk costs
 - marginal costing reflects a more accurate closing stock figure
- Which of the following is not a defence of absorption costing?
 - It is necessary to include fixed overhead in stock values for financial statements
 - For small jobbing businesses, overhead allotment is the only practical way of obtaining job costs for estimating
 - Analysis of under/over absorbed overhead is a useful way to identify inefficiently utilization of production resources
 - Ensuring higher closing stock will increase profit figures
- Which of the following best describes contribution?
 - Sales value less variable cost of sales
 - Absorption cost marginal cost
 - Variable cost sales value
 - None of the above

Use the following information to answer questions 4-9

Production data for kasper

Materials	2.4 kg and GH¢3 per kg
Direct labour	1.5 hours at GH¢5 per hour
Variable overhead rate	GH¢4 per direct labour hour
Fixed overhead absorption rate	GH¢7 per direct labour hour
Budgeted production	5,000 kasper

4. What is the budgeted fixed overhead for the period
A. GH¢35,000 B. GH¢52,500 C. GH¢55,000 D. GH¢37,500
5. The marginal cost of a kasper is
A. GH¢10.20 B. GH¢34.70 C. GH¢20.70 D. GH¢31.20
6. The total absorption cost of a kasper is
A. GH¢10.20 B. GH¢34.70 C. GH¢20.70 D. GH¢31.20
7. If budgeted sales are 4,300 kaspers at GH¢40 each, the budgeted profit using marginal cost is
A. GH¢10.20 B. GH¢34.70 C. GH¢20.70 D. GH¢31.20
8. If budgeted sales are 4,300 kaspers at GH¢40 each, what is the budgeted profit using absorption costing?
A. GH¢37,840 B. GH¢30,490 C. GH¢20,200 D. GH¢68,500
9. The difference between the two profit levels in Questions 7 and 8 can be attributed to
A. Budgeted sales less than budgeted production
B. Marginal cost being less than absorption cost per unit
C. Fixed overhead absorption rate being higher than variable overhead rate
D. The difference in the value of closing stock
10. A company makes and sells a single product, whose variable cost is GH¢24. Fixed costs are expected to be GH¢420,000. The C/S ratio for the product is 40%. What is the break-even point in units?
A. 16,800 B. 25,200 C. 17,500 D. 26,250
11. If both the selling price and the variable cost per unit of a company rise by 20%, the break-even point will
A. Remain constant B. Increase C. Fall D. Impossible to determine
12. Company APA Ltd operate a marginal costing system. For the forthcoming year, variable costs are budgeted to be 60% of sales value and fixed costs to be 10% of sales value. If the company increase their selling price by 10% and fixed costs, variable costs and sales volume remain the same, the effect on contribution would be
A. A decrease of 5% B. No change C. An increase of 15% D. An increase of 25%

13. The most relevant costs to be used in decision-making are
- Costs already incurred which are known with certainty
 - Current costs
 - Estimated future costs
 - Notional costs
14. A sunk cost is
- A cost committed to be spent in the current period
 - A cost which is irrelevant for decision-making
 - A cost connected with oil exploration in the North Sea
 - A cost unaffected by fluctuations in the level of activity
15. A company makes a single product that it sells for GH¢10 per unit. Fixed costs are GH¢48,000 and contribution to sales is 40%. If sales were GH¢140,000, what was the margin of safety in units?
- 2,000
 - 3,000
 - 4,000
 - 5,000

Use the information below to answer questions 16-20.

Pinto sells computers and is preparing his budget for June 2022. Opening stock Budgeted sales Selling price (GH¢)

	Opening stock	Budgeted sales	Selling price
Product A	73	290	130
Product B	46	120	218
Product C	100	230	61

Closing stock is 30% of sales.

All three products are made using Material 1, Material 2, Labour Grade 3 and Labour Grade 4.

The quantities are as follows:

	Material 1	Material 2	Labour 3	Labour 4
Product A	4	2	3	2
Product B	5	3	5	8
Product C	2	1	2	-
Cost	GH¢12 per metre	GH¢7 per cubic feet	GH¢4 per hour	GH¢6 per hour

Pinto's opening stock of Material 1 is 142 metres and 81 cu. ft of Material 2. He intends to increase this during June, so that there are sufficient raw materials to produce 50 units of each item of equipment.

16. Budgeted sales for the period were
- 42850
 - 42560
 - 45260
 - 48250
17. The number of **Product A** produced during the month of June was
- 290
 - 276
 - 304
 - 203

18. The amount of **material 1** used during the month was
 A. 2,000 metres B. 2,144 metres C. 2,224 metres D. 2,164 metres
19. The cost of labour for the month was
 A. GH¢16,451 B. GH¢16,368 C. GH¢18,415 D. GH¢19,314
20. Material 2 purchased during June were
 A. GH¢9,912 B. GH¢10,815 C. GH¢34,162 D. GH¢11,586
21. When preparing a production budget, the quantity produced equals
 A. Sales + opening stock + closing stock
 B. Sales + opening stock - closing stock
 C. Sales - opening stock + closing stock
 D. Sales - opening stock - closing stock
22. Which is the last thing to go in the master budget?
 A. Sales budget B. Cash budget C. Budgeted profit and loss D. Budgeted balance sheet
23. Of the four costs shown below, which one would not be included in the cash budget
 A. Petrol for the van
 B. Depreciation of the van
 C. Shop assistant's wages
 D. Payments made to suppliers

Use the information below to answer questions 24-27.

Adjei Ltd has prepared the following standard cost card based on the production and selling of 12,000 units per month:

	GH¢
Selling price	12
Variable production costs	4
Fixed production cost	2
Profit per unit	6

Actual production and sales for period 8 were 15,000 units and the results for this are as follows:

	GH¢
Selling	130,000
Variable production costs	50,000
Fixed production cost	10,000
Total profit	70,000

24. What is the total variable production cost under the flexed budget?
 A. GH¢ 60,000 B. GH¢68,000 C. GH¢ 96,000 D. D. GH¢ 72,000

25. Calculate profit or loss under the flexed budget
 A. GH¢ 90,000 profit B. GH¢ 68,000 loss C. GH¢ 96,000 profit D. GH¢ 96,000 loss
26. What is the total profit or loss variance?
 A. . GH¢ 20,000 (A) B. GH¢ 10,000 (F) C. GH¢ 14,000 (F) D. GH¢ 26,000 (A)
27. Estimate the total fixed production cost variance.
 A. GH¢ 50,000 (A) B. GH¢ 10,000 (F) C. GH¢ 14,000 (F) D. GH¢ 16,000 (F)
28. Who should a material price variance be reported to
 A. Financial accountant
 B. Factory department manager
 C. Senior buying manager
 D. Human resource manager

Use the information below to answer questions 29-36.

The following ten questions are based on budgeted and actual figures for XYZ Ltd in the financial year 2020/2021. Budgeted figures

Sales	50,000 units at GH¢100
Production	55,000 units
Materials	110,000 kg at GH¢20 per kg
Labour	82,500 hours at GH¢2 per hour
Variable overhead	82,500 hours at GH¢6 per hour
Fixed overhead	82,500 hours at GH¢10 per hour
Standard cost of production	GH¢67
Budgeted profit	GH¢1,650,000

Actual results

Sales	53,000 units at GH¢95
Production	56,000 units
Materials purchased	130,000 kg
Closing stock	20,000 kg
Materials purchase price	GH¢2,700,000
Labour	85,000 hours paid at GH¢180,000
Labour	83,000 hours worked
Variable overhead	GH¢502,000
Fixed overhead	GH ¢935,000
Actual profit	GH¢1,319,000

29. The sales price variance was
 A. GH¢265,000 (A) B. GH¢265,000 (F) C. GH¢99,000 (A) D. GH¢99,000 (F)
30. The sales volume variance was
 A. GH¢99,000 (F) B. GH¢99,000 (A) C. GH¢265,000 (F) D. GH¢265,000 (A)

31. The materials usage variance was
 A. GH¢20,000 (A) B. GH¢20,000 (F) C. GH¢40,000 (A) D. GH¢40,000 (F)
32. The labour efficiency variance was
 A. GH¢4,000 (A) B. GH¢4,000 (F) C. GH¢2,000 (A) D. GH¢2,000 (F)
33. The variable overhead expenditure variance was
 A. GH¢2,000 (F) B. GH¢2,000 (A) C. GH¢4,000 (F) D. GH¢4,000 (A)
34. The variable overhead efficiency variance was
 A. GH¢6,000 (A) B. GH¢6,000 (F) C. GH¢4,000 (F) D. GH¢4,000 (A)
35. The fixed overhead volume variance was
 A. GH¢15,000 (A) B. GH¢15,000 (F) C. GH¢10,000 (A) D. GH¢10,000 (F)
36. The fixed overhead expenditure variance was
 A. GH¢10,000 (A) B. GH¢10,000 (F) C. GH¢110,000(A) D. GH¢110,000 (F)
37. The main objective of management accounting isto an organization.
 A. ensure fair distribution of resource
 B. aid decision making
 C. ensure proper allocation of cost
 D. add value
38. The scope of management accounting among other things includes all the following EXCEPT?
 A. financial, cost accounting, budgetary control and statistical data.
 B. communicating and coordinating management activities
 C. feedback and feed-forward reports
 D. evaluating union performance
39. 100 hours of unskilled labour, currently paid at GH¢ 5.50 per hour, are needed for the contract. T Co has no surplus capacity at the moment, but additional temporary staff could be hired at GH¢ 6.50 per hour. What is the relevant cost of the unskilled labour on the contract?
 A GH¢ 0 B GH¢ 650 C GH¢ 550 D GH¢ 600
40. Which of the following costs is not relevant.....?
 A. Future and Opportunity costs
 B. Opportunity and Avoidable costs
 C. Incremental and future costs
 D. Unavoidable and committed costs

SECTION B

- Maa company is a wholesaler that sells its products to retailers throughout West Africa. Maa headquarters is in Togo.
- The company has adopted a regional structure with each region consisting of 3 to 5 sales territories.
- Each region has its own regional office and a warehouse which distributes the goods directly to the customers.
- Each sales territory also has an office where the marketing staff is located.
- The Ghanaian region consists of 3 sales territories with offices located in Kumasi, Sunyani and Tema.

The budgeted results for the next quarter are as follows:

	Kumasi	Sunyani	Tema
Sales	1,800	1,000	1,700
Cost of goods sold	800	800	240
Sales persons salaries	160	200	120
Sales office rent	60	90	40
Depreciation of sales office equipment	20	30	20
Apportionment of warehouse rent	50	35	24
Depreciation of warehouse equipment	30	20	15
Arbitrary apportionment	280	200	220
Total Costs	1,400	1,375	679
Profit	400	(375)	1,021

- a. Assuming that the above results are likely to be typical of future quarterly performance, should the Sunyani territory be shut down?
- b. Identify five (5) other qualitative factors that must be considered before any final decision to shut-down operations must be considered?

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