

**ACF213 (M) DECEMBER 2016**

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING AND FINANCE

MAIN EXAMINATION PAPER DECEMBER 2016

DEGREE/YEAR OF STUDY	:	BACHELOR OF COMMERCE YEAR II
TITLE OF PAPER	:	INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING
COURSE CODE	:	ACF213 (M) DECEMBER 2016 (FULLTIME STUDENTS ONLY)
TOTAL MARKS	:	100 MARKS
TIME ALLOWED	:	THREE (3) HOURS
INSTRUCIONS	:	<ol style="list-style-type: none"><li>1. There are four (4) questions. Answer all.</li><li>2. Begin the solution to each question on a new page.</li><li>3. The marks awarded for each question are indicated at the end of the question</li><li>4. Show all your workings</li><li>5. Calculations are to be made to zero decimal places of accuracy, unless otherwise instructed.</li></ol>
RECOMMENDATION	:	READING TIME SHOULD NOT EXCEED (15 ) MINUTES
NOTE	:	YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE TAKEN OF ACCURACY OF LANGUAGE TOGETHER WITH THE LAYOUT AND PRESENTATION OF YOUR FINAL ANSWER.
SPECIAL REQUIREMENTS	:	CALCULATOR

**This paper is not to be opened until permission has been granted by the Invigilator or Supervisor.**

**Question 1**

Carolina Terry Cloth produces terrycloth products for hotels. The company buys the fabrics in 60 cm width bolts. In the first process, the fabric is set up, cut and separated into pieces. Setup can either be for robes and bath towels or for hand towels and washcloths.

During May, the company set up and cut 3,000 robes and 6,000 bath cloths. Because of the irregular pattern of the robes scrap is produced in the process and is sold to various institutions (prisons, hospitals, etc), for rags at E1,25 per kg. May production and Data fir Carolina Terrycloth are as follows:

Fabric used, 12,500 metres at E1,75 per metre	E21,875
Labour, Jjoint process	E 5,000
Overhead, Joint process	E 4,900
Pounds of scrap produced	E 1,800

Carolina Terrycloth assigns the joint processing cost to the robes and towels based on an approximated net realizable value at split-off. The final selling prices for robes and bath towels are E20 and E11 per unit, respectively, for the robes and the towels. The selling price of the scrap is treated as a reduction of joint cost.

**REQUIRED:**

- Determine the joint cost to be allocated to the joint products for May. Prepare the Journal entry necessary at the point of split-off (5 Marks)
- How much joint cost is allocated to the robes in May? to the bath towels? (10 Marks)
- What amount of cost for robes is transferred to Finished Goods Inventory for May?,  
What amount of cost for towels is transferred to Finished Goods Inventory for May? (10 Marks)

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Total (25 Marks)

ACF213 (M) DECEMBER 2016

Question 2

Data below summarize the operations of AgriCo's Herbicide Production Department. Units are five gallon containers of the herbicide product. All materials is obtained from other operating subunits of AgriCo and is added at the beginning of the process.

Cost	Materials	Conversion	Total
Beginning inventory	E7,500	E900	E8,400
Current Period	<u>221,280</u>	<u>83,772</u>	<u>305,052</u>
Total costs	<u>E228,780</u>	<u>E84,672</u>	<u>E313,452</u>

Units

Units beginning inventory	1,500 (30% complete-conversion)
Started	45,000 units
Completed	38,000 units
Ending inventory	5,000 units (70% complete –conversion)
Normal Spoilage	1,200 units

REQUIRED:

- a) Prepare an EUP schedule using the weighted average method (13 Marks)
- b) Determine the cost of goods transferred out, ending inventory, and abnormal spoilage (12 Marks)

Total (25 Marks)

Question 3

REQUIRED:

- a) What are the major differences between Job Order Costing and Process Costing? (10 Marks)
- b) i) What is the under-applied factory overhead cost? (5 Marks)  
ii) What is scrap in - process costing? (5 Marks)
- c) What is a waste in - process costing? (5 Marks)

Total (25 Marks)

**Question 4**

**REQUIRED:**

- a) What is labour turnover? (5 Marks)
- b) What are costs associated with labour turnover? (5 Marks)
- c) Name two most commonly used methods of remunerating (paying employees) (5 Marks)
- d) Name any three commonly used methods of paying norms (5 Marks)