CMA202

FINAL EXAMINATION
DISCUSSION

Review

• Examination rules
• Hints on Examination techniques
• General discussion of previous exam papers
• General Review of Topics
• Discussion on examinable topics
  • Highlighting major areas to study
  • Highlight major areas that will not be specifically examinable
  • Relevance of assignment to examination
Examination rules

- Examination timetable
- Restricted Open (Closed) book exam
- Action to take (and when) if unable or unfit to sit exam
- Instructions to candidates

Examination timetable

- Can be accessed from CDU home page
- Check to ensure no clashes
  - Clashes ?? Contact Examinations section
  - Check regularly until final examination timetable is posted

Permitted Materials

- Writing implements, and hand held non-programmable non-printing calculators may be used but are not provided.
- Dictionary - Other Lang Translation (Unannotated)
- No other writing paper, blotting paper, manuscript, book, notes or other study guide, other than the examination booklet, blank note paper and examination paper provided, may be used in this examination.
- EXAMINATION BOOKLETS:
  - 1 x 8 page Answer Booklets. Additional exam booklets are available if needed.
  - Multiple Choice Answer sheet
Programable calculators

**CANNOT BE USED IN CLOSED BOOK EXAMS**

- Will be confiscated for the time of the exam
- No alternative calculator will be provided
- Therefore ensure you have taken an ordinary calculator into exams

Unable or unfit to sit exam

- Action to take (and when) if unable or unfit to sit exam
  - Under certain conditions, students may apply for a Reasonable Adjustment due to disability, special circumstances, immediate, extreme misadventure or due to having English as a Second Language, or a Special Examination as a result of special circumstances.
  - Refer to the link on the CDU Web Site http://www.cdu.edu.au/student-central/reasonable-adjustments

Exam instructions and rules

- Exam instructions
  - Initial instructions on Examinations Timetable
  - On the exam paper at the time of the exam
- Assessment Rules and CDU Examination Rules
  - Links on Learnline site
Part A – Ten questions – 35 marks

- Some questions will have parts
- Will be essay or short answer style questions, some with calculations
- Refer to following commentary on how topics will be examined for these questions:
  - Items not specifically examinable are identified
  - General understanding and discussion
  - Pervasive topics that may form part of your general understanding and answers in more specific topics
  - Topics where only general discussion is required
- Use the topic studyguides and overhead slides to determine actual content of the topics and references
- However all content in required readings (including the text) is subject to examination (except for those elements specifically identified as not examinable)

Part B - Multiple choice questions

- 30 Multiple choice questions taken from the online quiz questions – worth 15 marks
- Randomly selected from topics 2 to 11 (i.e. topic 1 not examinable)
- A “sample” multiple choice exam has been created to assist with study and exam preparation
  - Can re-try repeatedly
  - Questions will be randomly selected on each try
- Time suggested for the multiple choice questions reflects that some questions can be completed very quickly and others will take a little longer.
  - The suggested time is an average and students should not apply an even amount of time to each multiple-choice question

Hints on Examination techniques

Answering questions

✔️ Read instructions carefully and follow them exactly

✗ Use reading time effectively,
  - examine each question – do not attempt to determine the answers to questions during the reading time

Assumptions

✔️ Lecturer does not anticipate any need to make assumptions
  - But if you feel it is necessary, make assumptions
  - However, clearly indicate your assumptions in the answer booklet

✗ Take care as invalid assumptions often indicate lack of knowledge and do not guarantee that you will marked as correct
Hints on Examination techniques

Answering questions

- Answer the questions asked
  - NOT THE QUESTIONS YOU WOULD HAVE LIKED TO HAVE ASKED
- Do not "pad" your answer
  - Padding just wastes time
  - Indicates a lack of coherent knowledge
  - Indicates a lack of ability to communicate your ideas
  - Just irritates the lecturer
- Essay "style" is not important in an exam and often point form type answers are useful

Hints on Examination techniques

DON'T PANIC

- Do the questions you know first
- Try to get part marks
- Show your workings
- Don't waste time on questions you don't know or are uncertain of
  - Watch the time
  - Approx. 3½ Minutes per mark (180mins/50marks)
  - Each question is annotated with the expected time for completion
    (based on the time an average student should take)

Previous exams

- General discussion of previous exam papers for CMA202
- Use previous exams to determine style not questions
  - Questions may not be repeated
  - Structure has been changed slightly
General Review of Topics

Assessment
• Two items of assessment are required.
  o All assessment items must be submitted
  o Students must achieve an aggregate score of 50% or more overall

Discussion on examinable topics
• Highlighting major areas to study
• Highlighting major areas that will not be specifically examinable
• Relevance of assignment to examination

Topic 1
• Not specifically examinable
  o Nothing to examine
Topic 2 - Product Costing, Job Costing and Service Costing

Learning Objectives

• Distinguish job costing from process costing
• Outline the seven-step approach to job costing
• Distinguish actual costing from normal costing
• Calculate and apply indirect cost rates
• Prepare journal entries to record the flow of costs in a job-costing system
• Apply variations from normal costing
• Dispose of the under- or overallocated manufacturing overhead costs at the fiscal year using alternative methods

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Topic 2 - Product Costing, Job Costing and Service Costing

Fully examinable

• All elements may be asked as a specific question
• Small possibility of a theory type question
• Cost flows and ledger entries are examinable
• Any Practical questions are likely to be small
• Questions would be in parts (ie no long questions where incorrect calculations in earlier segments will impact on calculations in later segments.)

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Topic 3 - Product Costing: Process Costing and Operations Costing, including weighted average cost, FIFO and equivalent units

Learning Objectives

• Calculate equivalent units and understand how to use them
• Apply process costing with the use of equivalent units using both the weighted average and the FIFO methods;
• Apply process-costing methods to situations with transferred-in costs
• Appreciate various issues in product costing such as the need for standard costs and the difficulty of assessing the degree of completion of work in process.
Topic 3 - Product Costing: Process Costing and Operations Costing, including weighted average cost, FIFO and equivalent units

Fully examinable
- All elements may be asked as a specific question
- Small possibility of a theory type question
- Any Practical questions are likely to be small
  - Questions would be in parts (i.e., no long questions where incorrect calculations in earlier segments will impact on calculations in later segments).

Topic 4 Activity Based Costing

Learning Objectives
- State four purposes of allocating costs to cost objects
- Describe criteria to guide cost-allocation decisions
- Explain how broad averaging undercosts and overcosts cost objects
- Describe three guidelines for refining a costing system
- Distinguish between simple and activity-based costing systems
- Calculate the cost of a cost object using activity-based costing
- Evaluate the costs and benefits of implementing activity-based costing systems
- Compare activity-based costing systems and department costing systems
- Evaluate decisions regarding the allocation of corporate costs to divisions

Fully examinable
- Possibility of question on Activity Based Costing even though the topic was subject of assignment.
- However the specific context/content of the assignment will not be examinable.
- However topic elements are fully examinable
- A full case study type analysis WILL NOT be the basis for any questions, but medium/small "theory" style questions might be asked
- Practical questions are unlikely
Topic 5 - Cost Management, capacity costing and capacity management

Learning Objectives
- Distinguish between market-based and cost-based pricing
- Set output prices using the target-costing approach
- Distinguish between value- and non-value-added activities
- Apply the concepts of cost incurrence and locked-in costs
- Describe and apply various capacity concepts
- Select the appropriate capacity concept under differing circumstances
- Describe how attempts to recover the costs of capacity (fixed costs) may lead to increases in price(s) and reduction in demand

Topic 5 - Cost Management, capacity costing and capacity management

Fully examinable
- All elements may be asked as a specific question
- Any Practical questions are likely to be small
- Possibility that theory type question will be supported by small practical question or vice versa
- Possibility of a theory type question that will explore your understanding of the target costing, value and non-value activities, life cycle concepts and various capacity concepts.

Topic 6 - Further Budgeting, including Responsibility Accounting and Behavioural Issues

Learning Objectives
- Describe the master budget and explain its benefits
- Describe the advantages of budgets
- Argue the importance of assumptions and predictions in budgeting
- Use computer-based financial planning models in sensitivity analysis
- Describe responsibility centres and responsibility accounting
- Recognise the behavioural (human aspects) consequences of budgeting
- Distinguish between and evaluate the benefits of incremental budgets, zero-based budgets and program budgets;
- Discuss the limitations of the budget when used as a control tool.
- Identify the special challenges of budgeting in multinational companies
Topic 6 - Further Budgeting, including Responsibility Accounting and Behavioural Issues

Fully examinable

- All elements may be asked as a specific question
- Any Practical questions are likely to be small
  - Possibility that theory type question will be supported by small practical question or vice versa. The practical preparation of budgets elements completed in CMA100 will not be examinable
- Possibility of a theory type question that will explore your understanding of the budgeting/planning objectives, processes and issues. Behavioural issues in budgeting would normally be emphasised.

Topics 7 - Standard Costs for Control: Direct Material and Direct Labour Variance Analysis and Interpretation

Learning Objectives

- Explain how standard costs can be useful for planning and control
- Distinguish a static budget from a flexible budget
- Prepare flexible budgets and calculate flexible-budget variances and sales-volume variances
- Calculate price variances and efficiency variances for direct materials and direct labour
- Use variance analysis to focus and direct continuous improvement
- Perform variance analysis in activity-based costing systems
- Describe benchmarking and explain its role in cost management

Topics 8 - Flexible Budgets and Manufacturing Overhead Variance Analysis and Interpretation

Learning Objectives

- Explain the similarities and differences in planning variable overhead costs and fixed overhead costs
- Develop budgeted variable overhead cost rates and budgeted fixed overhead cost rates
- Calculate variable overhead flexible-budget variance, the variable overhead efficiency variance and the variable overhead spending variance
- Calculate the fixed overhead flexible-budget variance, the fixed overhead spending variance and the fixed overhead production-volume variance
- Show how the 4-variance analysis approach reconciles the actual overhead incurred with the overhead amounts allocated during the period
- Explain the relationship between sales-volume variance and the production-volume variance
- Calculate overhead variances in activity-based costing
- Examine the use of overhead variances in non-manufacturing settings
Topics 7 & 8 - Standard Costs for Control: Direct Material and Direct Labour Variance Analysis and Interpretation: Flexible Budgets and Manufacturing Overhead Variance Analysis and Interpretation

Fully examinable
- All elements may be asked as a specific question
- Small possibility of a theory type question
- Several elements of this topic might be subject to small essay/theory style questions
- Some practical questions may be linked to theory style questions
- Possible variance analysis may require minimal speculation on reasons and how the variance may be used to diagnose outcomes
- Any Practical questions are likely to be small
  - Questions would be in parts (i.e., no long questions where incorrect calculations in earlier segments will impact on calculations in later segments.)

Topic 9 Allocation of support department costs, common costs and revenues

Learning Objectives
- Distinguish the single-rate method from the dual-rate method
- Describe the way in which the choice between budgeted and actual cost-allocation rates affects the uncertainty that users face
- Allocate support-department costs using the direct method, the step-down method and the reciprocal method
- Allocate common costs using the stand-alone method and the incremental method
- Explain the importance of explicit agreement between contracting parties when the reimbursement amount is based on costs incurred
- Explain the way in which bundling of products affects revenue allocation
- Allocate the revenues of a bundled product to the individual products in that bundle.

Fully examinable
- All elements may be asked as a specific question
- Any Practical questions are likely to be small
  - Possibility that theory type question will be supported by small practical question or vice versa
  - Any questions on cost allocations will be clear and not require assumptions – reciprocal calculations will be limited to two equations.
  - Either repeated iterations or simultaneous equations methods of calculation will be acceptable
- Possibility of a theory type question that will explore your understanding of the cost allocation processes and cost allocation issues.
Topic 10 - Decision making and relevant information, multiple constraints and linear programming

**Learning Objectives**
- Use the five-step decision-making process to make decisions
- Distinguish relevant from irrelevant information in decision situations
- Explain the importance of strategic and qualitative factors in decision making
- Explain the opportunity cost concept and why it is used in decision making
- Choose which products to produce when there are capacity constraints
- Explain how to manage bottlenecks
- Describe factors managers must consider when adding or dropping customers or segments
- Explain why carrying amount of equipment is irrelevant in equipment replacement decisions
- Explain how conflicts can arise between the decision model used by a manager and the performance-evaluation model used to evaluate the manager.

**Fully examinable**
- All elements may be asked as a specific question
- Possibility of a theory type questions as well as practical type questions
- However a case study type analysis WILL NOT be the basis for any questions
- Any questions on constraints and linear programming will be straightforward and any objective functions will be limited to two variables.
- Simultaneous equations method of calculation may be necessary.
- Possibility that theory type question will be supported by a practical question.

Topic 11 - Pricing Decisions and customer profitability analysis, Sales and Substitutable Inputs Variance Analysis and Interpretation

**Learning Objectives**
- State and explain the three major influences on pricing decisions
- Set prices of outputs using market prices with or without target costing
- Set prices in a segmented market
- Set prices using cost-plus pricing
- Set prices for the long-run and/or the short-run
- Explain the impact of Australian law on pricing
- Explain differences in a company's revenues across customers purchasing the same product
- Apply the activity-based cost hierarchy to customer costing
- Explain differences in customer-level costs across customers
- Analyze customer profitability
- Subdivide the sales-volume variance into the sales-mix variance and the sales-quantity variance
- Subdivide the sales-quantity variance into the market-share variance and the market-size variance.
Topic 11 - Pricing Decisions and customer profitability analysis, Sales and Substitutable Inputs Variance Analysis and Interpretation

Fully examinable
• All elements may be asked as a specific question
• Possibility of a theory type questions as well as practical type questions
  • However a case study type analysis WILL NOT be the basis for any questions
  • Possibility that theory type question will be supported by small practical question

QUESTIONS