Tutorial letter 101/3/2014

Applications of Management Accounting Techniques

MAC3701

Semesters 1 and 2

Department of Management Accounting

IMPORTANT INFORMATION:

- Please activate your *my*Unisa and *my*Life e-mail addresses and ensure you have regular access to the *my*Unisa module site for MAC3701 as well as your group site.
- **Note:** This is an online module, and therefore your module is available on *my*Unisa
  However, in order to support you in your learning process, you will also receive some study materials in printed format.

BAR CODE

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IMPORTANT NOTE:

Assignment 01/2014 which is compulsory, gives you admission to the examination. If you do not submit this assignment by the due date, you will not be allowed to write the examination. Also keep in mind that assignment 1 contributes 25% to your year mark.

1. INTRODUCTION

Dear Student

Greetings to you and welcome to the **FULLY ONLINE** module, MAC3701. We will do our best to make studying this course interesting and rewarding. You will be well on your way to success if you start studying early in the year and resolve to put in a lot of effort when doing your assignments.

We cannot emphasise enough how important it is for you to register for a myLife e-mail address and be able to log on to *my*Unisa for the purposes of studying this module.

Because this is a fully online module, you need to use *my*Unisa to study this course. You need to visit the websites on *my*Unisa for MAC3701 frequently. The website for your module is MAC3701-14-S1 (semester 1) or MAC3701-14-S2 (semester 2).

1.1   To get started

Because this is a fully online module, you need to go online to see your study materials and read what to do for the module. Go to the website here: https://my.unisa.ac.za and login with your student number and password. You will see MAC3701-14-S1 (semester 1) or MAC3701-14-2 (semester 2) in the row of modules in the orange blocks across the top of the webpage. Remember to also check in the "more"- tab if you cannot find it in the orange blocks. Click on the module you want to open.

In addition, you will receive this tutorial letter and a printed copy of the online study materials from your module in Tutorial Letter 501. While these printed materials may appear to be different from the online study materials, they are exactly the same and have been copied from the online *my*Unisa website.

We wish you success on your journey!

2. OVERVIEW OF THIS MODULE: MAC3701

2.1   Purpose

The purpose of this module is to equip students with the ability to apply various management accounting techniques in order to make decisions. Students learn how information is evaluated and used to control and improve business performance. This module is primarily intended for people who are interested in qualifying as registered Chartered Accountants (SAICA) or Management Accountants (CIMA). This module will enable students to develop the necessary competencies prescribed by these professional bodies.

The module is delivered via *my*Unisa by using the Internet. Peer group interaction takes place in the discussion forum and is used as a tool to communicate with fellow students. Your Lecturers will interact with students on *my*Unisa and via e-mail.

2.2 Outcomes

In MAC2601 you were introduced to the principles of management accounting. Here you acquired a basic knowledge of cost classification, cost behavior, cost analysis, cost estimation, cost objects and cost management accounting systems. You also understand and are able to apply planning, budgeting and control techniques. Furthermore you have the ability to analyse financial and other data to provide information for decision-making.

In this module you will be equipped to:

- Apply advanced cost concepts in managing costs and costing systems.
- Apply advanced techniques for planning, budgeting, controlling and evaluating performance, including divisionalisation and report thereon.
- Apply advanced concepts in long- and short-term decision making regarding resource allocation and pricing, including transfer pricing as well as interpreting measures of uncertainty surrounding any decision-making.
- Apply information technology (spreadsheet programmes) where suitable.

3. LECTURERS AND CONTACT DETAILS

3.1 Lecturer information

The lecturers responsible for this module are as follows:

Lecturer's name: Mrs P R Berry
Building and office number: AJH vd Walt Building, Room 1 - 37
Telephone number: 012 429 4415 (between 8:00 and 13:00 weekdays)

Lecturer's name: Mrs A M Raath
Building and office number: AJH vd Walt Building, Room 1 - 39
Telephone number: 012 429 4490 (between 8:00 and 13:00 weekdays)

E-mail addresses for lecturers:

MAC3701-14-S1@unisa.ac.za (for use only during the **first semester**)
MAC3701-14-S2@unisa.ac.za(for use only during the **second semester**)

Please do not hesitate to consult lecturers by e-mail or personally (by prior arranged appointment only), should you experience specific problems regarding the **content of this course**. Please have your study material open online when you contact us. Please note that enquiries with regards to matters not relating to the **content of the course** (e.g. non-receipt of study material, enquiries in respect of exam dates, venues, etc) must **not be directed to your lecturer** but can be e-mailed to the respective addresses. See 3.3 below.

3.2 Department

The Department of Management Accounting is situated in Pretoria, at the main campus, on the first level of the AJH van der Walt Building.

The departmental contact numbers are as follows:

Telephone number: 012 429 4753
Fax number: 012 429 4894

3.3   University

To contact the University, you should follow the instructions in the *My studies @ Unisa*. brochure. Remember to have your student number available when you contact the University.

Website: http://www.unisa.ac.za or Mobi: http://mobi.unisa.ac.za

E- mail addresses and SMS numbers:

E-mail addresses	SMS numbers	Use to enquire about:
study-info@unisa.ac.za	43578	Applications and registrations
assign@unisa.ac.za	43584	General assignment enquiries
exams@unisa.ac.za	43584	General examination enquiries
despatch@unisa.ac.za	43579	Study material
finan@unisa.ac.za	31954	Student accounts
gaudeamus@unisa.ac.za	n/a	Graduation ceremonies
myUnisaHelp@unisa.ac.za	43582	myUnisa
myLifeHelp@unisa.ac.za	43582	myLife e-mail accounts

4. MODULE-RELATED RESOURCES

4.1   Prescribed books

Your prescribed textbook for this module for this year is:

***Management and Cost Accounting* by Drury Colin, 8th edition. 2012. Cengage Learning.**
ISBN: 978-1-4080-4180-2

Please consult the list of official booksellers and their addresses in *My studies @ Unisa*.

Please note:

It is **essential** that you either acquire or have the prescribed textbooks at your disposal.

We recommend that you purchase the prescribed textbook, as you will have to study it thoroughly and refer to it frequently. **We suggest that you obtain the book as soon as possible.**

4.2   Recommended books

It is important for you to enrich your studies by reading as extensively as possible and to use other sources to supplement the prescribed textbook.

4.3   Joining *my*Unisa

If you have access to a computer that is linked to the internet, you can quickly access resources and information at the University. The *my*Unisa learning management system is Unisa's online campus that will help you to communicate with your lecturers, with other students and with the administrative departments of Unisa – all through the computer and the internet.

You can start at the main Unisa website, http://www.unisa.ac.za, and then click on the *my*Unisa orange block. This will take you

to the *my*Unisa website. To go to the *my*Unisa website directly, go to https://my.unisa.ac.za. When you are on the *my*Unisa website, click on the "Claim UNISA Login" at the right-hand side of the screen. You will then be prompted to give your student number to claim your initial *my*Unisa as well as myLife login details.

Please consult the publication *my Studies @ Unisa* which you received with your study material for more information on *my*Unisa.

4.4   Other resources – Printed support materials

Because we want you to be successful in this online module, we also provide you with some of the study materials in printed format. This will allow you to read the study materials, even if you are not online.

- These printed study materials will be sent to you at the beginning of the semester, but you do not have to wait to receive them to start studying – you can go online as soon as you register and all your study materials will be available.
- Therefore, the printed materials are not something that you need to wait for before you start with the module. It is only an **offline** copy of the formal content for the online module.
- This will give you the chance to do a lot of the studying of this module WITHOUT having to go to the internet or to an internet cafe. This will save you money, of course, and you will be able to take as much time as you need to read - and to re-read - the materials and do the assignments.

It is therefore very important that you log into *my*Unisa regularly. We recommend that you should do this at least every week or every 10 days to check for the following:

- **Check for new announcements**. You can also set up your myLife e-mail so that you receive the announcement e-mails on your cell phone.
- **Take part in the discussion forum**. You can communicate with your fellow students and discuss topical issues relating to the course content.

We hope that this system will help you to succeed in this online module by giving you extra ways to study the materials. At the same time, you **MUST** go online in order to complete the assignments on time and to get the most from the online course.

Remember, the printed support materials are a back-up to everything that can be found online, on *my*Unisa. There is no extra information in the printed materials. **In other words, you should NOT wait for the printed support materials to arrive to start studying.**

5. HOW TO STUDY THIS MODULE ONLINE

5.1   What it means to study fully online?

This module is taught fully online, therefore the following is relevant:

- ***All your study materials are designed to be online, on my*Unisa**. Even though we give you a printed copy to support your studies, the module is designed for online.

- Students may submit written assignments that should be typed and submitted online in a PDF document in the same manner that all other assignments are submitted online. Posted written assignments are also acceptable but online submission is recommended. The MCQ (multiple choice questions) assignments have to be completed on mark-reading sheets **either** by post **or** Mobile MCQ submission **or** electronically via *my*Unisa. No assignments may be submitted by fax or e-mail.

- Note that it will be wise to submit assignments electronically via *my*Unisa <u>a few days before the due date</u> as the system is often overloaded on the due date. ***If the system gives an error message, please wait a while and try again until your assignment is accepted.***

- ***All of the communication between yourself and the university also happens online*** – by e-mail and in the discussion forum. You can use these ways to ask questions and contact your lecturers. This also means that your lecturers will communicate with you in the same way – through e-mails, with announcements and in the discussion forum on *my*Unisa.

5.2   Assignments

For your convenience, the assignments for 2014 are provided in the addendum to this tutorial letter as annexures. You will also find the assignments under "Official study material" on *my*Unisa*.*

6. ASSESSMENT

6.1   Assignments and learning

Assignments and tutorial letters form an integral part of your tutorial matter and you must study them for examination purposes.

6.2   Compulsory assignment

When you submit the compulsory assignment (Assignment 01), it will prove that you are an active student and will therefore earn you admission to the examination. The mark you obtain for the compulsory assignment will have no influence on your admission to the examination. However, it will contribute towards your semester mark.

You will undoubtedly realise the importance of commencing your study programme in good time so that you can obtain admission to the examination and earn a good semester mark.

6.3   Assignment questions

The assignment questions are available on *my*Unisa and included in annexures to this tutorial letter. From the menu on your left, select "Home". Then click on the link provided for each assignment. You can find the links in the "Welcome" message on your home page.

6.4   General remarks

(a) You must submit the **compulsory assignment** (Assignment 01) before or on the due date to obtain admission to the examination. Make sure you mark it as "01".

(b) It is in your own interest to **retain a copy of the proof you received when submitting Assignment 01,** so that you can produce this in the event of any dispute concerning whether or not the assignment was received.

(c)   Your **semester mark** of 10% will contribute towards your final mark **(if you obtain at least 40% in the examination)**. The assignments will contribute to the semester mark as follows:

Assignment 1   25%
Assignment 2   50%
Assignment 3   25%

(d)   **Plagiarism**

Plagiarism is the act of taking the words, ideas and thoughts of others and passing them off as your own. It is a form of theft which involves a number of dishonest academic activities. AI students receive the *Disciplinary code for students* (latest version) at registration. Please study the code. Kindly read Unisa's *Policy on copyright infringement and plagiarism* as well.

PLEASE NOTE: You should address enquiries about assignments to assign@unisa.ac.za

6.5   Due dates of assignments

The due dates for the submission of the assignments are as follows:

Assignment	Semester 1		Semester 2	
	Unique number	Due date	Unique number	Due date
01	350657	10/03/2014	351193	18/08/2014
02	350844	31/03/2014	351277	08/09/2014
03	351021	22/04/2014	351478	29/09/2014

6.6   Submission of assignments

Although you may still submit assignments by post, we would like to encourage you to submit them online on *my*Unisa, since this is a **fully online module.** The MCQ (multiple choice questions) assignment has to be completed on a mark-reading sheet. Mark-reading sheets may be submitted by post or electronically via *my*Unisa. Please refer to the brochure *my STUDIES @ Unisa* on how to submit the assignment on a mark-reading sheet or electronically via *my*Unisa.

The written assignment needs to be written and posted or typed and submitted in a PDF document submitted online on *my*Unisa.

Submitting assignments on *myUnisa***

- Go to http://my.unisa.ac.za.
- Enter your student number and password.
- Select the module.
- Click on "Assignments" in the left-hand menu.
- Click on the number of the assignment you want to submit.
- Follow the instructions on the screen.

Receipt of assignments after the due date disrupts the marking programme and the uncontrolled submission of assignments furthermore creates administrative problems. You are requested to carefully note the under mentioned requirements and suggestions and to adhere strictly to them.

> 1. **NO EXTENSION OF TIME WILL BE GIVEN FOR THE SUBMISSION OF ANY OF THESE ASSIGNMENTS, AS SOLUTIONS WILL BE FORWARDED AUTOMATICALLY TO ALL STUDENTS SHORTLY AFTER THE DUE DATES.**
>
> 2. **NO CORRESPONDENCE OR TELEPHONE CONVERSATION WILL BE CONDUCTED REGARDING THE LATE SUBMISSION OF ASSIGNMENTS.**
>
> 3. **ASSIGNMENTS RECEIVED AFTER THE DUE DATE WILL NOT BE MARKED.**

7. SEMESTER MARK AND FINAL EXAMINATION

Assessment system:

7.1 Compulsory assignments

For students to benefit from our formative tuition and assessments, the management of the University decided to introduce compulsory assignments for all modules.

Submission of **compulsory assignment 01** will earn you admission to the examination. This assignment consists of multiple choice type questions. The mark you earn for compulsory assignment 01 will contribute 25% towards your semester mark, which comprises 10% of your final mark. Assignment 01/2014 FIRST SEMESTER must be completed if you are registered for the first semester, and 01/2014 SECOND SEMESTER must be completed if you are registered for the second semester.

Admission to the examination will therefore only be **obtained by submitting compulsory assignment 01** and the marks obtained for it will contribute towards your semester mark.

Assignment 02 is a written assignment which also contributes 50% towards your semester mark, which comprises 10% of your final mark.

Assignment 03 consists of multiple choice type questions and contributes 25% towards your semester mark, which comprises 10% of your final mark.

PLEASE NOTE: Enquiries about assignments (e.g. whether or not the University has received your assignment or the date on which an assignment was returned to you) must be e-mailed to assign@unisa.ac.za

7.2 How to calculate your semester mark

The **mark obtained** for compulsory assignment 01 counts 2,5%, the **mark obtained** for assignment 02 counts 5% and the **mark obtained** for assignment 03 counts 2,5%, giving a semester mark out of 10% towards the final mark.

Students require a combined final mark of 50% to pass a module. This final mark is calculated as follows: **2,5%** for assignment 01, **5%** for assignment 02 and **2,5%** for assignment 03 + **90% x mark obtained in the examination.**

If a student fails the examination with less than 40%, the semester mark will not be used to calculate the final mark. How it will work in practice?

The marks you obtain for the compulsory assignments 01, 02 and 03 will be your semester mark, contributing towards a possible maximum of 10% of your final mark. Your semester mark however, will only be taken into account to calculate your

final mark if you obtained 40% and more in the examination.

Your semester mark will be taken into account as follows:

- mark (%) for compulsory assignment 01: 25% of semester mark (2,5% of final mark)
- mark (%) for compulsory assignment 02: 50% of semester mark (5% of final mark)
- mark (%) for compulsory assignment 03: 25% of semester mark (2,5% of final mark)

7.3   How to calculate your final mark

The semester mark will contribute 10% towards your **final mark**. The mark you obtain in the examination will count 90% and your semester mark will count 10%. If you earn 75% for compulsory assignment 01, 65% for compulsory assignment 02, 68% for assignment 03 and 48% for the examination, your final mark will be 50,03% i.e. [(75% x 0,25) + (65% x 0,5) + (68% x 0,25) x 10% + 43,20% (48% x 90%)]

A sub minimum of 40% in the examination is however required, before the semester mark will be taken into account towards your final mark.

8. MODULE-SPECIFIC STUDY PLAN

Read the information on general time management and planning skills contained in the *myStudies @ Unisa* brochure.

Plan your studies properly so as to achieve specific study goals at predetermined dates. This avoids a haphazard approach to your studies and the use of ineffective study techniques
.
Suggested study programme for 2014

First priority - Compulsory assignment 01 (to gain admission to the examination and contributing 25% towards your year-mark)

Study Topics 1 (Advanced behavioural aspects of costs) and 2 (Advanced concepts in costing systems).

Complete and submit compulsory assignment number 01 before the due date. This is a multiple choice questions (MCQ) assignment.

Second Priority – Assignment 02 (contributing 50% towards your year-mark)
Study Topics 3 (Integrated planning and budgeting), 4 (Standard costing: further analysis of variances and investigations), 5 (Performance management in decentralised entities) and 6 (Relevant decision making in various scenarios).

Complete and submit compulsory assignment number 02 before the due date. This is a written assignment.

Third Priority – Assignment 03 (contributing 25% towards your year-mark)

Study Topics 7 (Pricing for internal and external purposes) and 8 (Advanced aspects of sensitivity analysis).

Complete and submit compulsory assignment number 03 before the due date. This is a MCQ assignment.

Suggested study programme

Semester 1

Date	Topics from the study material	Assignment	Due date
31/01/2014 to 07/03/2014	**Topic 1** – Advanced behavioural aspects of costs **Topic 2** – Advanced concepts in costing systems	01/2013 First semester **(COMPULSORY FOR ADMISSION TO THE EXAMINATION PLUS A 25% CONTRIBUTION TO YEAR-MARK)**	**10/03/2014**
10/03/2014 to 28/03/2014	**Topic 3** – Integrated planning and budgeting **Topic 4** – Standard costing: further analysis of variances and investigations **Topic 5** – Performance management in decentralised entities **Topic 6** – Relevant decision making in various scenarios	02/2013 First semester **(FOR 50% CONTRIBUTION TOWARD YEAR-MARK)**	**31/03/2014**
31/03/2014 to 18/04/2014	**Topics 1 – 6** (as above) **Topic 7** – Pricing for internal and external purposes **Topic 8** – Advanced aspects of sensitivity analysis	03/2013 First semester **(FOR 25% CONTRIBUTION TOWARD YEAR-MARK)**	**22/04/2014**

Semester 2

Date	Topics from the study material	Assignment	Due date
14/07/2014 to 15/08/2014	**Topic 1** – Advanced behavioural aspects of costs **Topic 2** – Advanced concepts in costing systems	01/2013 Second semester **(COMPULSORY FOR ADMISSION TO THE EXAMINATION PLUS A 25% CONTRIBUTION TO YEAR-MARK)**	**18/08/2014**
18/08/2014 to 05/09/2014	**Topic 3** – Integrated planning and budgeting **Topic 4** – Standard costing: further analysis of variances and investigations **Topic 5** – Performance management in decentralised entities **Topic 6** – Relevant decision making in various scenarios	02/2013 Second semester **(FOR 50% CONTRIBUTION TOWARD YEAR-MARK)**	**08/09/2014**
08/09/2014 to 26/09/2014	**Topics 1 – 6** (as above) **Topic 7** – Pricing for internal and external purposes **Topic 8** – Advanced aspects of sensitivity analysis	03/2013 Second semester **(FOR 25% CONTRIBUTION TOWARD YEAR-MARK)**	**29/09/2014**

9. EXAMINATION

9.1 Examination period and examination paper

Date: May/June (First semester) and October/November (Second semester)
Duration: Two hours
Marks: 100
Covers the whole syllabus (Topics 1 to 8)

The exam will consist entirely of written questions. There will be no multiple-choice questions.
During the year, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

9.2 Previous examination papers

This is the first year that MAC3701 is offered and there are therefore no prior papers. You may accept that examination questions will be similar to the questions asked in the activities in your study guide and in the assignments.

10. CONCLUSION

In spite of care taken to ensure that study guides, assignments and suggested solutions are comprehensive and free from errors, omissions and discrepancies may occur. Should you come across such matters, or matters which are not clearly expressed, kindly let us know to enable us to effect the necessary corrections.

Do not hesitate to contact your lecturer by e-mail if you are experiencing problems with the content of this tutorial letter or any aspect of the module.

We wish you a fascinating and satisfying journey through the learning material and trust that you will complete the module successfully.

Enjoy the journey!

MAC3701 lecturers

11. ADDENDUM

ANNEXURE A: COMPULSORY ASSIGNMENT 01/2013 FOR THE FIRST SEMESTER
ANNEXURE B: COMPULSORY ASSIGNMENT 01/2013 FOR THE SECOND SEMESTER
ANNEXURE C: ASSIGNMENT 02/2013 FOR THE FIRST SEMESTER
ANNEXURE D: ASSIGNMENT 02/2013 FOR THE SECOND SEMESTER
ANNEXURE E: ASSIGNMENT 03/2013 FOR THE FIRST SEMESTER
ANNEXURE F: ASSIGNMENT 03/2013 FOR THE SECOND SEMESTER

ANNEXURE A
COMPULSORY ASSIGNMENT 01/2014 FIRST SEMESTER
THIS ASSIGNMENT MUST BE COMPLETED IF YOU ARE REGISTERED FOR THE FIRST SEMESTER.

This assignment must be completed on the mark-reading sheet supplied. Mark-reading sheets may be submitted either by post or electronically via *my*Unisa. Please refer to the *My STUDIES @* Unisa brochure on how to use and complete a mark-reading sheet or to paragraph 6.6 of this tutorial letter to submit the assignment through *my*Unisa.

Please remember to enter the **correct** unique number of the assignment on the mark-reading sheet.

DUE DATE: SEMESTER 1:   10 March 2014

UNIQUE NUMBER: 350657

Assignment 01/2013 FIRST SEMESTER

This assignment consists of 10 multiple choice questions. Each question must be considered independently, unless specific reference is made to information in another question. Each question has only one correct answer.

The following information must be used to answer questions 1 and 2, bearing in mind that sub-questions must be considered independently of one another.

Abelia (Pty) Ltd is a wholesaler of sporting equipment. The business sells approximately 8 500 tennis rackets per annum. Sales are evenly distributed throughout the year, and the business is operational for 330 days per annum.

Additional information:

Purchase price	R450
Order costs	R175
Lead time	6 days
Cost of capital (after taxation)	20%
Direct inventory holding costs	R25

QUESTION 1

The economic order quantity for the tennis rackets is:

(1)   ≈345 units
(2)   ≈182 units
(3)   ≈161 units
(4)   ≈79 units
(5)   None of the above options

QUESTION 2

The re-order point for the tennis rackets if 30 tennis rackets are kept as safety inventory is:

(1)   ≈185 units
(2)   ≈155 units
(3)   ≈56 units
(4)   ≈30 units
(5)   None of the above options

The following information must be used to answer questions 3 to 5, bearing in mind that sub-questions must be considered independently of one another.

Birch Ltd has just started manufacturing 10-seater dining tables with chairs, and to date has manufactured and sold four of these sets. Cedar PLC, a wholesaler, is interested in purchasing 12 of these dining tables and chairs sets and would like a quote from Birch Ltd.

The variable manufacturing costs for the first four dining table and chairs sets was as follows:

	R
Direct labour at R50 per labour hour	15 360
Direct material costs	23 210
Overheads (variable at 40% direct labour hours, and 60% raw material costs)	22 000

Additional information:

1.   The total direct labour hours to manufacture the first set were 120 hours, and the total direct labour hours to manufacture the first two sets were 192 hours.

2.   Fixed production overheads solely for the manufacture of the first 32 sets amount to R64 000.

3.   Organisational overheads of the enterprise are to be apportioned at a rate of 5% of direct labour costs.

4.   Raw material costs have increased by 10% since the first four sets were produced.

5.   It is expected that the learning rate will be maintained for the manufacture of the first 32 sets.

In general, hours must be rounded off to 3 decimals. Final hours must, however, be rounded off to the nearest hour. All other calculations must be rounded off to the nearest rand or unit.

QUESTION 3

The learning curve is:

(1)   0,96
(2)   0,80
(3)   96%
(4)   80%
(5)   None of the above options

QUESTION 4

The time required to manufacture 12 dining table and chair sets is:

(1)   ≈594 hours
(2)   ≈479 hours
(3)   ≈307 hours
(4)   ≈286 hours
(5)   ≈None of the above options

QUESTION 5

The minimum selling price that the company can quote for the 12 sets in order to recover the **relevant costs** and earn a profit of 25% based on the cost price is:

(1)   R218 576
(2)   R220 074
(3)   R233 148
(4)   R237 725
(5)   None of the above options

The following information must be used to answer questions 6 and 7, bearing in mind that sub-questions must be considered independently of one another.

Dogwood Manufacturers process a single product into 2 separate products, Ebony and Fir. Both products can be sold at the split-off point, product Ebony at R12 per kilogram and product Fir at R6 per kilogram. During January 2014 15 000 kilograms of input was used to produce 6 000 kilograms of Ebony and 9 000 kg of Fir. The joint cost of the input was R52 500.

QUESTION 6

The joint cost allocated to product Ebony according to the physical measure method is:

(1)   R22 522,50
(2)   R29 977,50
(3)   R31 500,00
(4)   R21 000,00
(5)   None of the above options

QUESTION 7

The joint cost allocated to product Fir according to the sales value at split-off point method is:

(1)   R22 522,50
(2)   R29 977,50
(3)   R31 500,00
(4)   R21 000,00
(5)   None of the above options

QUESTION 8

Consider the validity of the following statements with regard to cost systems:

1.   Both traditional and ABC systems assign indirect costs to cost objects.

2.   Volume-based cost drivers assume that a product's consumption of overhead resources is directly related to units produced.

3.   A traditional costing system allocates overheads to production and service departments in the second stage of a two-stage process.

4.   The disadvantage of direct costing systems is that systems are not in place to measure and assign indirect costs to cost objects.

Indicate which of the above statements are **true**:

(1)   Statements 1 and 2
(2)   Statements 1 and 3
(3)   Statements 2, 3 and 4
(4)   Statements 1, 2 and 4
(5)   None of the above options

The following information must be used to answer questions 9 and 10, bearing in mind that sub-questions must be considered independently of one another.

Redbay CC manufactures cardboard boxes in a single process. Material is added at the beginning of the process and conversion costs are incurred uniformly throughout the process. Spoilage occurs at the end of the process.

Cost and production information for February 2014 is as follows:

	R	Units
Work in process: 1 February (40% completed)	19 689	12 000
Material	16 230	
Conversion costs	3 459	
Material added in February	101 745	90 000
Conversion costs in February	19 041	
Completed and transferred to finished products		79 200
WIP: 28 February (75% completed)		15 000

Additional information:

1.   The weighted average method is used for inventory valuations.
2.   Normal wastage is 5% of input and there were 7 800 spoiled units.
3.   Wastage occurs at the end of the process.

QUESTION 9

The abnormal spoilage for February is:

(1)   7 800 units
(2)   4 500 units
(3)   3 300 units
(4)   zero units
(5)   None of the above options

QUESTION 10

The equivalent cost per unit for material is:

(1)   R1,45
(2)   R1,24
(3)   R1,21
(4)   R0,24
(5)   None of the above options

ANNEXURE B
COMPULSORY ASSIGNMENT 01/2014 SECOND SEMESTER
THIS ASSIGNMENT MUST BE COMPLETED IF YOU ARE REGISTERED FOR THE SECOND SEMESTER.

This assignment must be completed on the mark-reading sheet supplied. Mark-reading sheets may be submitted either by post or electronically via *my*Unisa. Please refer to the *My STUDIES* @ Unisa brochure on how to use and complete a mark-reading sheet or to paragraph 6.6 of this tutorial letter to submit the assignment through *my*Unisa.

Please remember to enter the **correct** unique number of the assignment on the mark-reading sheet.

DUE DATE: SEMESTER 1:   18 August 2014

UNIQUE NUMBER: 351193

Assignment 01/2013 SECOND SEMESTER

This assignment consists of 10 multiple choice questions. Each question must be considered independently, unless specific reference is made to information in another question. Each question has only one correct answer.

The following information must be used to answer questions 1 to 3, bearing in mind that sub-questions must be considered independently of one another.

Palm (Pty) Ltd is a supplier of woodworking tools. One of its products is a sanding machine selling at R4 900.

The company sells on average approximately 20 sanding machines per week. Sales take place evenly throughout the year which consists of 50 weeks.

The company purchases the sanding machines at a cost of R3 430 each. The cost to place an order amounts to R300 and orders are executed within 5 weeks.

Safety inventory should amount to the sales requirement for 3 weeks.

Direct inventoryholding costs are R35,00 per unit and insurance on the sanding machines amounts to 10% of the unit cost per year.

The supplier has offered a quantity discount of 5% per sanding machine on orders of 150 units. The company implemented the economic order quantity type to manage its inventory.

The current required after tax cost return on capital is 4% per annum.

QUESTION 1

The economic order quantity for the sanding machines is:

(1)   59 units
(2)   35 units
(3)   13 units
(4)   05 units
(5)   None of the above options

QUESTION 2

The inventory holding costs for the EOQ are:

(1)   R66 310,65
(2)   R40 185,60
(3)   R8 700,00
(4)   R2 100,00
(5)   None of the above options

QUESTION 3

The ordering costs for the EOQ are:

(1)   R66 310,65
(2)   R40 185,60
(3)   R8 700,00
(4)   R2 100,00
(5)   None of the above options

The following information must be used to answer questions 4 and 5, bearing in mind that sub-questions must be considered independently of one another.

Poplar Limited manufactures woodwork machinery. The company has manufactured two routers and the direct labour cost amounted to R90 000. The direct labour hours for the first two routers were as follows:

	Hours
First router	8 000
Second router	7 360
Total time for first two routers	15 360

The learning curve was calculated at 96% and is expected to continue for the first 16 routers built. An order for six more routers has just been received. Since the first two routers were manufactured the price of labour increased by 10%.

QUESTION 4

The cumulative average time per router (rounded to two decimals), for the manufacture of the first eight routers is:

(1)   7 680,00 hours
(2)   7 372,80 hours
(3)   7 077,89 hours
(4)   6 794,77 hours
(5)   None of the above options

QUESTION 5

The total labour cost (rounded to the nearest rand) for the manufacture of the next six routers is:

(1)   R241 776
(2)   R266 147
(3)   R273 715
(4)   R331 776
(5)   None of the above options

Use the information of IM6.5 at the back of chapter 6 in Drury to answer questions 6 and 7, bearing in mind that sub-questions must be considered independently of one another.

QUESTION 6

The joint costs allocated to product Q using the net realisable sales value method is:

(1)   R151 964
(2)   R160 000
(3)   R456 036
(4)   R608 000
(5)   None of the above options

QUESTION 7

The estimated profit of product T using the net realisable sales value method is:

(1)   R7 844
(2)   R24 156
(3)   R174 216
(4)   R57 784
(5)   None of the above options

The following information must be used for purposes of answering questions 8 and 9, bearing in mind that questions must be considered independently from one another.

You are an accounting clerk at Mahogany Limited. Mr Elder, one of the sales representatives, requested your department to estimate the expected maintenance cost of his vehicle for August 2014. He gave a summary of the average number of kilometres travelled per day for the past seven months, as well as of the average daily maintenance costs for the corresponding period.

Your departmental head, being in a hurry, supplied you with only the following information:

Period: August 2013 - February 2014

$$\Sigma x \; = \; 1\,980$$
$$\Sigma y \; = \; 1\,324$$
$$\Sigma x^2 \; = \; 563\,400$$
$$\Sigma y^2 \; = \; 251\,676$$
$$\Sigma xy \; = \; 376\,510$$
$$r \; = \; 0{,}9816$$

Relevant formulae:

$$y = a + bx$$
$$\Sigma y = na + b\Sigma x$$
$$\Sigma xy = a\Sigma x + b\Sigma x^2$$

QUESTION 8

Determine the value of a, assuming that b = 0,6004. **NB: Round to 4 decimal places**

(1)   660,2028
(2)   135,2080
(3)   169,2958
(4)   19,3154
(5)   None of the above options

QUESTION 9

Determine the average daily maintenance cost if 250 kilometres per day are travelled. **NB: Round to the nearest cent**

(1)   R169,42
(2)   R285,31
(3)   R319,40
(4)   R810,30
(5)   None of the above options

QUESTION 10

Sycamore Ltd manufactures a single product in one process. The following information for July 2013 is available:

	Units	Raw material	Conversion costs
WIP – 1 July 2013 (40% completed)	20 000	72 000	33 100
Finished products transferred	71 000	?	?
Put into production	80 000	266 500	155 400
WIP – 31 July 2013 (75% completed)	16 000	?	?

Additional information:

1.   Raw material is added at the beginning of the process and conversion costs are incurred evenly throughout the process.

2.   Normal loss is estimated at 10% of the units that have reached the wastage point.

3.   Losses occur when the process is 50% completed.

4.   The FIFO method of inventory valuation is used.

The equivalent units of abnormal loss for conversion costs for July 2013 is:

(1) 10 000 units
(2) 5 000 units
(3) 1 500 units
(4) 3 000 units
(5)   None of the above options

ANNEXURE C
ASSIGNMENT 02/2014 FIRST SEMESTER
THIS ASSIGNMENT MUST BE COMPLETED IF YOU ARE REGISTERED FOR THE FIRST SEMESTER.

This assignment must be written and posted or typed and submitted in a PDF document submitted online on *my*Unisa.

DUE DATE: SEMESTER 1:   31 March 2014

UNIQUE NUMBER: 350844

Assignment 02/2013 FIRST SEMESTER

Question	Topic	Marks	Minutes
1	The operating budget	16	19
2	Standard costing	13	16
3	Standard costing	9	11
4	Control structures and divisional financial performance measures	10	12
5	Advanced decision making scenarios	10	12
6	Optimal product mix	22	26
		80	**96**

QUESTION 1

The following information is available for Lotus (Pty) Ltd for the year ended 31 March 2014:

Trial balance at 31 March 2014

	Dr R	Cr R
Share capital		110 000
Retained income		22 500
Loan LTA Bank		80 000
Investment Aloe Ltd	50 000	
Furniture and equipment	120 000	
Vehicles	100 000	
Accumulated depreciation: Furniture and equipment		30 000
Accumulated depreciation : Vehicles		20 000
Inventory	5 000	
Debtors	40 000	
Creditors		40 300
Bank		
Receiver of revenue		12 200
	315 000	**315 000**

Additional information:

1. The authorised share capital consists of 15 000 shares at R10 each.

2. The loan from LTA Bank bears interest at 10% per annum payable in advance. No repayment is due within the next financial period.

QUESTION 1 (Continued)

3. Aloe Limited has declared a dividend of R4 000 payable on 31 May 2014.
4. Sales are estimated at R75 000 per month and purchases amount to an estimated R 28 000 per month.
5. Inventory on hand at the end of the next quarter is estimated at R8 500.
6. Depreciation on furniture and equipment is at 25% per annum on the straight line method and on vehicles at 20% on the straight line method.
7. Provision for taxation of R9 800 must be made.
8. Monthly expenses are as follows:

	Cost per month R
Rental	6 000
Salaries and wages	18 000
Telephone	580
Water and electricity	450

9. The following other expenses are payable during the next quarter (April to June 2014):

	R
Administration expenses	13 000
Travelling expenses	8 000
Other expenses	800

REQUIRED:

Prepare the budgeted Statement of Profit or Loss and other comprehensive income (income statements) of Lotus (Pty) Ltd for the quarter April to June 2014.   (16)

The following information must be used for the purposes of answering questions 2 and 3.

Alpha Limited manufactures a single product.

You are provided with the following information regarding the standard cost per unit:

		R
Material Beta	3 kg @ R10 per kg	30
Material Gamma	9 kg @ R15 per Kg	135
Labour	6 clock hours @ R12	72
Fixed overheads		58
Variable overheads		30
		325

Alpha Limited makes a 10% allowance for idle time.

QUESTIONS 2 AND 3 (Continued)

Actual information for January 2014:

1.   Number of units produced: 5 000
2.   Materials:

	Purchased	Beta:	20 000 kg for R209 000
		Gamma:	54 000 kg for R756 000
	Issued	Beta:	18 500 kg
		Gamma:	45 500 kg

3.   Labour cost: R294 000 for 30 000 hours clocked. Work hours amounted to 27 600.

QUESTION 2

REQUIRED:

Calculate the material price, mix and yield variance.   (13)

QUESTION 3

REQUIRED:

Calculate the labour rate, idle time and efficiency variance   (9)

QUESTION 4

Define divisionalisation and discuss the advantages and disadvantages thereof.   (10)

QUESTION 5

Medix Limited, a pharmaceutical company based in Gauteng is currently reviewing a research project involving a new anti-retroviral drug which to date has cost the company R750 000. Should the project be allowed to proceed, it is anticipated that it would take a period of 12 months to complete after which the results would be sold to a public entity for R1 000 000.

The managing director has provided you with the following expenses that are deemed necessary in order to complete the project:

1.   Material X R120 000

This material has recently been delivered. There is no other use for this material other than this research project. It would cost an estimated R8 000 to dispose of.

2.   Material Y R75 000

This material is in stock and used frequently by the company. The purchase price for this material has risen by 6% since the previous purchase.

3.   Skilled labour R300 000

These labour costs relate to workers that will be transferred to this project from another project. Extra labour will need to be recruited to the other project at a cost of R320 000.

4.   Research staff R200 000

A decision has already been taken that this will be the last major piece of research undertaken, and consequently, when work on the project ceases, the staff involved will be made redundant. Redundancy and severance pay has been estimated at R100 000.

5.   General building expenses R60 000

This expense represents a general expense that is allocated by the accounts department to each department on an annual basis

REQUIRED

Advise the managing director on whether or not the research project should be completed. Your answer should include calculations of relevant costs and income as well as explanations as to each item excluded in the calculations. (10)

QUESTION 6

Use the information as contained in Drury IM25.1

REQUIRED

Calculate the product mix that will maximise profit. (22)

[80]

ANNEXURE D
ASSIGNMENT 02/2014 SECOND SEMESTER
THIS ASSIGNMENT MUST BE COMPLETED IF YOU ARE REGISTERED FOR THE SECOND SEMESTER.

This assignment must be written and posted or typed and submitted in a PDF document submitted online on *my*Unisa.

DUE DATE: SEMESTER 1:   8 September 2014

UNIQUE NUMBER: 351277

Assignment 02/2013 SECOND SEMESTER

Question	Topic	Marks	Minutes
1	The operating budget	23	28
2	Standard costing	32	38
3	Control structures and divisional financial performance measures	11	13
4	Advanced decision making scenarios	11	13
5	Basic linear programming	13	16
		90	**108**

QUESTION 1

Cyclamen CC manufactures machine parts namely Product A and Product B. The following information is the budgeted information available for the quarter July to September 2014:

	Product A	Product B
Material X (at R7,00 per kg)	12 kilograms	12 kilograms
Material Y (at R10 per kg)	6 kilograms	8 kilograms
Direct labour (at R20 per hour)	4 hours	6 hours
Expected sales	5 000 units	1 000 units
Selling price per unit	R600	R800
Value of opening inventory	R38 400	R26 200
Opening inventory (units)	100	50
Expected closing inventory (units)	1 100	50

Additional information:

1.   It has been established that 10% of units completed are faulty and they cannot be rectified.

2.   The inventory on hand at 31 August 2014 is 7 000 kg of material X and 6 000 kg of material Y.

3.   The expected closing inventory of the materials is 8 000 kg of material X and 2 000 kg of material Y.

4.   After the above information was obtained it was established that the cost of material Y was to increase by 20% as from July 2014.

QUESTION 1 (Continued)

REQUIRED:

Prepare the following sub-budgets for Cyclamen CC:

(a)	Sales budget	(2)
(b)	Production budget	(5)
(c)	Raw material usage budget	(6)
(d)	Raw material purchases budget	(5)
(e)	Direct labour budget	(5)
		[23]

QUESTION 2

SA Slabs Limited specialised in the manufacturing of concrete slabs which are used in the building of houses. Only one size slab was manufactured during the past financial year. The company makes use of a standard costing system and stock records are kept at standard cost.

The budgeted information for the past financial year ended 31 March 2014, at a capacity utilisation of 20 000 labour hours, was as follows:

	Production cost (per slab) R
Material- 10kg "Ready mix" concrete at R1,70 per Kg	17
Labour - 2 hours at R6 per hour	12
Variable manufacturing overheads	16
Fixed manufacturing overheads	20
	65

Overheads are allocated to production on the basis of labour hours.

The actual results for the year ended 31 March 2014 were as follows:

	Total production cost R
Material (at R1,75 per Kg)	176 400
Labour	165 000
Variable manufacturing overheads	171 600
Fixed manufacturing overheads	205 000

Additional information:

1.   10 500 slabs were actually manufactured.
2.   The change in inventory levels of materials and finished goods during the year was insignificant.
3.   Due to wild cat strikes and after negotiations with trade unions, a 25% wage increase for all the production workers came into being from 1 April 2013. The effect being that the actual wage rate for the budgeted period differed from the budgeted wage rate. The budget for the past year had already been finalised and the standard labour rate was left as initially shown in the budget.

QUESTION 2 (Continued)

REQUIRED

(a) Determine the total variable production cost as budgeted for the past financial year which ended on 31 March 2014.   (3)
(b) Calculate the appropriate variances in respect of each of the following production cost elements:
  (i) Material   (6)
  (ii) Labour   (7½)
  (iii)Variable manufacturing overhead   (5½)
  (iv) Fixed manufacturing overhead   (10)
                                                                                                   [32]

QUESTION 3

Bunting Limited has two divisions, namely Sparrow and Thrush. The performance of these divisions is currently under review.

You are provided with the following information:

	Net assets	Profit
	R	R
Sparrow	300 000	70 000
Thrush	650 000	140 000

Bunting Limited has a current cost of capital of 15%.

REQUIRED

(a) Calculate the return on investment (ROI) and residual income (RI).   (5)
(b) State which method of performance evaluation (ROI or RI) would be more useful when comparing the performance of each divison and why.   (2)
(c) Using ROI as a basis, discuss whether the manager of the Sparrow division should invest in a proposed project offering a 22% return. Your answer should state whether he/ she is acting in the best interests of Bunting Limited.   (4)
                                                                                                   [11]

QUESTION 4

Kid Buzz is a family owned business specialising in the manufacture of electronic children's toys. The company currently produces a circuit board that is used in its most popular line of children's computers. Recently, they have been approached by an outside supplier offering to sell 8 000 circuit boards to Kid Buzz at a price of R19 each.

QUESTION 4 (Continued)

The financial manager has provided you with the following information relating to the costs of producing 8 000 circuit boards annually:

	Total for 8 000 circuit boards	Unit cost
	R	R
Direct materials	48 000	6
Direct labour	32 000	4
Variable overhead	8 000	1
Supervisor's salary	24 000	3
Depreciation of specialised equipment	16 000	2
Allocated general overheads	40 000	5
Total cost	**168 000**	**21**

Additional information:

1. It is expected that the cost of all labour will increase by 10% in the following financial year. All other costs are expected to remain unchanged in the foreseeable future if Kid Buzz continues to manufacture the circuit boards.

2. If Kid Buzz outsources the circuit boards, the labour currently employed can be utilised in other departments.

3. Should Kid Buzz no longer produce these circuit boards, the specialised equipment which has no other use could be sold for R30 000.

REQUIRED

Advise Kid Buzz on whether they should continue manufacturing the circuit boards (You should use the comprehensive approach and explanations for each item included in your calculations).   (11)

QUESTION 5

Oceana Ltd produces two different products namely the Coral and Shell. Both products require processing in the machining and finishing department.

	Contribution per unit R	Machining time required per unit (minutes)	Finishing time required per unit (minutes)	Raw material (Silica) required per unit (Kg)
Coral	2	6	10	-
Shell	2,50	12	6	3 kg

QUESTION 5 (Continued)

Additional information:

1. The daily capacities of each department are 1 200 minutes each.
2. Silica, the raw material required in the production of Shell, is a scarce resource and is limited to 270kg per day.
3. The demand for Coral and Shell are unlimited.

REQUIRED

By making use of linear programming techniques, specify the product mix that will maximise daily contribution.   (13)
                                                                                                                                       [90]

ANNEXURE E
ASSIGNMENT 03/2014 FIRST SEMESTER
THIS ASSIGNMENT MUST BE COMPLETED IF YOU ARE REGISTERED FOR THE FIRST SEMESTER.

This assignment must be completed on the mark-reading sheet supplied. Mark-reading sheets may be submitted either by post or electronically via *my*Unisa. Please refer to the *My STUDIES @ Unisa* brochure on how to use and complete a mark-reading sheet or to paragraph 6.6 of this tutorial letter to submit the assignment through *my*Unisa.

Please remember to enter the **correct** unique number of the assignment on the mark-reading sheet.

DUE DATE: SEMESTER 1:   22 April 2014

UNIQUE NUMBER: 351021

Assignment 03/2013 FIRST SEMESTER

This assignment consists of 10 multiple choice questions. Each question must be considered independently, unless specific reference is made to information in another question. Each question has only one correct answer.

The following information must be used for purposes of answering questions 1 and 2, bearing in mind that questions must be considered independently from one another.

Mango (Pty) Ltd

Statement of comprehensive and other income for the year ended 28 February 2014

	R
Sales (90 000 units)	900 00
Less: Cost of sales	561 000
Direct material	135 000
Direct labour	270 000
Manufacturing overheads	
- Variable	36 000
- Fixed	120 000
Gross profit	339 000
Less: Operating expenses	364 600
Selling expenses	
- Variable (sales commission)	90 000
- Fixed	134 000
Advertising	50 000
Salaries	84 000
Administrative expenses (fixed)	140 000
Net loss	**25 000**

It has been established that sales can be influenced by increasing or decreasing the amount spent on advertising.

QUESTION 1

The break even sales in units are:

(1)   96 098 units
(2)   90 000 units
(3)   77 255 units
(4)   61 952 units
(5)   None of the above options

QUESTION 2

The amount by which advertising can be increased in order to increase the sales volume from 90 000 units to 150 000 units, and to make a simultaneous profit of 5%, based on turnover is:

(1)   R540 000
(2)   R394 000
(3)   R160 000
(4)   R146 000
(5)   None of the above options

The following information must be used for purposes of answering questions 3 and 4, bearing in mind that sub-questions must be considered independently from one another:

Optispec Limited manufactures spectacle frames. The following information relates to January 2014:

Products	Budgeted sales in units	Budgeted production cost per unit	Budgeted selling price per unit	Actual sales in units	Actual sales revenue
SpecWise	700	R1 200	R1 800	650	R1 131 000
EyeWizz	300	R3 500	R5 250	500	R2 490 000

QUESTION 3

Calculate the sales mix variance, for the purpose of reconciling sales, based on sales revenue. (Round all calculations to the nearest rand and nearest complete unit)

(1)   R997 500 Unfavourable
(2)   R174 000 Unfavourable
(3)   RNil
(4)   R534 750 Favourable
(5)   None of the above options

QUESTION 4

Calculate the sales price variance.

(1)   R1 422 000 Favourable
(2)   R41 100 Unfavourable
(3)   R174 000 Unfavourable
(4)   R 1 243 500 Unfavourable
(5)   None of the above options

The following information must be used for purposes of answering questions 5 and 6, bearing in mind that questions must be considered independently from one another.

Branjo Limited produces joint products Bran and Jo with by-product Li. The following information applies:

	Production	Sales	Selling price per ton
	(tons)	(tons)	ton
Product Bran	1 200	1 200	R80
Product Jo	800		
Product Li	500	500	R50

Additional information:

1. Raw materials of R45 000 and conversion costs of R55 000 make up the joint costs.
2. Product Jo was converted to product Li at a cost of R15 000.
3. There was no opening or closing inventory.

QUESTION 5

The journal entry for the sale of the by-product Li is:

(1) Dr Bank; Cr Inventory Li with R10 000
(2) Dr Inventory Li; Cr Bank with R10 000
(3) Dr Bank; Cr Inventory Li with R25 000
(4) Dr Inventory Li; Cr Bank with R25 000
(5) None of the above options

QUESTION 6

Which one of the following statements is **false?**

(1) The joint costs allocated to products Bran and Jo will be R115 000.
(2) The joint costs allocated to products Bran and Jo will be R100 000.
(3) The joint costs allocated to products Bran and Jo will be R90 000.
(4) The joint costs allocated to products Bran and Jo will be R15 000.
(5) None of the above options

The following information must be used for purposes of answering questions 7 and 8, bearing in mind that sub-questions must be considered independently from one another:

Blue Crane Limited is currently considering a special project. The managing director has provided you with the following information relating to the two (2) types of material required for the project:

Material	Number of units required for the contract	Number of units currently in stock	Purchase price per unit currently in stock (R)	Current purchase price per unit (R)	Current resale price (R)
A	360	480	100	108	90
B	1500	750	250	220	180

Material A is in regular use by the company. Material B is of a specialised nature and has no foreseeable use in the business.

QUESTION 7

In deciding on the viability of the special project, the relevant cost for material A would be:

(1)   R32 400
(2)   R36 000
(3)   R38 880
(4)   R48 000
(5)   None of the above options

QUESTION 8

The relevant cost for Material B would be:

(1)   R165 000
(2)   R300 000
(3)   R330 000
(4)   R352 500
(5)   None of the above options

QUESTION 9

A responsibility centre in which a manager is responsible for sales revenues, costs as well capital investment decisions is a(n):

(1)   Cost or expense centre
(2)   Revenue centre
(3)   Profit centre
(4)   Investment centre
(5)   None of the above options

QUESTION 10

Consider the following statements:

1.   A regression equation identifies an estimated relationship between a dependent variable and one or more independent variables.

2.   The least-squares method is a mathematical method of determining the regression line of best fit.

3.   The correlation coefficient (r) represents the degree of association between two variables, such as cost and activity.

4.   A cost function is normally only valid within the range of the actual observations that were used to establish the cost function equation.

Which of the above statements is **true?**

(1)   All of the above statements
(2)   Statements 1 and 2
(3)   Statement 1, 2 and 3
(4)   Statements 2, 3 and 4
(5)   None of the above options

ANNEXURE F
ASSIGNMENT 03/2014 SECOND SEMESTER
THIS ASSIGNMENT MUST BE COMPLETED IF YOU ARE REGISTERED FOR THE SECOND SEMESTER.

This assignment must be completed on the mark-reading sheet supplied. Mark-reading sheets may be submitted either by post or electronically via *my*Unisa. Please refer to the *My STUDIES @ Unisa* brochure on how to use and complete a mark-reading sheet or to paragraph 6.6 of this tutorial letter to submit the assignment through *my*Unisa.

Please remember to enter the **correct** unique number of the assignment on the mark-reading sheet.

DUE DATE: SEMESTER 1:   29 September 2014

UNIQUE NUMBER: 351478

Assignment 03/2013 SECOND SEMESTER

This assignment consists of 10 multiple choice questions. Each question must be considered independently, unless specific reference is made to information in another question. Each question has only one correct answer.

The following information must be used for purposes of answering questions 1 and 2, bearing in mind that questions must be considered independently from one another.

The following budgeted information relates to Tanugo Plc:

	Product TA	Product NU	Product GO
Sales in units	10 000	20 000	25 000
Selling price per unit	R180	R120	R100
Variable cost per unit	R90	R64	R60
Direct fixed costs	R80 000	R65 000	R50 000

Common fixed costs amount to R825 000.

QUESTION 1

The budgeted profit for Product GO is:

(1)   R820 000
(2)   R950 000
(3)   R1 000 000
(4)   R1 055 000
(5)   None of the above options

QUESTION 2

The total budgeted profit for Tanugo Plc is:

(1)   R3 680 000
(2)   R3 020 000
(3)   R2 825 000
(4)   R2 000 000
(5)   None of the above options

The following information must be used for purposes of answering questions 3 and 4, bearing in mind that questions must be considered independently from one another.

The following information was obtained from Dango Limited for the year ended 31 May 2014 about two of its subsidiaries:

	Dan CC	Goli Ltd
	R	R
Net profit	500 000	1 200 000
Fixed costs	180 000	900 000

QUESTION 3

Which one of the following statements is correct?

(1)   The contribution of Dan CC is R3 000 000
(2)   The contribution of Goli Ltd is R700 000
(3)   The contribution of Dan CC is R500 000
(4)   The operating leverage of Dan CC is 2,50
(5)   The operating leverage of Dan CC is 1,40

QUESTION 4

Which one of the following statements is correct?

(1)   Dan CC is more at risk to negative market changes because it has a lower profit.
(2)   Dan CC is more at risk to negative market changes because it has a lower operating leverage.
(3)   Dan CC is more at risk to negative market changes because it has both a lower operating leverage and a lower profit.
(4)   Goli Ltd is more at risk to negative market changes because it has a higher profit.
(5)   Goli Ltd is more at risk to negative market changes because it has a higher operating leverage.

The following information must be used for purposes of answering questions 5 and 6, bearing in mind that questions must be considered independently from one another.

The raw material specification for product Toy shows that 2 units of Toy can be manufactured from the following mixture of raw materials:

Raw material	Quantity required (Kg)	Standard cost per Kg	Total material cost (R)
Rubber	1,5	5,00	7,50
Plastic	0,5	2,00	1,00
	2,0		8,50

During a particular production run, the following results were obtained:

Raw material used:
Rubber   1 800 kg
Plastic   2 200 kg

QUESTION 5

Which one of the following alternatives represents the raw material mixture variance?

(1)   R3 600 Unfavourable
(2)   R5 550 Unfavourable
(3)   R3 600 Favourable
(4)   R7 800 Favourable
(5)   None of the above options

QUESTION 6

Three thousand (3 000) units (Toys) were completed during the production run. Which one of the following alternatives represents the raw material yield variance?

(1)   R650 Unfavourable
(2)   R4 250 Unfavourable
(3)   R6 500 Unfavourable
(4)   R10 750 Unfavourable
(5)   None of the above options

QUESTION 7

Consider the following statements:

1.   The mission of an organisation describes in very general terms the broad purpose and reason for an organisations existence.

2.   Strategic planning begins with the specification of objectives towards which future operations should be directed.

3.   Corporate objectives relate to the specific objectives of individual units within the organisation, such as a division or one company within a holding company.

4.   Unit objectives are normally set for the organisation as a whole and are then translated into corporate objectives.

Which of the above statements is **true?**

(1)   All of the above statements
(2)   Statements 1 and 2
(3)   Statement 1, 2 and 3
(4)   Statements 1, 2 and 4
(5)   None of the above options

QUESTION 8

Which one of the following is not considered as a holding cost?

(1)   Incremental material holding costs
(2)   Cost of obsolescence and deterioration of inventory
(3)   Opportunity cost of investment in inventories
(4)   Incremental cost of placing an order
(5)   None of the above options

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QUESTION 9

Falcon Limited operates three divisions from their head office in Cape Town. Organisational overheads relating to head office costs are charged to the divisions based on their turnover. One of these divisions has been making losses for the past two financial years. A decision needs to be taken on whether or not to close it down. In your decision, allocated general expenses from head office will be:

(1)   Included because they represent the division's fair share of costs
(2)   Included because they are incremental
(3)   Ignored because they are not caused/ incurred by the division
(4)   Ignored because they are fixed
(5)   None of the above options

QUESTION 10

Shearwater Limited has to decide on the optimal product mix for the next period. During this period, machine time will be limited to 1 500 hours. You have been provided with the following information:

Product	Demand (units)	Machine time per unit (minutes)	Contribution per unit (R)
Product A	1 800	30	1 500
Product B	600	45	1 200
Product C	1 275	67,5	1 912,50

Total budgeted fixed costs for the next period amount to R1 275 000. The optimal product mix for the next year is:

(1)   1 275 units of Product C and and 131 units of product A
(2)   1275 units of Product C and 132 units of Product A
(3)   1 800 units of Product A and 533 units of Product C
(4)   1 800 units of Product A and 534 units of Product C
(5)   None of the above options

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