

Term 1 ASSIGNMENT 1 2016

Foundations of Management Accounting — ACCT20076

Instructions

1. Part A is worth 8 marks. Part B is worth 12 marks. **Total marks for this assignment task is 20.**
 2. Write your answer clearly, use numbered headings or sub-headings to show which part of your answer refers to which question. Example: Part A – Question 2 (a).
 3. This assignment could either be hand-written or type-written and should be submitted with a cover sheet duly signed by all group members.
 4. This assessment task will be assessed using the following **assessment criteria:**
 - a. **Communication:** Theoretical answers contains an effective summation, free from grammatical and spelling errors and not a copy and paste from the textbook or study material provided.
 - b. **Calculations:** Accurate calculations and in the prescribed format
 - c. **Interpretation:** The answers are interpreted and analysed effectively and in line with calculations and the questions asked.
-

PART A

8 MARKS

Question 1

What steps should a management accountant take if established written policies provide insufficient guidance on how to handle an ethical conflict?

(3 Marks)

Question 2

Distinguish between inventoriable costs and period costs?

(5 Marks)

Term 1 ASSIGNMENT 1 2016

Foundations of Management Accounting — ACCT20076

PART B

12 MARKS

Question 1

Prepare an income statement and a supporting cost of goods manufactured and sold statement for Boston Manufacturing Corporation who has the following account balances:

(7 marks)

For a specific date (in millions)		For the year 2014 (in millions)	
Direct materials inventory, Jan, 1, 2014	\$30	Purchases of direct materials	\$650
Work-in-process inventory, Jan, 1, 2014	20	Direct manufacturing labor	200
Finished goods inventory, Jan, 1, 2014	140	Depreciation – plant and equipment	160
Direct materials inventory, Dec, 31, 2014	40	Plant supervisory salaries	100
Work-in-process inventory, Dec, 31, 2014	10	Miscellaneous plant overhead	70
Finished goods inventory Dec, 31, 2014	110	Revenues	1900
		Marketing, distribution, and customer-service costs	480
		Plant supplies used	20
		Plant utilities	60
		Indirect manufacturing labor	120

- a. Would the sales manager's salary (included in marketing, distribution, and customer-service costs) be accounted for any differently if Boston Manufacturing Corporation were a merchandising-sector company instead of a manufacturing- sector company? Explain.

(2 marks)

- b. Plant supervisory salaries are usually regarded as manufacturing overhead costs. When might some of these costs be regarded as direct manufacturing costs? Give an example.

(3 marks)

End