

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD
A Committee of the Council of ICPAU

INFORMATION TECHNOLOGY - PAPER 5(ii)

DECEMBER 1998

INSTRUCTIONS TO CANDIDATES

1. Time allowed: 1 hour 30 minutes.
2. Attempt all questions in this paper.
3. Hand in your printed work and diskette to the Supervisor at the end of the Examination.
4. Please read further instructions on the answer book.

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SECTION A

Question 1

Blue Skies Airlines Ltd wants to make projections of its sales and expenses for advertising and the sales force for the next four months. The worksheet for the marketing model appears as below:-

Month	Jan.	Feb.	March	April	Total
Seasonality	0.9	1.1	0.8	1.2	
Units Sold					
Sales Revenue					
Cost of Sales					
Gross Margin.					
Sales force	\$ 8,000	\$ 8,000	\$ 9,000	\$ 9,000	\$34,000
Advertising	\$10,000	\$10,000	\$10,000	\$10,000	
Corporate Overheads					
Total Cost					
Product Profit					
Profit Margin.					
Product Price	\$40.				
Product Cost	\$25.				

- (a) You are required to enter the above data into a worksheet and, using the data given below, calculate the missing entries.
- (i) the seasonality values are fixed values which are predictive factors for sales in a particular month.
 - (ii) Units sold in a given month are predicted using the formula:

$$S = 35 \times \text{Seasonality factor} \times \sqrt{(\text{Advertising} + 3000)}$$
 Where S is the number of units sold.
 - (iii) Sales revenue equals units sold times product price.
 - (iv) Cost of sales equals units sold times product cost.
 - (v) Gross margin equals sales revenue less cost of sales.
 - (vi) Sales force costs are fixed personnel expenses.

- (vii) Advertising costs are fixed values.
 - (viii) Total Cost equals Sales force cost + Advertising cost + Corporate overhead costs.
 - (ix) Corporate overhead costs are 15% of sales.
 - (x) Product profit is Gross margin - total cost.
 - (xi) Profit Margin is the ratio of Product Profit to Sales Revenue.
 - (xii) Product Price and Product cost are fixed values.
- (b) Save your worksheet on the diskette provided under the name "Blue-Sky".
- (c) Print a copy of the worksheet. Let your Index No. appear as a footer on the worksheet. (20 marks)

Question 2

- (a) As the Chief Accountant for Blue Sky Airlines Ltd prepare a simple document using a word processing package. Your document should appear as below:-

Blue Sky Airlines

MEMO:

TO: : Marketing Manager.

FROM: : Chief Accountant.

RE: MARKETING STRATEGY

Please be informed that we are adjusting our monthly expenses on advertising from January to April as follows:-

	Old value	New value
	\$	\$
JANUARY	8,000	8,500
FEBRUARY	5,000	10,000
MARCH	9,000	6,000
APRIL	6,000	5,000

TOTAL

- (b) Centre the heading "Blue Sky Airlines" with font Courier New, Bold size 16.

- (c) Enter the values for the expenses on advertising into a table and use the formula features to calculate the total.
- d) Save your work on the diskette provided under the name Blue - Sky.
- e) Print a copy of the document with your Index No. as a footer text:
(20 marks)