

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

SUPPLEMENTARY EXAMINATION PAPER

JULY 2017

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DEGREE / YEAR OF THE STUDY: BACHELOR OF COMMERCE YEAR II (FULL- TIME) AND  
BACHELOR OF EDUCATION YEAR II (FULL-TIME)

Title of Paper : INTRODUCTION TO COST &MANAGEMENT ACCOUNTING  
Course Code : ACF 213/ ACF .214  
Total Marks : 100  
Time Allowed : **THREE HOURS**

**Instructions**

- (i) There are **FOUR** Questions Answers to All
- (ii) Begin the solutions to each Question on a New page
- (iii) The marks awarded for each question are indicated at the end of the question
- (iv) Show all your workings
- (v) Calculations are to be made to zero decimal places of accuracy, unless otherwise Instructed.

**RECOMMENDATION:** Reading time should not exceed fifteen minutes

**Note:** You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR  
OR SUPERVISOR**

**SPECIAL REQUIREMENT : CALCULATOR**

## QUESTION NO. 01

- i. Define cost. Describe the differences between cost accounting and management accounting. (Marks:13)
- ii. Bring out clearly the significances of each of following cost classification and explain the meaning of the terms used therein a.Direct and Indirect Cost b. Variable and Fixed Cost (Marks: 12)

## QUESTION NO .02

- i. Define overhead. Give a list of main groups forming the basis of functional Classification of Overhead. (Marks:08)
- ii. What is Job Costing? Describe briefly the main features of Job Order Costing. (Marks: 08)
- iii. Define Terms. Joint Products and By Products. Explain the objectives of Joint Cost Analysis. (Marks: 09)

## QUESTION NO. 03

- i. A building contractor, having undertaken construction work at a contract price of E6, 00,000 began the execution of the work on 1<sup>st</sup> January 2016. The following are the particulars of the contract up to 31<sup>st</sup> December 2016. (Marks: 15)

Particulars	Amount E
Materials issued from stores	4,000
Materials purchased	1, 20,000
Labour at site	1, 00,000
Indirect expenses	36,000
Plant	1, 40,000
Materials returned to store	8,000
Materials lost by fire	2,000
Materials at site on 31 <sup>st</sup> December 2016	4,000
Plant at site on 31 <sup>st</sup> December 2016	1, 20,000

Cash received on account up to 31<sup>st</sup> December amounted to E2, 24,000 representing 80 per cent of the work certified. The remaining 20 per cent being retained until completion. The work finished but not certified was E40, 000.

Prepare the contract a/c and state the proportion of profit the contractor would be justified in taking to the credit of the profit & loss account.

- ii. Describe briefly the main features of Process Costing. (Marks:10)

QUESTION NO .04

- i. Describe the advantages of Marginal Costing. (Marks: 10)
- ii. The following information is related to Aura Company Limited. (Marks: 06)

Particulars.	Amount	
	E	
Sales	5, 00,000	
Cost Material	2, 00,000	
Labour	50,000	
Direct Expenses	50,000	3, 00,000
Fixed cost	1, 60,000	
Profit	40,000	

You are required to find out a. P/V Ratio. b. Break-Even- Sales c. Margin of Safety

- iii. From the following information of material X and Y. Calculate a. material cost variance. b. material usage variance c. material price variance. (Marks:09)

Material	Standard Quantity	Standard Price	Actual Quantity	Actual Price
		E		E
X	10	4	12	3, 75
Y	15	5	18	4, 50