

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

SUPPLEMENTARY EXAMINATION PAPER

JULY 2018

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 : ACF 213/ ACF 213/IDEAC214 (July) 2018

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 accountancy? Describe briefly the difference between cost accounting and financial accounting. (Marks:13)
- ii. Gobi Company limited purchased and issued material in the following order. (Marks: 12)
- 1st January 2017 purchase 300 units @E 3.00 per unit
 4th January 2017 purchase 600units @ E4.00 per unit
 6th January Issue 500 Units
 10th January purchase 700 units @4.00 per unit.
 15th January 2017 issue 800 units
 20th January 2017 purchase 300 units @ 5.00 per unit.
 23rd January Issue 100 units.
- Ascertain the quantity of closing stocks on 31st January and state its value under each of the following method of pricing the issues A. Weighted average method. B .Last in first out (LIFO) Method.

QUESTION NO .02

- i. Define Terms A. Cost accumulation B. Cost assignment (Marks:04)
- ii. Explain the different wage payment methods of an employee. (Marks:14)
- iii. What is job costing? Describe briefly the procedure of job order cost system. (Marks: 07)

QUESTION NO. 03

- i. A building contractor, having undertaken construction work at a contract price of E250, 000 began the execution of the work on 1st January 2016. The following are the particulars of the contract up to 31st December 2016. (Marks: 13)

Particulars	Amount E
Materials issued from stores	4,000
Materials purchased	80,000
Labour at site	81,000
Direct expenses	4,600
Plant sent to site	12,400

Work certified by engineer	200,000
Cost of work not yet certified	3,300
Cash received	180,000
Wages accrued on 31- 12- 2016	1,560
Direct expenses accrued on 31-12-2016	320
Establishment charges	13,680
Materials at site on 31 st December 2016	2,260
Plant at site on 31 st December 2016	10,000

Prepare contract account and crediting to profit & loss account with two thirds of Profit as reduced to the cash received.

- i. Make out the necessary accounts from the following details. (Marks:12)

Particulars	Process – A	Process- B
Materials	30,000	3,000
Labour	10,000	12,000
Overheads	7,000	8,600
Input (Units)	20,000	17,500
Normal loss	10%	4%
Sale value of wastage per unit	1	2

There was no opening and closing stock or no work- in – progress of both process

Accounts. Final output from process – B was 17,000 units.

QUESTION NO .04

- i. The following information is related to Rupa Company Limited. (Marks: 11)

Particulars	Amount E
Sales	450,000
Cost Material	90,000
Labour	45,000
Direct expenses	45,000
	180,000
Fixed cost	150,000
Profit	120,000

You are required to calculate (A). P/v ratio. (B). Break-even- sales(C). Margin of Safety (D). Sales required to earn a profit of E75, 000 (E). Profit at a sales level of E. 750,000

- ii. From the following information of materials A, B. and C. Calculate A. material cost variance. B. material usage variance C. Material price variance. (Marks:14)

Product	Standard Quantity	Standard Price E	Actual Quantity	Actual Price E
A	1050	2.00	1,100	2.25
B	1500	3.25	1,400	3. 50
C	3,100	3.50	2,000	3.75