

**ACCA FINAL ASSESSMENT**

**Management Accounting**

**December 2011**

**Question paper**

Time allowed    **2 hours**

**ALL 50 questions are compulsory and MUST be attempted**

**Formulae Sheet is on page 3**

**Do not open this paper until instructed by the supervisor**

**This question paper must not be removed from the examination hall**

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**Paper F2**

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## FORMULAE AND TABLES

### Regression analysis

$$y = a + bx$$

$$a = \frac{\sum y}{n} - \frac{b \sum x}{n}$$

$$b = \frac{n \sum xy - \sum x \sum y}{n \sum x^2 - (\sum x)^2}$$

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}}$$

### Economic order quantity

$$= \sqrt{\frac{2C_oD}{C_h}}$$

### Economic batch quantity

$$= \sqrt{\frac{2C_oD}{C_h(1 - \frac{D}{R})}}$$

## Present value table

Present value of 1, i.e.  $(1 + r)^{-n}$

Where  $r$  = discount rate

$n$  = number of periods until payment

Periods (n)	Discount rate (r)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239

Periods (n)	Discount rate (r)									
	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065

## Annuity table

Present value of an annuity of 1, i.e.  $\frac{1 - (1+r)^{-n}}{r}$

Where  $r$  = discount rate

$n$  = number of periods

Periods (n)	Discount rate (r)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759
10	9.471	8.983	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145
11	10.368	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	6.495
12	11.255	10.575	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814
13	12.134	11.348	10.635	9.986	9.394	8.853	8.358	7.904	7.487	7.103
14	13.004	12.106	11.296	10.563	9.899	9.295	8.745	8.244	7.786	7.367
15	13.865	12.849	11.938	11.118	10.380	9.712	9.108	8.559	8.061	7.606

Periods (n)	Discount rate (r)									
	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.498	3.410	3.326
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.486	4.327
12	6.492	6.194	5.918	5.660	5.421	5.197	4.968	4.793	4.611	4.439
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675

**ALL 50 QUESTIONS ARE COMPULSORY AND MUST BE ATTEMPTED**

**1 Which of the following is a feature of service costing?**

- A Overhead absorption rates
- B Normal losses
- C Composite cost units

**(2 marks)**

**2 Storm plc has just developed a new product to be called the Rain and is now considering putting it into production. Which of the following costs/revenues would be relevant to an NPV calculation?**

- (i) Costs incurred in the development of rain amounting to \$480,000
- (ii) Purchase of new machinery at a cost of \$2,400,000 payable immediately
- (iii) Depreciation charge for the new machinery of \$600,000 per annum
- (iv) Sales price of \$80 per rain

- A (i) and (iii)
- B (ii) and (iv)
- C all of them
- D none of them

**(2 marks)**

**3 It is 20X2 and Beach Ltd is calculating its budget for the 20X3. Beach wants to adjust its forecast for inflation using indices. Calculate the index using the Paasche price index and the following data.**

Product	20X1		20X2	
	Quantity	Price	Quantity	Price
Towel	250	\$2.50	275	\$2.00
Bucket	300	\$1.75	325	\$2.25
Spade	450	\$0.85	400	\$1.00

- A 96.65
- B 105.32
- C 94.94
- D 103.46

**(2 marks)**

**4 Gross wages incurred in a cost centre for the month of January showed:**

		\$
Ordinary time	Direct employees	27,500
	Indirect employees	6,500
Overtime	Direct employees	
	Basic	4,500
	Premium	2,250
Shift allowance	Direct employees	2,000
Sick pay	Direct employees	750

The overtime is a regular feature.

The direct wages for January would be:

- A \$27,500
- B \$28,800
- C \$30,800
- D \$32,000

**(2 marks)**

**5 Kiveton Cleaning Services supplies its employees with protective clothing. One such item is protective gloves.**

Records from the stores department for January showed:

1 Jan	Opening inventory	150 pairs @ £2 each
7 Jan	Purchases	40 pairs @ £1.90
15 Jan	Issues	30 pairs
29 Jan	Issues	35 pairs

Calculate the value of the issues and the closing inventory if the FIFO method is used to price the usage.

	<i>Issues</i>	<i>Closing inventory</i>
A	\$130	\$246
B	\$129	\$247
C	\$246	\$130
D	\$247	\$129

**(2 marks)**

**6 The following data is available for Tallus Ltd in period 2.**

Actual overheads	\$225,900
Actual machine hours	7,530
Budgeted overheads	\$216,000

Using the data above, and assuming that the budgeted overhead absorption rate was \$32 per hour, calculate the budgeted number of machine hours to be worked (to the nearest hour).

- A 7,059
- B 6,750
- C 6,900
- D 7,000

**(2 marks)****7 Flapper Ltd currently uses a marginal costing system. The results for the last month are as follows:**

Sales	\$20,000
Sales units	2,000
Production units	2,100
Direct material cost per unit	\$1.50
Labour cost per unit	\$2.00
Total fixed overheads	\$6,000

Budgeted fixed overheads were \$6500 and budgeted production was 2,000 units.

What was the profit for last month for Flapper Ltd?

- A \$7,000
- B \$8,000
- C \$5,000
- D \$9,000

**(2 marks)****8 Binsey Ltd uses regression analysis to forecast future monthly costs. Using historic information the accountant has produced the following equation which will be used to predict future monthly costs:**

$$TC = 4Q + 600$$

Where Q is the number of units produced each month.

Which of the following statements is correct?

- A Variable costs = \$600 per unit, Fixed costs = \$400 per month
- B Annual fixed costs = \$48,000
- C Annual fixed costs = \$7,200
- D Variable costs = \$40 per unit, Fixed costs = \$7,200 per month

**(2 marks)**



- 9 Burgess operates a continuous process into which 3,000 units of material costing \$9,000 was input in a period.**

Conversion costs for this period were \$11,970 and losses, which have a scrap value of \$1.50, are expected at a rate of 10% of input. There were no opening or closing stocks and output for the period was 2,900 units.

What was the output valuation?

- A 20,271
- B 20,520
- C 20,970
- D 22,040

(2 marks)

- 10 When opening stocks were 10,000 litres and closing stocks were 12,000 litres, a company had a profit of \$72,000 using absorption costing.**

If the fixed overhead absorption rate was \$5 per litre, what would be the profit under marginal costing?

- A \$62,000
- B \$82,000
- C \$72,000
- D \$75,000

(2 marks)

- 11 6,500 kg of a product were manufactured in a period. There is a normal loss of 20% of the weight of material input.**

An abnormal gain of 4% of the material input occurred in the period.

How many kg of material (to the nearest kg) were input to production in the period?

- A 5,460
- B 7,738
- C 8,125
- D 8,553

(2 marks)

- 12 Which of the following are components of a time series analysis?**

- (i) Trend
- (ii) Seasonal variation
- (iii) Cyclical variation

- A (i) and (ii) only
- B (i) and (iii) only
- C (ii) and (iii) only
- D (i), (ii) and (iii)

(2 marks)

- 13 Mountain Venture has net assets of \$540,000 and made profits of \$280,000 for the year. The cost of capital used by the business is 8%. Calculate the ROI and RI for Mountain Venture.**

	<i>ROI</i>	<i>RI</i>	
A	4%	\$43,200	
B	15%	\$22,400	
C	48%	\$517,600	
D	52%	\$236,800	(2 marks)

- 14 If a company compares its procedures with another non-competitive company this form of benchmarking is known as:**

A	Strategic	
B	Competitive	
C	Functional	
D	Internal	(2 marks)

- 15 A large retailer stocks a popular calculator for which the following information is available:**

Average sales	= 75 per day
Maximum sales	= 95 per day
Minimum sales	= 50 per day
Lead time	= 12 – 18 days
Re-order quantity	= 1,750 units

Based on the data above, at what level of stocks would a replenishment order be issued?

A	1,050	
B	1,330	
C	1,710	
D	1,750	(2 marks)

- 16 Products A and B are manufactured in a joint process. The following data is available for a period:**

Joint process costs		\$30,000
Output:	Product A	2,000 kg
	Product B	4,000 kg
Selling price:	Product A	\$12 per kg
	Product B	\$18 per kg

What is Product B's share of the joint process costs if the sales value method of cost apportionment is used?

- A 7,500  
 B 18,000  
 C 20,000  
 D 22,500
- (2 marks)

- 17 Bag Inc manufactures a popular suitcase. They produce the suitcases in batches. The following information is available for Bag Inc:**

Fixed costs	= \$100 per month
Annual demand for suitcases	= 100,000 per year
Cost of setting up a batch	= \$500
Holding cost	= \$8 per suitcase
Replenishment rate	= 200,000 per year

How many suitcases should be produced in a batch?

- A 2,000  
 B 3,000  
 C 4,000  
 D 5,000
- (2 marks)

- 18 A company had a budgeted fixed production overhead of \$7,500 with budgeted output of 1,000 units. The company absorbs overheads using labour hours and had budgeted to work 10,000 hours. Actual output was 790 units, 8,848 hours were worked and the actual overhead was \$6,800.**

What were the fixed overhead capacity and efficiency variances for the period?

	<i>Capacity</i>	<i>Efficiency</i>
	\$	\$
A	864 (A)	1,575 (F)
B	864 (A)	711 (A)
C	1,575 (A)	711 (F)
D	864 (F)	711 (F)

(2 marks)

- 19 Walrus Ltd absorbs overheads on labour hours which were budgeted at 12,000 with overheads of \$260,000. Actual results were 11,500 hours with overheads of \$268,000.**

Overheads were:

- A \$16,389 under absorbed
- B \$13,545 over absorbed
- C \$18,833 under absorbed
- D \$11,652 over absorbed (2 marks)

- 20 A company makes a product that uses two materials. Standard cost information is given below:**

Material A: 2 kg × \$7

Material B: 3 litres × \$11

In a period 1,300 units were made, and the following actual results were recorded:

Material A: 2,600 kg were bought at a cost of \$18,400 and 2,400 kg were used

Material B: 3,900 litres were bought at a cost of \$38,800 and 4,000 litres were used.

The company maintains its stocks at standard cost.

What was the total price variance reported in the period?

- A 4,300 (F)
- B 3,600 (F)
- C 3,900 (F)
- D 3,600 (A) (2 marks)

- 21 The value for money concept used in assessing performance in a not for profit organisation revolves around the 3Es. The 3Es are:**

(i) Efficiency

(ii) Effectiveness

(iii) Ecology

(iv) Economy

A (i), (ii) and (iii)

B (i), (iii) and (iv)

C (ii), (iii) and (iv) only

D (i), (ii) and (iv) (2 marks)

- 22 A company has analysed the relationship between cost and output and has obtained the following values:**

Variable cost	= 10
Sum of Y	= 20,000
Sum of X	= 500
Number of pairs of data	= 5

Calculate the fixed cost:

- A 17,000
- B 30,000
- C 2,000
- D 3,000

**(2 marks)**

- 23 A company sells a product with the following unit standard cost card:**

	\$
Selling price	50
Variable cost	20
Fixed production overhead	5
	—
Gross profit	25
	—

This card is based on budgeted sales of 1,700 units.

Actual selling price was \$48, unit variable costs were \$22 and unit fixed cost \$4. Actual sales were 1,800 though 1,900 units were made. The company currently uses marginal costing.

What was the sales volume variance?

- A \$2,500 (F)
- B \$3,000 (F)
- C \$2,800 (F)
- D \$2,600 (F)

**(2 marks)**

- 24 Which of the following statements is true of spreadsheets?**

- A Spreadsheets are the best means for long-term storage of data
- B Spreadsheet packages automatically identify and correct data errors
- C A key advantage of spreadsheets is the ease with which data can be analysed and sorted

**(2 marks)**

**25 The following statements relate to process costing:**

- 1 The higher the net realisable value of normal losses the lower will be the cost per unit of normal output.
- 2 The higher the abnormal losses the higher will be the cost per unit of normal output.

Are the statements true or false?

	<i>Statement 1</i>	<i>Statement 2</i>	
A	False	False	
B	False	True	
C	True	False	
D	True	True	<b>(2 marks)</b>

**26 A veterinarian should take on average 20 minutes to stitch up a dogs wound. In one day the veterinarian stitched up 5 dogs taking 1 hour in total to do so. Calculate the efficiency ratio for the veterinarian.**

- A 100%
  - B 83%
  - C 167%
  - D 33%
- (2 marks)**

**27 The numbers below have been calculated to use in a linear regression analysis, in order to estimate the total cost line for a company.**

x = number of units

y = total costs (in \$000)

$\sum x = 25$

$\sum y = 271$

$\sum xy = 550$

$\sum x^2 = 65$

$\sum y^2 = 30,275$

n = 15

Calculate the variable cost per unit using regression analysis:

- A \$1.55
  - B \$2.38
  - C \$4.21
  - D \$5.45
- (2 marks)**

**28 A continuous budget is prepared retrospectively.**

Is this statement true or false?

- A True  
B False

(2 marks)

**29 Over the last two months the following production costs were incurred by Department Z:**

	<i>Level of activity</i>	<i>Production cost</i>
May	2,180 units	\$13,405
June	3,200 units	\$15,700

In July budgeted production was 2,560 units. The budgeted production cost would be:

- A \$14,260  
B \$15,740  
C \$12,560  
D \$14,552.5

(2 marks)

**30 One of the machines in the moulding department of Grape Ltd is nearing the end of its useful life and they are considering purchasing a replacement machine.**

Estimates have been made for the initial capital cost, sales income and operating costs of the replacement machine, which is expected to have a useful life of three years:

Initial investment \$500,000

Cash flows

Year	Sales income	Operating costs
1	\$280,000	\$100,000
2	\$330,000	\$120,000
3	\$390,000	\$130,000

The company appraises capital investment projects using a 10% cost of capital.

Calculate the NPV of this machine.

- A \$150,000  
B \$532,340  
C \$650,000  
D \$32,340

(2 marks)

**31 Financial Accounting is mainly concerned with providing information on the future performance of a business, whilst Management Accounting is predominantly concerned with historical data.**

Is this statement true or false?

- A True  
B False

(2 mark)

**32 A company is predicted annual net cash flows of \$259,456 per annum for the foreseeable future, what is the present value of these flows if the company uses a cost of capital of 12%?**

- A \$2,162,133
- B \$31,135
- C \$1,767,155
- D \$47,480

**(2 marks)**

**33 Field is considering a new project. Details of the proposed project are as follows:**

Life of project: 6 years

Initial cost: \$85,000

Annual savings: \$24,000

NPV at 5%: £36,824

Calculate the internal rate of return for this project to the nearest 1%

- A 18%
- B 19%
- C 20%
- D 21%

**(2 marks)**

**34 Which of the following is not a purpose of budgeting?**

- A Planning
- B Co-ordination
- C Consultation
- D Communication

**(2 marks)**

**35 Which of the following are features of Activity Based Costing**

- (i) Cost pools
- (ii) Cost drivers
- (iii) Low levels of overhead costs

- A (i) only
- B (i) and (ii) only
- C (iii) only
- D (i), (ii) and (iii)

**(2 marks)**



**36 Which one of the following would NOT be classified as a production overhead in a food processing company?**

- A The cost of renting the factory building
- B The salary of the factory manager
- C The depreciation of equipment located in the materials store
- D The cost of ingredients

(2 marks)

**37 A company has been exploring the link between output and costs for the business. The following information has been collected relating to four months data:**

$$\Sigma x = 18, \Sigma y = 30, \Sigma xy = 141, \Sigma x^2 = 86, \Sigma y^2 = 234$$

What is the correlation coefficient to two decimal places?

- A 0.91
- B 0.90
- C 0.89
- D 0.88

(2 marks)

**38 A fixed budget is a budget that remains the same from one accounting period to the next.**

Is this statement true or false?

- A True
- B False

(2 marks)

**39 It is 20X2 and Sand Ltd is calculating its budget for the 20X3. Sand wants to adjust its forecast using indices. Calculate the index using the Laspeyre quantity index and the following data.**

Product	20X1		20X2	
	Quantity	Price	Quantity	Price
Towel	250	\$2.50	275	\$2.00
Bucket	300	\$1.75	325	\$2.25
Spade	450	\$0.85	400	\$1.00

- A 96.01
- B 109.71
- C 94.94
- D 104.16

(2 marks)

- 40** Product B has a standard labour time of two hours per unit. The standard labour rate is \$6 per hour. During one particular month 5,000 units were produced. The actual labour cost was \$52,525 for 9,550 hours worked.

The labour rate variance is:

- A \$4,775 A
  - B \$4,775 F
  - C \$7,475 F
  - D \$7,475 A
- (2 marks)**

- 41** A company produces two types of tables, the farmhouse and the cottage which require 10 and 16 labour hours respectively. The budgeted data for the next period is as follows:

	<i>Farmhouse</i>	<i>Cottage</i>
Sales	7,500	12,000
Opening inventory of finished goods	1,800	2,400

Closing inventory of finished goods are expected to be reduced by 50%.

What are the total budgeted labour hours for the next period?

- A 295,200
  - B 267,000
  - C 238,800
  - D 210,600
- (2 marks)**

- 42** The following statements refer to spreadsheets:

- (1) Spreadsheets can display data in graphical format.
- (2) Spreadsheets should not be used for budget preparation.
- (3) Spreadsheets are unable to identify data errors.

Which of these statements are correct?

- A (1) and (2)
  - B (1) and (3)
  - C (2) and (3)
  - D (1), (2) and (3)
- (2 marks)**

- 43** The instruction to a market researcher is to 'stop equal numbers of men and women to do the questionnaire' – what type of sampling is being used?

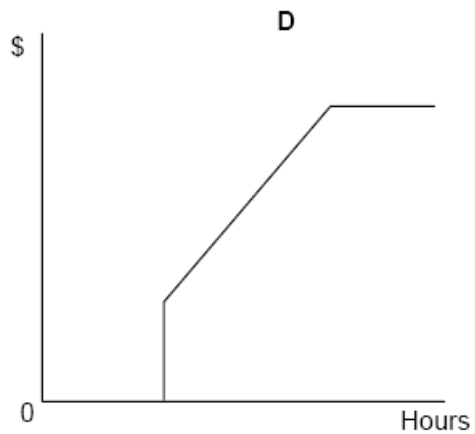
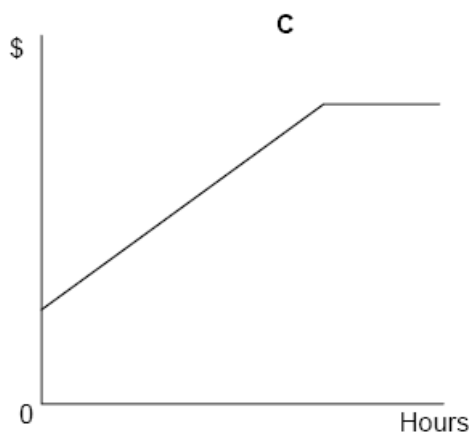
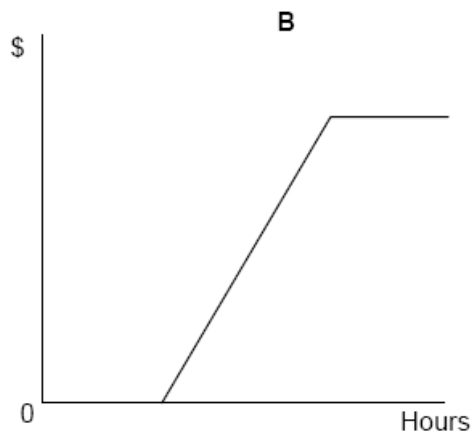
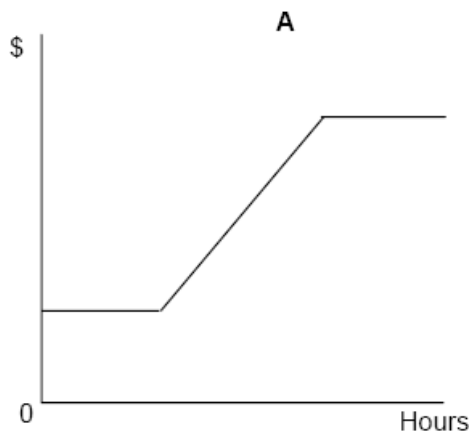
- A Stratified sampling
  - B Quota sampling
  - C Cluster sampling
  - D Random sampling
- (2 marks)**

**44 Identify the correct formula to calculate the material purchase budget:**

- A Forecast sales + opening inventory – closing inventory
- B Material usage + opening inventory – closing inventory
- C Forecast sales – opening inventory + closing inventory
- D Material usage – opening inventory + closing inventory

**(2 marks)****45 A supplier of telephone services charges a fixed line rental per period. The first 10 hours of telephone calls by the customer are free, after that all calls are charged at a constant rate per minute up to a maximum, thereafter all calls in the period are again free.**

Which of the following graphs depicts the total cost to the customer of the telephone services in a period?

**(2 marks)**

**46 Which of the following are advantages of using the Balanced Scorecard approach to appraising performance?**

- (i) Performance is appraised from a much wider view point
- (ii) Managers can easily distort measures to their advantage
- (iii) Comparison with different organisations is made easier
- (iv) It should lead to long term success rather than short term improvements

- A (i) only
- B (i) and (ii) only
- C (i) and (iii) only
- D (i) and (iv) only

**(2 marks)**

**47 A company uses standard costing. There are six standard hours required to produce one, while production staff are paid at the standard rate of \$9 per hour. Budgeted production is 700 units per month.**

In November, 750 units were produced, taking 4,750 hours at a cost of \$41,150.

The labour variances were:

	<i>Labour rate</i>	<i>Labour efficiency</i>
A	\$1,600 Favourable	\$2,250 Adverse
B	\$1,600 Adverse	\$2,250 Favourable
C	\$3,350 Adverse	\$4,950 Favourable
D	\$3,350 Favourable	\$4,950 Adverse

**(2 marks)**

**48 A company that operates a standard costing system reported favourable labour rate variances though the labour efficiency variance was adverse. The cause of these was explained as the use of new junior staff that lacked the required experience.**

Is this explanation:

- A Consistent with the variances
- B Inconsistent with the variances

**(2 marks)**

- 49 Puffle plc wants to produce a pie chart to represent the sales levels in its 6 regions. The sales are as follows:**

Region	Sales value \$000s
1	352
2	410
3	248
4	178
5	578
6	368

What would be the angle on the pie chart for region 5?

- A 42°
  - B 62°
  - C 98°
  - D 105°
- (2 marks)**

- 50 Process costing is a form of specific order costing.**

Is this statement true or false?

- A True
  - B False
- (2 marks)**

