

**Basic- Module**

# **Management Accounting**

**Time allowed : 15 minutes for reading and planning**

**3 hours for writing**

**July 2 – 2025**

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

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

***The Accountancy & Audit Profession*  
*Org. Council - Sudan***

**Paper F2**

**AAPOC**

# F2

**Answer all questions in both sections.**

## **Section (A)**

**(35 questions, each containing two marks)**

### **Question 1:**

**Which of the following is not a characteristic of good information?**

- a) Complete.**
- b) Concise.**
- c) Cost-effective.**
- d) Which of the above is false?**

### **Question 2:**

**Budgeted overhead costs: \$690,480**

**Budgeted machine hours: 15,344**

**Actual machine hours: 14,128**

**Actual overhead costs: \$679,550**

**Based on the data above, what is the machine-hour charge rate (to the nearest dollar)?**

- a) 44 per machine hour**
- b) 45 per machine hour**
- c) 48 per machine hour**
- d) 49 per machine hour**

**Question 3:**

**Which of the following is considered a direct expense?**

- i. The cost of special design, drawings, or sketches.**
- ii. The rental of equipment or machinery for the specific job.**
- iii. Salesperson wages.**
- iv. Rent, royalties, and factory insurance.**

**a) (i) and (ii)**

**b) (i) and (iii)**

**c) (i) and (iv)**

**d) (iii) and (iv)**

**Question 4:**

**A company had 30 direct production workers at the beginning of the year and 20 direct production workers at the end of the year. During the year, 15 direct production workers left the company to work for a local competitor.**

**What was the labor turnover rate at the end of the year?**

**a) 16.7%**

**b) 20.0%**

**c) 25.0%**

**d) 60.0%**

**Question 5:**

**Which of the following costs should not be included when valuing inventory for manufacturing operations?**

**a) Factory supervisor salaries.**

**b) Salesperson salaries.**

**c) Depreciation on plant and machinery.**

**d) Factory electricity.**

**Question 6:**

**Costs charged to production (total costs) include which of the following:**

- a) Direct materials.**
- b) Direct labor.**
- c) Fixed costs.**
- d) Variable and fixed costs.**

**Question 7:**

**Which of the following steps is NOT part of the planning process?**

- a) Setting objectives for achievement.**
- b) Determining the methods by which the objectives will be achieved.**
- c) Taking corrective actions to improve opportunities to achieve the objectives.**
- d) All of the above are false.**

**Question 8:**

**A company overcharged fixed production overhead by \$6,000 for the period. The overhead rate for fixed production overhead was \$8 per unit and was based on a normal activity level of 5,000 units. Actual production was 4,500 units.**

**What were the actual fixed production overheads incurred for the period?**

- a) \$30,000.**
- b) \$36,000.**
- c) \$40,000.**
- d) \$42,000.**

**Question 9:**

**At the beginning of the year, Zoom entered into a lease agreement with the relevant landlord. The agreement stipulated that the rent would be subject to changes based on economic conditions (either an increase or a decrease). Zoom could not cancel the agreement during the first six months.**

**For the first six months of the agreement, what is Zoom's lease classification?**

- a) Fixed cost.**
- b) Avoidable cost.**
- c) Semi-variable cost.**
- d) Uncontrollable cost.**

**Question 10:**

**The following data relates to work in the finishing department of a specified factory.**

**Normal labor hours: 7 hours**

**Base rate paid per hour: \$5**

**Standard time allowed to produce one unit: 4 minutes**

**Base rate bonus: 60% of time saved**

**On the specified day, one employee completed 180 units. What is the total amount paid for that day?**

- a) \$35. b) \$50.**
- c) \$56.**
- d) \$60.**

**Question 11:**

The number of finished goods inventory units at the end of the period is higher than at the beginning of the period.

What is the effect of using the marginal costing method to value inventory?

- a) Operating profits are lower than using the total costing method.
- b) Operating profits are the same as using the total costing method.
- c) Operating profits are higher than using the total costing method.
- d) Operating profits are higher or lower than using the total costing method depending on the ratio of fixed to variable costs.

**Question 12:**

A contract is considered that requires 250 machine hours. The variable overhead rate is \$6 per machine hour. Traditionally, the company charges fixed overhead at 50% of the variable overhead rate. If the contract is approved, \$800 of the project's other indirect costs are incurred.

What is the appropriate cost of the project's indirect overhead?

- a) \$800.
- b) \$1,550.
- c) \$2,300.
- d) \$3,050.

**Question 13:**

Which of the following costs is relevant for decision-making?

- A) Differential costs.
- B) Non-cash flow costs.
- C) Avoidable fixed overhead.
- D) General fixed overhead.

**Question 14:**

**A company wants to maximize profits and manufactures two products, X and Y. The product information is as follows:**

<b>Per unit</b>	<b>Product X</b>	<b>Product Y</b>
	<b>\$</b>	<b>\$</b>
<b>Selling price</b>	<b>55</b>	<b>45</b>
<b>Materials</b>	<b>10</b>	<b>20</b>
<b>Labor</b>	<b>15</b>	<b>10</b>

**Spending is set at \$400,000 and \$300,000 for materials and labor, respectively.**

**What is the optimal production mix (in thousands of units) for the next year?**

**Product X Product Y**

- a) 0 20**
- b) 10 15**
- c) 20 0**
- d) 40 0**

**Question 15:**

**Which of the following costing methods is likely to be used by a company that produces liquid soap?**

- a) Group costing.**
- b) Service costing.**
- c) Order costing.**
- d) Process costing.**

**Question 16:**

A company calculated order prices by adding overhead to the prime cost and adding a 30% margin to the total cost. Order number Y256 sold for \$1,690 and incurred overhead of \$694.

What was the prime cost of this order?

- a) \$489.
- b) \$606.
- c) \$996.
- d) \$1,300.

**Question 17:**

Which of the following is not a characteristic of service costing?

- a) The high level of direct costs as a percentage of total costs.
- b) Intangible outputs.
- c) The use of composite unit costing.
- d) It is used for internal services as well as external services.

**Question 18:**

The following data is relevant to one of the phases for the month of May:

Material input (500 liters) \$3,000

Labor and overhead \$2,670

Normal output is expected to be 9 liters for every 10 liters input. Actual output was 460 liters.

What is the cost per unit of finished output (to two decimal places)?

- a) \$11.33
- b) \$11.67
- c) \$12.33
- d) \$12.60



**Question 19:**

Which of the following is likely to be used for service costs?

- i. College.
  - ii. Hotel.
  - iii. Plumbing.
- a) (i), (ii), and (iii)
  - b) (i) and (ii) only
  - c) (ii) only
  - d) (i) and (iii) only

**Question 20:**

Robe Air Transport loaded 250,000 kilograms of additional baggage over a distance of 7,500 kilometers at a cost of \$3,750,000 in additional fuel.

What is the cost per kilogram-kilometer?

- a) \$0.002 per kilogram-kilometer
- b) \$2.00 per kilogram-kilometer
- c) \$33.33 per kilogram-kilometer
- d) \$500.00 per kilogram-kilometer

**Question 21:**

The following items might be used for batch costs:

- 1. Actual material costs.
- 2. Actual production overheads.
- 3. Production overheads charged to production.
- 4. Actual labor costs.

Which of the above corresponds to batch costing?

- a) 1, 2, 4 only

- b) 1, 4 only
- c) 1, 3, 4 only
- d) 1, 2, 3, 4

**Question 22:**

**One stage has a normal spoilage of 10% of the inputs. During the period, 2,500 kg of materials were inputs, and there is an abnormal loss of 75 kg.**

**What is the quantity of good production completed?**

- a) 2,175 kg
- b) 2,250 kg
- c) 2,325 kg
- d) 2,425 kg

**Question 23:**

**Which of the following statements is correct?**

**(i) A by-product is a product that is manufactured at the same time as the main product and has a relatively low volume compared to other products.**

**(ii) Since a by-product is a sold item, it must be costed separately in the stage account, and some of the stage cost is included in it.**

**(iii) The cost incurred before the break-up point is known as the joint or common cost.**

- a) (i), (ii)
- b) (i), (iii)
- c) (ii), (iii)
- d) (iii) only.

**Question 24:**

If  $\sum X = 12$ ,  $\sum Y = 42$ ,  $\sum X^2 = 46$ ,  $\sum Y^2 = 542$ ,  $\sum XY = 157$ , and  $n = 4$ .

What is the correlation coefficient?

- a) 0.98
- b) -0.98
- c) 0.26
- d) 0.008

**Question 25:**

The annual demand for an inventory item is 2,500 units. The cost to place the order is \$80, and the cost to hold the item in inventory for one year is \$15.

What is the economic order quantity, rounded to the nearest unit?

- a) 31 units.
- b) 115 units.
- c) 163 units.
- d) 26,667 units.

**Question 26:**

Which of the following functions is fulfilled by a Goods Receipt Note (GRN)?

- i. It provides information to update inventory records for received goods.
  - ii. It provides information to verify quantities on a supplier invoice.
  - iii. It provides information to verify prices on a supplier invoice.
- a) (i) and (ii) only.
  - b) (i) and (iii) only.
  - c) (ii) and (iii) only.
  - d) (i) only.

**Question 27:**

The reorder quantity for a component was 6,000 units, and the average inventory held was 3,400 units.

What is the safety stock level (to the nearest unit)?

- a) 400
- b) 3,400
- c) 3,000
- d) 6,400

**Question 28:**

The following data relates to an inventory item in A452:

Average usage: 100 units per day

Minimum usage: 60 units per day

Maximum usage: 130 units per day

Lead time: 20–26 days

Economic order quantity: 4,000 units

What is the maximum inventory level?

- a) 3,380 units.
- b) 6,180 units.
- c) 7,380 units.
- d) 8,580 units.

**Question 29:**

A fixed cost is traditionally considered which of the following?

- a) Fixed per unit of output.
- b) Fixed overall when production volume changes.
- c) Outside of management control.
- d) Easily controllable.

**Question 30:**

**Which of the following should be classified as indirect labor?**

- a) Assembly workers in a company that manufactures televisions.**
- b) Assistant storekeeper in a factory warehouse.**
- c) Interior designer in a construction company.**
- d) Consultant in a management consulting firm.**

**Question 31:**

**Which of the following does a profit center manager control?**

- i. Selling price.**
  - ii. Controlled costs.**
  - iii. Apportioned head office costs.**
  - iv. Capital investment in the center.**
- a) All of the above.**
  - b) (i), (ii), and (iii)**
  - c) (i), (ii), and (iv)**
  - d) (i) and (ii)**

**Question 32:**

**A company employs four supervisors to oversee the factory's production of all products.**

**How are the salaries paid to these supervisors classified?**

- a) Direct labor costs.**
- b) Direct production overhead.**
- c) Production overhead.**
- d) Administrative overhead.**

**Question 33:**

The data below relates to the last month of production of product Z:

Standard time allowed per unit: 20 minutes

Budget hours available: 210 hours

Actual output: 600 units in 220 hours

Which of the following is the correct labor capacity/efficiency ratio?

Worker Capacity Worker Efficiency

A) 95.24% 90.91%

B) 95.24% 104.76%

C) 104.76% 90.91%

D) 104.76% 95.24%

**Question 34:**

A company manufactures and sells a single product at a variable cost per unit of \$36. The sales contribution ratio is 25%. The company's weekly fixed costs are \$18,000.

What is the weekly break-even point (in units)?

a) 1,500

b) 1,600

c) 1,800

d) 2,000

**Question 35:**

A company generated marginal costing profit of \$72,300. The opening inventory was 300 units and the closing inventory was 750 units. The fixed overhead rate was calculated at \$5 per unit.

What is the profit relative to total cost?

a) \$67,050

b) \$70,050

- c) \$74,550
- d) \$77,550

**Section (B)**

**(10 questions, each worth three marks)**

**Question 36:**

A summary of the following year's budget for a manufacturing company is shown below:

	Month 4	Month 3
Sales	100,000 units	120,000 units
Closing inventory of finished goods	6,000 units	8,000 units
Closing inventory of raw materials	22,000 kg	12,000 kg

Each unit requires 2 kg of material

What is the material usage budget for Month 4?

- A) 230,000 kg
- B) 234,000 kg
- C) 240,000 kg
- D) 244,000 kg

**Question 37:**

A company applies a standard costing system. Last month, the budgeted production hours were 25,000 hours, and the budgeted fixed overhead cost was \$125,000. Last month, the actual labor hours were 24,000 hours. The standard hours for actual production were 27,000 hours.

What is the fixed overhead capacity variance for the end of the month?

- A) \$5,000 negative
- B) \$5,000 positive





d) 191,000

**Question 40:**

The following costs are relevant for the month of March:

	Fixed Budget	Flexible Budget	Actual
	2,200 units	2,000 units	2,000 units
	\$	\$	\$
Total Direct Materials	165,000	150,000	140,000

What is the total direct materials variance?

- a) \$10,000 negative
- b) \$10,000 positive
- c) \$25,000 negative
- d) \$25,000 positive

**Question 41:**

GAR Company operates a bottling plant. The liquid content of a bottle filled with Product Z is 2 liters. During the bottling process, there is a 30% loss of the liquid input due to pouring and evaporation. The standard price of liquid is \$1.20 per liter.

What is the standard cost of liquid per bottle of Product Z (rounded up)?

- A) \$2.40
- B) \$2.86
- C) \$3.12
- D) \$3.43

**Question 42:**

A summary of a company's records for the most recent period is as follows:

Actual Budget

Production    1,925 units                      2,070 units

Variable Production Overhead Cost	\$11,550	\$14,904
Labor Hours Completed	5,775	8,280

What is the variable production overhead variance for the most recent period?

Spending Efficiency

- A) 1,656 Positive      2,070 Negative
- B) 1,656 Positive      3,726 Negative
- C) 1,656 Positive      4,140 Negative
- D) 3,354 Negative      4,140 Negative

**Question 43:**

Last month, a company had a budget to sell 8,000 units at a price of \$12.50 per unit. Actual production for the last month was 9,000 units, and total sales revenue was \$117,000.

What is the selling price variance for the last month?

- a) \$4,000 positive
- b) \$4,000 negative
- c) \$4,500 positive
- d) \$4,500 negative

**Question 44:**

A summary of Company H's records for June is as follows:

Actual Budget

Production	3,936 units	3,840 units
Direct Labor Cost	\$15,744	\$17,280

What is the total direct labor cost variance?

- a) \$1,536 positive
- b) \$1,536 negative

- c) \$1,920 positive
- d) \$1,920 negative

**Question 45:**

**The budgeted production for a factory for the following period was 4,800 units. Each unit requires 5 labor hours to produce. Workers are paid \$10 per hour. Downtime due to breakdowns represents 20% of the total labor time.**

**What is the budgeted total labor cost for the following period? a) \$192,000**

- b) \$240,000
- c) \$288,000
- d) \$300,000