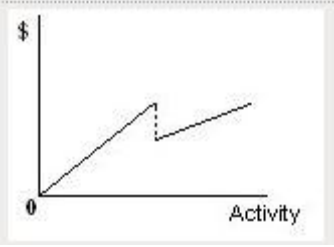


MA and FMA Full Specimen Exam Answers

Question	Correct answer	Marks
1	Functional benchmarking	2
2	Setting a cost by subtracting a desired profit margin from a competitive market price	2
3	Process F – Abnormal loss Process G – Abnormal gain	2
4	27000	2
5	Differences in workforce motivation	2
6	Random sampling	2
7	147000	2
8		2
9	It helps coordinate the activities of different departments It establishes a system of control	2
10	2 only	2
11	30	2
12	An increase in direct material prices An increase in raw material usage per unit	2
13	\$130,000	2
14	1 and 2	2
15	0 - 0.94	2
16	Sales volume variance	2
17	13680	2
18	12.5%	2
19	\$128,500	2
20	EOQ – Lower Annual holding cost - Lower	2
21	\$19,910	2
22	\$5,000 Adverse	2
23	It seeks the lowest cost method of achieving a desired function It is applicable to both physical	2

	products and services	
24	Piece rate	2
25	Absorption costing profit/(loss) Month 1: \$200 Month 2: \$3,200 Marginal costing profit/(loss) Month 1: \$(400) Month 2: \$4,400	2
26	1 and 2 only	2
27	75%	2
28	Quantified short term targets the organisation seeks to achieve	2
29	180	2
30	Under absorbed by \$3,875	2
31	No strict rules govern the way in which the information is presented It may be presented in monetary or non-monetary terms	2
32	61 degree	2
33	A budget which shows sales revenue and costs at different levels of activity	2
34	1461	2
35	\$20,000	2

MTQ 36

Task 1 (5 marks)

Computerised tracking system investment of \$2,100,000	Relevant
Depreciation of \$420,000 in each of the five years	Irrelevant
Staff training costs of \$425,000	Relevant
New staff total salary of \$120,000 per annum	Relevant
Staff training costs of \$75,000	Irrelevant
Interest cost of \$150,000 per annum	Irrelevant

Task 2 (3 marks)

Incremental sales in Year 1	800000
Savings in vehicle running costs in Year 1	110000
Present value of the maintenance costs over the life of the contract	Answer range: 284000 - 285000

Task 3 (2 marks)

The project is worthwhile because the IRR is greater than the cost of capital

MTQ 37**Task 1 (2 marks)**

$=(C9*C4)-(150,000*8)$

Task 2 (6 marks)

Standard cost operating statement Month 1	\$		\$	
Budgeted contribution			700,000	
Sales volume variance			16800	Fav
Standard contribution on actual sales			716800	
Sales price variance			5120	Adv
			711,680	
Cost variances				
Total direct materials variance	12,800	Adv		
Direct labour rate variance	21,000	Adv		
Direct labour efficiency variance	48,000	Fav		
Total variable production overhead variance	10,000	Fav		
			24,200	Fav
Actual contribution			735,880	

Task 3 (2 marks)

Higher grade labour performed tasks more efficiently

A productivity bonus was paid to direct labour

MTQ 38**Task 1 (6 marks)**

Return on capital employed	25 %
Return on sales (net profit percentage)	10 %
Asset turnover	2.5 times
Average wait for a telephone repair	Answer range: 29-30 days

Task 2 (2 marks)

Percentage of customers lost per annum	6.00 %
Percentage of sales attributable to new products	Answer range:

	1.66-1.67 %
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Task 3 (2 marks)

A balanced scorecard measures performance from four perspectives: customer satisfaction, growth, financial success and	process efficiency
The scorecard is balanced in that it requires managers to	deliver performance in all four areas