SOLUTION

Name _____ **Class** _____

Part I

Questions 1 to 8 inclusive

<table>
<tr><th>Questions</th><th>Solution</th></tr>
<tr><td>1. The forecasted production of CR for the 2nd semester is:
a) 25 000 Tons
b) 25 500 Tons
c) 24 500 Tons
d) None of the previous ones</td><td><table><tr><th></th><th>1st S</th><th>2nd S</th><th>TOTAL</th></tr><tr><td>Opening st.</td><td>6 500</td><td>2 000</td><td>6 500</td></tr><tr><td>Production</td><td>25 500</td><td>24 000</td><td>49 500</td></tr><tr><td>Sales</td><td>30 000</td><td>24 000</td><td>54 000</td></tr><tr><td>Closing st.</td><td>2 000</td><td>2 000</td><td>2 000</td></tr></table></td></tr>
<tr><td>2. Assuming that the prodution forecasted for the 1st semester is 25 500 tons, the closing stocks of the material X forecasted for the 1st semester are:

a) 8 900 Tons
b) 7 000 Tons
c) 13 900 Tons
d) None of the previous ones</td><td><table><tr><th></th><th>1st S</th><th>2nd S</th><th>TOTAL</th></tr><tr><td>Opening st.</td><td>12 000</td><td>8 600</td><td>12 000</td></tr><tr><td>Purchases</td><td>27 200</td><td>27 200</td><td>54 400</td></tr><tr><td>Consumpt.</td><td>30 600</td><td>28 800</td><td>59 400</td></tr><tr><td>Closing st.</td><td>8 600</td><td>7 000</td><td>7 000</td></tr></table></td></tr>
<tr><td>3. Assuming that the annual purchases forecasted for the material X are 55 000 tons, the total amount of the payments to suppliers in the 1st semester will be:

a) 553 500 €
b) 507 375 €
c) 412 500 €
d) None of the previous ones</td><td>55 000/2 = 27 500 per semester

(27 500 x 30 €)/6 x 3 = 412 500 €</td></tr>
<tr><td>4. The amount regarding customers to inscribe in the forecasted Balance Sheet will be:

a) 2 400 000 €
b) 5 904 000 €
c) 2 952 000 €
d) None of the previous ones</td><td>(24 000 x 300 €)/6 x 2 = 2 400 000</td></tr>
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Questions	Solution
5. The amount regarding the receipts from customers (clients) in the first semester will be? **a) 6 000 000 €** b) 7 380 000 € c) 3 690 000 € d) None of the previous ones	(30 000 x 300 €)/6 x 4 = 6 000 000 €
6. The value to inscribe in the Forecasted Balance Sheet regarding the expenses on payments by the employer to the Social Security is: a) 23 750 € b) 99 500 € c) 49 750 € **e) None of the previous ones**	December + Christmas pay: (100 000 € x 2) x 0.2375 = 47 500 €
7. Assuming that the annual forecasted production is 50 000 tons, the value of the payments of Other Conversion Costs forecasted for the year N is: a) 2 000 000 € **b) 1 750 000 €** c) 3 500 000 € d) None of the previous ones	Conversion Costs = 30 € x 50 000 x 1.5 + 50 € x 50 000 x 0.5 = 2 250 000 + 1 250 000 = 3 500 000 € Expenses with personnel = 0.8 (100 000 x 14 x 1.2375 + 142.500) = 1 500 000 € Depreciation = 250 000 € Other Conversion Costs = 3 500 000 – 1 500 000 – 250 000 = **1 750 000 €**
8. The value of the loan refund and of the interests associated with the loan of ML Term to include in the Financing Budget in the 2nd semester is: a) **220 000 €** b) 225 000 € c) 250 000 € d) None of the previous ones	Loan refund: 1 000 000/5 = 200 000 € Interests in the 2nd sem.= (1 000 000 – 200 000) x 0.05/2 = 20 000 Capital + interests = 200 000 + 20 000 = 220 000 €

Part II
Questions 9 to 16 inclusive

Questions	Solution
9. The monthly allocation unit of the RMW is: a) 23.67 €/ton b) 30 €/ton **c) 24 €/ton** d) None of the previous ones	AU (RMW) = (93 000 + 100 Lh x 150 €)/4 500 tons = **24 €/ton bought**
10. The section S1 variance is equal to: **a) 3 750 € (Fav)** b) 3 750 € (Unfav) c) 9 750 € (Fav) d) None of the previous ones	Actual WU of S1 = (52 500 + 18 750 + 400 x 150)/750 Mh = 131 250/750 Mh = 175 €/Mh Variance of S1 = 750 Mh (175 – 180) = - 3 750 € (Fav.)
11.The purchases variance of the material A is equal to: a) 0 € b) 50 000 € (Fav) **c) 50 000 € (Unfav)** d) None of the previous ones	Variance of the material A = 2 000 tons (275 + 25 – 275) = +50 000 € (Unfav.) Or Variance of the material A = 2 000 tons [275 – (275 – 25)] = +50 000 € (Unfav.)
12. The monthly unit MCFP of the Product X is: a) 405 €/Unit **b) 400 €/Unit** c) 407.25 €/Unit d) None of the previous ones	Consumed materials = 1 500 tons x 275 € + 2 100 tons x 215 + 750 Mh x 180 + 600 Mh x 350 –150 units x 60 €)/3 000 units = (412 500 + 451 500 + 210 000 – 9 000)/3 000 units = **400 €/unit**

Questions	Solution
13. The productivity variance of the material B is: **a) 12 900 € (Fav)** b) 12 900€ (Unfav) c) 13 200€ (Fav) d) None of the previous ones	Productivity variance = 3 000 Units x 215 x (2 100/3 000 – 0.72) = 3 000 x 215 x (0.7 – 0.72) = -**12 900 € (Fav.)**
14. The activity variance of S1 is: a) – 86 250€ (Fav) b) -52 660€ (Fav) **c) -25 875 € (Fav)** d) None of the previous ones	Activity variance = FSE – Allocated expenses (AE) FSE = 750 Mh x (184 500 + 225 000)/6 300 Mh + 724 500/12 = 109 125 € AE = 750 Mh x 180 = 135 000 € Activity variance = 109 125 – 135 000 = -25 875 € (Fav.) Or 724 500/6 300 x (6 300/12-750) = 115 x (525 – 750) = -**25 875 € (Fav.)**
+ 15. The variance of the sales cost of X is: **a) – 202 500 €** b) – 200 000 € c) + 135 000 € d) None of the previous ones	MCPS variance = standard unit MCFP(A Q sales – S Q sales) Standard unit MCFP = 275 x 0.48 + 215 x 0.72 + 180 x 0.21 + 350 x 0.24 – 60 x 0.06 = 405 €/unit MCPS variance = 405 x (2 000 – 25 000 x 0,6/6) = 405 x (2 000 – 2 500) = **- 202 500 €**
16. The prices variance associated with the sales of the by-product X1 is: a) 500 € (Fav) b) 625 € (Fav) **c) 750 € (Fav)** d) None of the previous ones	Prices variance: A Q sales x (Ap – Sp) = 150 (65 – 60) = + 750 € (Fav.)

Questions 17 to 20
Circle each correct answer around the respective paragraph
(each wrong answer discounts 0.25 marks)

Questions
17. **The standard (budgeted) costing system consists:** a) Of a methodology to prepare the annual budget; **b) Of a methodology to calculate the profits;** c) Of a methodology to analyse the accounting variances d) None of the previous ones.
18.**The Flexible Budget consists:** a) Of the practical investment of the *Rolling Budgeting*; b) Of an alternative to the Annual Budget, proposed in the field of the movement *Beyond Budget*; **c) Of a framework for analysing variances;** d) None of the previous ones.
19. There is Activity Variance in a section, if: a) The section has no variable costs, regardless the costing system; b) The monthly activity is one twelfth different from the one forecasted for the year, regardless the costing system; c) The section has no fixed costs, regardless the costing system; **d) None of the previous ones.**
20. The variance of Variable Selling (Distribution) Costs is due: a) Only to differences in the actual unit variable selling (distribution) cost and that was seen as a goal; **b) To differences both in that actual unit variable selling (distribution) cost and that was seen as a goal, and to differences between the actual quantities sold and those that were seen as a goal;** c) Only to differences between the actual quantities sold and those that were seen as a goal; d) None of the previous ones.