



University of Wales Trinity Saint David

Program: BA Business Management
Module: Management Accounting
Component: 1 – contributes 30% weight
Assessment mode: Closed book examination
Date: 14 October 2023
Duration: 1 hour 30 minutes

9/15
60%

Instructions to candidates

1. Do not open this examination question paper until advised to do so by the invigilator.
2. There are 15 questions worth 30 marks.
3. Answer ALL QUESTIONS on an answer sheet provided by the invigilator.
4. The use of non-programmable calculators is permitted.
5. This is a closed book examination and no other material or gadgets are allowed to be used during the examination.
6. Use black ink only on the answer sheet.
7. ALL phones must be switched off and put away in a designated area.
8. This examination question paper remains property of University of Wales Trinity Saint David (UWTSD). Do not take it outside the examination room.
9. Those caught cheating/ attempting to cheat will be disqualified.
10. No-one is allowed to leave the examination room within the first hour of commencing the exam and in the last 15 minutes of the examination.

Material provided

- A short list of formulae

Reading time

- The purpose of reading time is to enable candidates to check that the question paper is complete. Reading time also allows students to prepare by ensuring they are clear on the requirements of the exam. Candidates **CANNOT** begin answering questions during the reading time.

Use the data below to answer questions 1, 2 and 3

Slavena is planning to start a manicure business. The total annual fixed cost covering rent and salary is £12,000. Slavena will charge a flat fee of £130 per client and her variable costs will be £80. The budgeted number of clients for the coming year is 420.

Question 1

What is Slavena's contribution per client?

- A. 101
- ☒ B. 50
- C. 80
- D. 201

Question 2

What is Slavena's Margin of Safety expressed as a percentage?

- A. 57.14%
- ☒ B. 42.86%
- C. 75%
- D. £32%

Question 3

How many clients should Slavena serve in order to earn a profit of £4,150?

- A. 157
- ☒ B. 323
- C. 325
- D. 425

Question 4

Under absorption costing, if the actual fixed costs incurred is greater than absorbed fixed costs this is called:

- A. Short payment
- B. Under-absorption of overheads
- C. Over payment
- ☒ D. Over-absorption of overheads

Question 5

Lucy bakes wedding cakes and uses a marginal costing system. Which of the following statements is correct for a cake ordered by Joyce?

- A. The cost of Lucy's cake will include variable costs only
- ☒ B. The cost of Lucy's cake will include variable costs and a share of Lucy's fixed costs
- C. The cost of Lucy's cake will include fixed costs only
- D. The cost of Lucy's cake will include variable costs and Lucy's future costs

Question 6

A cost that is not easily or conveniently traceable to a cost object is known as:

- A. fixed cost
- B. direct cost
- C. indirect cost
- ☒ D. variable cost

Question 7

A telephone bill which is comprised of a fixed charge and usage costs is known as:

- A. a stepped cost
- B. a variable cost
- ☒ C. a semi-variable cost
- D. a fixed cost

Use scenario below to answer questions 8 and 9

Ginger Group manufactures school tables and uses the high-low method to estimate its costs. During the past 6 months, Ginger had £72,000 at its lowest production level of 4,200 units. At its highest output level of 7,800 units, the total cost was £94,000.

Question 8

What is Ginger Group's Variable Cost per unit using the High-Low Method?

- A. £8.33
 - ☒ B. £6.33
 - C. £6.11
 - D. £8.11
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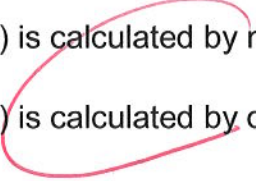
Question 9

What would be Ginger Group's estimated total costs next month given that the estimated production level will be 6,200 units?:

- A. £84,215.33
 - B. £81,333.33
 - ☒ C. £76,444.44
 - D. £47,415.44
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Question 10

Which of the following statements is true about a Fixed Overhead Absorption Rate (FOAR)?

- A. Fixed Overhead Absorption Rate (FOAR) is calculated by dividing Planned Fixed Costs by Planned Output Level
 - B. Fixed Overhead Absorption Rate (FOAR) is calculated by multiplying Planned Fixed Costs by Planned Output Level
 - ☒ C. Fixed Overhead Absorption Rate (FOAR) is calculated by deduction Variable Costs from Fixed Costs
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- ☒ D. Fixed Overhead Absorption Rate (FOAR) is calculated by deducting Fixed Costs from Total Costs

Question 11

Financial accounts are primarily produced for

- A. Control
- B. Planning future projects
- ☒ C. External users
- D. Decision-making in an organisation

Question 12

Which of the following equations is NOT TRUE about Break-even Point? At break-even point,

- ☒ A. Prime costs = direct material + direct expenses + fixed costs
- B. Total Fixed Costs = Total Contribution
- C. Profit and Loss = Zero
- D. Total Costs = Total Revenue

Question 13

Profit centres are ...

- A. Units of output or service for which costs are ascertained.
- B. Functions or locations for with a responsibility ensure costs are ascertained.
- C. A segment of a business which has a responsibility to earn profit – performance of which is evaluated on the amount of costs incurred.
- ☒ D. A segment of a business which has a responsibility to earn profit – performance of which is evaluated on the amount of profit earned.

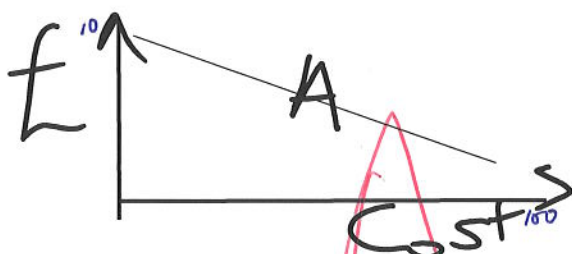
Question 14

In limiting factor analysis, products are ranked based on:

- A. Total variable cost
- B. Total revenue per unit of the scarce resource
- C. Semi-variable cost and contribution per item
- ☒ D. Contribution earned per unit of the scarce resource

Question 15

Which ONE of the following is represented by the graph A below?



- A. Unit fixed costs decreasing as output increases within a relevant range.
- B. Variable costs
- C. Total fixed costs decreasing as output increases within a relevant range.
- ☒ D. Unit fixed costs increasing as output increases within a relevant range.

Formulae

$$\text{Break - even quantity} = \frac{\text{Fixed Costs}}{\text{Contribution per Unit}}$$

$$\text{Break - even revenue} = \frac{\text{Fixed Costs} \times \text{Selling Price}}{\text{Contribution per Unit}}$$

$$\text{Contribution - sales ratio} = \frac{\text{Contribution per Unit}}{\text{Selling Price per Unit}}$$



$$\text{Contribution - sales ratio} = \frac{\text{Total Contribution}}{\text{Total Sales Revenue}}$$

$$\text{Margin of Safety (\%)} = \frac{\text{Margin of Safety}}{\text{Current (planned) Activity}} \times 100$$

$$\text{Activity level} = \frac{\text{Fixed Costs} + \text{Target Profit}}{\text{Contribution per Unit}}$$

.....end of question paper.....

