

UNIVERSITY OF SWAZILAND
DEPARTMENT OF ACCOUNTING
FACULTY OF COMMERCE
MAIN EXAMINATION PAPER

December 2017

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

Title of Paper : INTRODUCTION TO COST & MANAGEMENT ACCOUNTING

Course Code : ACF213/ACF213/IDEAC214 (December) 2017

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. What is cost accounting? Explain the advantages cost accounting. (Marks: 13)
- ii. From the following particulars prepare the stores ledger account under two methods of pricing materials. A. First in first out (FIFO) method. B Simple average method (Marks: 12)
- 1st October 2017 opening balances 400 units @E 8 per unit
- 6th October 2017 issued 200 units
- 8th October 2017 received 250 units @ E 8.50 per unit
- 13th October 2017 issued 300 units
- 19th October 2017 received 400 units @E 9.00 per unit
- 23rd October 2017 issued 320 units
- 30th October 2017 received 300 units @ E 8, 80 per unit.

QUESTION NO. 02

- i. Explain the difference between time keeping and time booking. (Marks: 05)
- ii. Define contract costing. Explain the features of contract costing. (Marks: 10)
- iii. What is a job costing? Describe briefly the features of job order costing (Marks: 10)

QUESTION NO.03

- i. The following was the expenditure on a contract for E800, 000 commenced on 1st January 2016. (Marks: 15)

| Particulars | Amount |
|------------------------------|---------|
| | E |
| Materials issued from stores | 4,000 |
| Materials purchased | 120,000 |
| Labour at site | 100,000 |
| Indirect expenses | 36,000 |
| Plant | 140,000 |
| Materials returned to store | 8,000 |
| Materials lost by fire | 2,000 |

| | |
|---|---------|
| Materials at site on 31 st December 2016 | 4,000 |
| Plant at site on 31 st December 2016 | 120,000 |

Cash received on account to 31st December, 2016 amounted to E324, 000 being 80 per cent of work certified. The remaining 20 per cent being retained until completion. The work finished but not certified was E 40,000. Prepare the contract account for 2016 showing the profit to be credited to the year's profit and loss account. Plant is to be depreciated at 10%.per annum.

- ii. Explain the objectives of joint cost analysis. (Marks:10)

QUESTION NO.04.

- i. The product of a manufacturing concern passes through two processes A and B And then to finished stock. It is ascertained that in each process normally 5%of The total weight is lost and 10% is scrap which from process A and B realised E80 per ton and E200 per ton respectively. The following are the figures relating to both the processes. (Marks: 16)

| Particulars | Process- A | Process- B |
|---------------------------|------------|------------|
| Materials in tons | 1,000 | 70 |
| Cost of materials per ton | E 125 | E200 |
| Wages | E28, 000 | E10,000 |
| Manufacturing Expenses | E 8,000 | E5, 250 |
| Output in tons | 830 | 780 |

Prepare process accounts and showing cost per ton of each process. There is no stock or work in progress in process.

- ii. The following information is related to Gobi Company Limited. (Marks:09)

| Particulars | Amount E |
|-----------------|-------------|
| Sales | 750,000 |
| Variable cost. | |
| Material | E350, 000 |
| Labour | E50, 000 |
| Direct expenses | E 50,000 |
| | 450,000 |
| Fixed cost | 200,000 |
| Profit | 100,000 |

You are required to calculate A. P/v ratio. B. Break -even- sale C. Margin of safety D. Margin of safety ratio E. Sales required to earn a profit E 150,000