UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

MAIN EXAMINATION PAPER

MAY 2016

YEAR OF STUDY:	BACHELOR OF COMMERCE YEAR IV/LEVEL VII
TITLE OF PAPER :	MANAGEMENT ACCOUNTING II
COURSE CODE :	AC 425 / IDE AC 505
TOTAL MARKS :	100 MARKS
TIME ALLOWED :	THREE HOURS

INSTRUCTIONS

1. There are four questions, answer all

2. Begin the solution to each question on a new page

3. The marks awarded for a question are indicated at the end of each question.

4. Show the necessary working

Recommendations: Reading time should not exceed (15) 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.

SPECIAL REQUIREMENTS : CALCULATOR

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QUESTION 1

The following information are given with the assumption in all cases, the investment has a useful life for 10 years. **(25 marks)**

No of Year	Annual Cash Inflow	Investment	Cost of Capital	IRR	NPV
1	E100 000	E449 400	14%	(a)	(b)
2	E70 000	(c)	14%	20%	(d)
3	(e)	E200, 000	(f)	14%	E35, 624
4	(g)	E300, 000	12%	(h)	E390, 000

REQUIRED:

From the above data calculate and write the blanks for each independent cases.
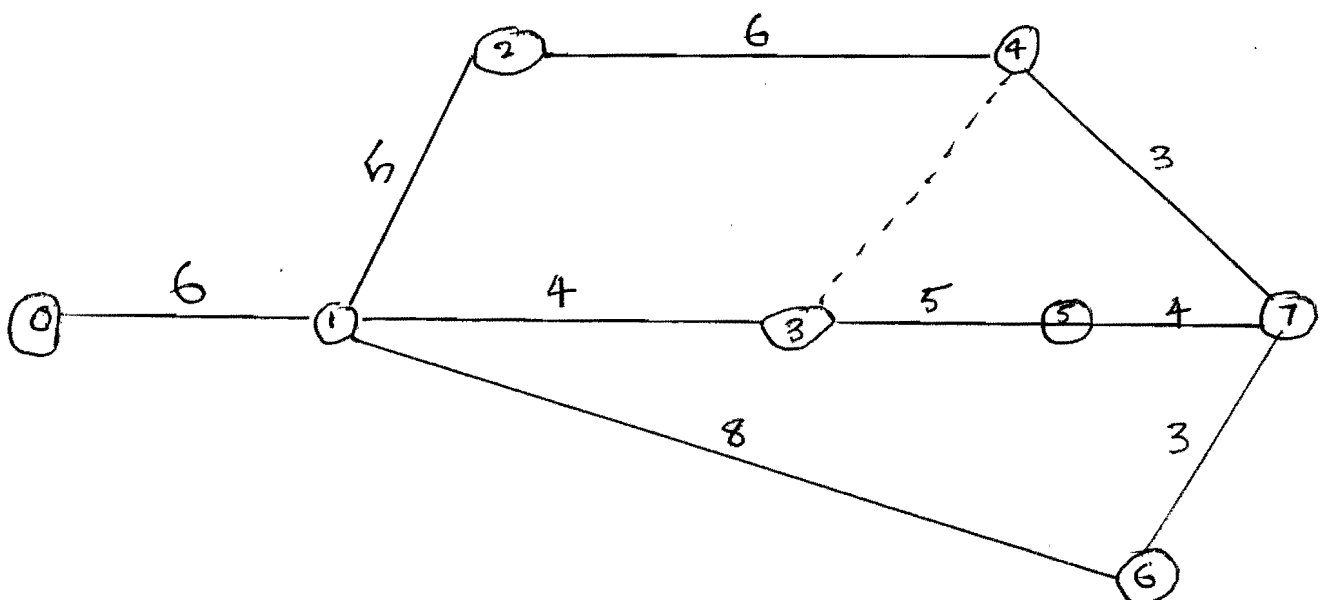
NB: Each solution should be accompanied by supporting computations.

QUESTION 2

Project Evaluating Review Techniques (PERT) network before crushing are given below.

The earliest completion times of each activity are also shown (indicated) in the chart

NB : The activity times (duration) are in weeks.

REQUIRED:

(a)   Compute the critical path in the network   **(10 marks)**

(b)   (i) with reference to the Project Evaluating Review Technique (PERT) network in requirement and above compute the latest completion times for each event

(5 marks)

(ii)   Compute the total slack in the network   **(5 marks)**

(iii)   How can slack be utilised?   **(5 marks)**

QUESTION 3

REQUIRED:

Calculate and write the missing information in the following table are given below.

(25 marks)

Particulars	Dept. A	Dept. B	Dept. C
Sales	E60, 000	E75, 000	E100, 000
Operating income	(a)	E25000	(e)
Operating assets	E30, 000	(c)	E50, 000
Return on investment (ROI)	15%	10%	20%
Minimum required			
Rate of return	10%	(d)	(f)
Residual income	(b)	E5000	0

QUESTION 4

The management Accountant management asking for your assistance, how it can possible to find the production cost of its product at any activity level.   **(25 marks)**

REQUIRED:

Write short note on the possible methods.