

UNIVERSITY OF SWAZILAND  
DEPARTMENT OF ACCOUNTING  
FACULTY OF COMMERCE  
MAIN FINAL EXAMINATION PAPER

May 2018

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DEGREE / YEAR OF THE STUDY: BACHELOR OF COMMERCE YEAR III  
(FULL- TIME) & LEVEL FOUR (PART-TIME)

Title of Paper : INTERMEDIATE MANAGEMENT ACCOUNTING  
Course Code : ACF314/IDEAC 324 May 2018  
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 REQUIREMENT : CALCULATOR**

## QUESTION NO. 01

- i. What is the meaning of Marginal Costing? Explain the advantages of Marginal Costing. (Marks:14)
- ii. Describe the objectives of Cost - Volume - Profit Analysis. (Marks:05)
- iii. The following figures of sales and profits for two years are available in respect of concern. (Marks:06)

Year	Sales £	Profit £
2016	200,000	30,000
2017	240,000	46,000

You are required to find out. 1. Profit Volume Ratio 2. Fixed Cost 3. Break -Even Sales - Volume 4. Sales required to earn a profit of £50, 000

## QUESTION NO. 02

- i. Discuss the main differences between Absorption Costing and Marginal Costing.? (Marks:13)
- ii. The following figures of A Ltd Company and B Ltd Company are given below. (Marks: 12)

Particulars	A Ltd Company £	B. Ltd Company £
Sales	450,000	450,000
Variable Cost	300,000	337,500
Fixed Cost	75,000	37,500
Total Cost	375,000	375,000
Profit	75,000	75,000

You are required to calculate

1. P/ V Ratio 2. Break- Even - Sales 3. Margin of Safety. 4 Sales Volume at which each business will earn a profit of £50,000
- 5 State which company is likely to earn greater profits in conditions of a. Heavy demand for the product b. low demand for the product.

## QUESTION NO. 03

- i. Describe the essential features of differential costing. (Marks:10)
- ii. Explain the advantages of Budgetary Control. (Marks:09)
- iii .Define the Terms 1. Cash Budget 2. Flexible Budget (Marks:06)

## QUESTION NO. 04

i. What is Responsibility Accounting? Explain the essential features of Responsibility Accounting. (Marks:12)

ii. A firm expenses to have £30,000 in the bank on 1<sup>st</sup> May 2017 and require you to prepare an estimate of the cash position during the three months May to July 2017. The following information is supplied to you (Marks:13)

Month	Sales	Purchases	Wages	Factory Exp	Office Exp	Selling Exp
	£	£	£	£	£	£
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

## Other information

1. 25% of the sales are for cash, remaining amount is collected in the month following that of sales.
2. Suppliers supply goods at two months credit
3. Delay in payment of wages and all other expenses one month
4. Income tax of £10,000 is due to be paid in July and
5. Preference share dividend of 10% on £100,000 to be paid in May.