

HOLMES
INSTITUTE

FACULTY OF
HIGHER
EDUCATION



INSPIRE ACHIEVE ENGAGE



FACULTY OF HIGHER EDUCATION

UNDERGRADUATE PROGRAM

Class Test ONE

HA2011 MANAGEMENT ACCOUNTING
Melbourne / Sydney / Brisbane campus

AUGUST / 2010

Student Name:
(Block letters)

Student Number:

Time Allowed: 1 hours plus 10 minutes perusal time

Instructions:

The paper consist in 20 multiple choice questions; one mark each, totalling 20 marks.

Materials Allowed:

This is a closed book exam. Students are permitted to use a:

- Non-programmable electronic calculator
- Non-electronic English dictionary

Materials supplied:

- This question paper.
- An answer sheet on which you should write your answers attached at the end of the examination paper.
- A blank sheet of paper which is also attached at the end of the examination paper.

All of the above must be handed in before you leave the exam room.

1. Dougherty Company employs 20 individuals. Eight employees are paid \$12 per hour and the rest are salaried employees paid \$3,000 a month. How would total cost of personnel be classified?
 - a. Mixed
 - b. A fixed cost within a relevant range
 - c. A variable cost within relevant range
 - d. Variable

2. If machine maintenance is scheduled at a time when production is at a low level, then:
 - a. Low production is the cost driver of high repair costs.
 - b. Low production should be avoided since it is the cause of machine maintenance.
 - c. An understanding of operations is needed to determine an appropriate cost driver.
 - d. Machine maintenance cannot be accurately predicted.

3. When a job is complete:
 - a. Work-in-process Control is debited
 - b. The cost of the job is transferred to Manufacturing Overhead Control.
 - c. Actual direct materials, actual direct manufacturing labour, and allocated manufacturing overhead will comprise the total cost of the job.
 - d. Finished Goods Control is credited.

4. Financial accounting provides the PRIMARY source of information for:
 - a. Improving customer service.
 - b. Preparing the income statement for shareholders
 - c. Decision making in the finishing department.
 - d. Planning next year's operating budget.

5. Which of the following descriptors refers to management accounting information?
 - a. It is prepared for shareholders.
 - b. It provides reasonable and timely estimates.
 - c. It is driven by rules.
 - d. It is verifiable and reliable.

6. Which of the following groups would be LEAST likely to receive detailed management accounting report?
 - a. Sales representatives.
 - b. Production supervisors.
 - c. Managers.
 - d. Stockholders.

7. The approaches and activities of managers in short-run and long-run planning and control decisions that increase value for customers and lower costs of products and services are known as:
- Enterprise resource planning.
 - Cost management.
 - Value chain management.
 - Customer value management.
8. For externally reported inventory costs, the Work-in-Process Control account is increased (debited) by:
- Customer – service cost.
 - The purchase cost of direct or indirect materials.
 - Allocated plant utility cost.
 - Marketing cost.
9. Product cost used for external reporting generally include:
- Manufacturing costs only.
 - All costs incurred along the value chain.
 - Design costs plus manufacturing costs.
 - All of these answers are correct.
10. Whose perceptions of the company's products or services are the most important to the manager?
- Stockholders' perception.
 - Board of directors' perception.
 - President's perception.
 - Customers' perception.
11. The following information pertains to the Doggan Corporation:
- | | |
|--------------------------------------|-------|
| - Opening work-in-process inventory: | \$20 |
| - Closing work-in-process inventory: | \$23 |
| - Opening finished goods inventory: | \$36 |
| - Closing finished goods inventory: | \$34 |
| - Cost of goods manufactured | \$246 |
- What is the cost of goods sold?
- \$248
 - \$243
 - \$244
 - \$249
12. When 10,000 units are produced, variable cost is \$6 per unit. Therefore, when 20,000 units are produced:
- Variable costs will total \$60,000
 - Variable cost will total \$120,000
 - Variable unit cost will decrease to \$3 per unit.
 - Variable unit cost will increase to \$12 per unit.

13. Answer the following questions using the information below:

- Manufacturing costs \$2,000,000
- Units manufactured 50,000
- Units sold 47,000
- Units sold for \$75 per unit
- beginning inventory units 0

The average manufacturing cost per unit is?

- a. \$0.025
- b. \$42.55
- c. \$75.00
- d. \$40.00

14. At the Jordan Company, the cost of personnel department has always been allocated to production departments based upon number of employees. Recently, opinions gathered from the department managers indicate that the number of new hires might be a better predictor of personnel cost. Total personnel costs are \$160,000.

Department	A	B	C
Number of employees	30	270	100
The Number of new hires	8	12	5

If the number of new hires is considered the cost driver, what amount of personnel cost will be allocated to department A?

- a. \$20,000
- b. \$5,333
- c. \$12,000
- d. \$51,200

Hotsa Plastics' selected data for August 2010 are presented here:

- Direct materials inventory 1/8/2010	\$90
- Direct materials purchased	\$360
- Direct materials used	\$375
- Total manufacturing overhead	\$480
- Variable manufacturing overhead	\$250
- Total manufacturing cost	\$1,600
- Work in process inventory 1/8/2010	\$200
- Cost of goods manufactured	\$1,650
- Finished goods inventory 1/8/2010	\$125
- Cost of goods sold	\$1,700

Calculate the following costs:

15. Direct materials inventory 31 August 2010

- a. \$75
- b. \$57
- c. \$84
- d. \$175

16. Fixed manufacturing overhead cost for August

- a. \$235
- b. \$230
- c. \$215
- d. \$200

17. Direct manufacturing labour cost for August

- a. \$700
- b. \$740
- c. \$760
- d. \$745

18. Work-in-process inventory 31 August 2010

- a. \$145
- b. \$147
- c. \$150
- d. \$155

19. Goods available for sale in August

- a. \$1,775
- b. \$1,750
- c. \$1,725
- d. \$1,785

20. Finished goods inventory 31 August 2010

- a. \$75
- b. \$74
- c. \$68
- d. \$92