ADVANCED LEVEL NATIONAL EXAMINATIONS, 2012, TECHNICAL AND PROFESSIONAL OPTIONS

EXAM TITLE: COST AND COMPUTERIZED ACCOUNTING

OPTION: ACCOUNTANCY   (ACC)

DURATION: 3HOURS

INSTRUCTIONS:

This paper consists of **two Parts, I** and **II**:

PART I: COST ACCOUNTING

Section A: Attempt **all** questions: **(40marks)**

Section B: Attempt **four** questions of your choice: **(20marks)**

Section C: Attempt **one** question of your choice   **(10marks)**

PART II: COMPUTERISED ACCOUNTING

Section A: Attempt **all** questions: **(15marks)**

Section B: Attempt **three** questions of your choice: **(15marks)**

PART I: COST ACCOUNTING.   (70marks)

SECTION A: All QUESTIONS ARE COMPULSORY. 40marks

01.   State the 3 elements of prime cost.   **3marks**

02.   Differentiate between factory costs and production costs.   **4marks**

03.   Indicate whether the following characteristics refer to financial accounting or to cost accounting:
   i.   It is based on past events
   ii.   Its purpose is to provide information for managers
   iii.   It is based on future events
   iv.   It complies with company law and accounting rules   **4marks**

04.   State whether the following costs in a hair saloon are direct or indirect:

i) Conditioner used on hair	ii) Insurance of salon **4marks**
ii) Wages of salon cleaner	iv) Wages of hair stylists

05.   a) Identify the following statements as either true or false:
   i.   Variable costs change directly with changes in activity
   ii.   Fixed costs change directly with changes in activity
   iii.   Semi-variable costs have a fixed and variable element.   **3marks**

   b) State whether the following are fixed costs or variable costs
   i.   Wages of production workers paid using a time-rate method
   ii.   Wages of production workers paid by a piece rate method
   iii.   Rent for a factory used for production.   **3marks**

06. Copy the table below and complete it, showing fixed costs, variable costs, total costs and unit cost at the different levels of production.

Units	Fixed Costs	Variable Costs	Total Costs	Unit Cost
1,000	RWF12,000	RWF3,000	RWF15,000	RWF15
2,000				
3,000				
4,000				

4marks

07. A company makes a single product and for a production level of 24,000 units has the following cost details:

      Materials: 60,000 kilos at 200 RWFper kilo

      Labour: 8,000 hours at 1200 RWF an hour

      Overheads: 4,800,000 RWF.

Calculate the unit cost for: **6marks**

      Materials   Labour   Overheads

08. Identify the valuation method used, (FIFO, LIFO or ~~AVCO~~) if:

    i.   Issues are valued at the most recent purchase cost

    ii.   Stock is valued at the average of the cost of purchases

    iii. Stock is valued at the most recent purchase cost   **3marks**

09. Kwezacyane Farm pays a time-rate of 200 RWF per hour to its direct labour for a standard 35 hour week. Any of the labour force working in excess of 35 hours is paid an overtime rate of 300 per hour.

Calculate the gross wage for the week for the two workers in the following table.

Worker	Hours Worked	Basic Wage RWF	Overtime RWF	Gross Wage RWF
Muhire	35 hours			
Munyambo	40 hours			

3marks

10. Suggest three rasons why it is not advisable to hold high levels of stock.

3marks

SECTION B: CHOOSE AND ANSWER ANY FOUR (4) QUESTIONS. 20marks

11. A company manufactures a single product at a variable cost of 200 RWF for materials and 300 RWF for labour. If the total fixed costs are 8,000,000 RWF, calculate the costs indicated in the following table at a production level of 20,000 units. **5marks**

Element	Total Cost (RWF)	Unit Cost (RWF)
Materials		
Labour		
Overheads		
Total		

12. Describe and differentiate between absorption costing and marginal costing systems. **5marks**

13. a) State whether the following statements as true or false. **2marks**

   i. Direct labour costs can be identified with the goods being made or the service being produced

   ii. Indirect costs vary directly with the level of activity

   b) What are the main characteristics of a flexible budget? **3marks**

14. Biragenda Ltd has produced a performance report detailing budgeted and actual cost for last month.

Calculate the amount of the variance for each cost type and then determine whether it is adverse or favourable. **5marks**

Cost Type	Budget RWF	Actual RWF	Variance RWF	Adverse	Favourable
Direct Materials	38,400	40,100			
Direct Labour	74,200	73,000			
Production Overheads	68,000	72,100			
Administration Overheads	52,000	54,900			
Selling and Distribution	43,000	41,900			

15. Classify the following items into factory, office and administration or selling and distribution overheads: **5marks**

    i. Packing expenses
    ii. Advertising
    iii. Audit fees expenses

    iv. Salary of storekeeper
    v. Cost of sample

    vi. Consumable supplies
    vii. Cost of normal idle time
    viii. Travelling and entertainm
    ix. Postage and stamps
    x. Market research expenses

SECTION C: CHOOSE AND ANSWER ANY ONE QUESTION.   10marks

16. Reorder the following costs of Kajivumbi Ltd into a vertical format manufacturing account according to the table below, for the year ended 31 December 2011.

	RWF
Closing Stock of Work in Progress	10,000
Direct Labour	97,000
Opening Stock of Raw Materials	7,000
Closing Stock of Finished Goods	25,000
Closing Stock of Raw Materials	10,000

Manufacturing Overheads	53,000
Cost of goods sold	200,000
Factory cost	197,000
Purchases of Raw Materials	50,000
Opening Stock of Work in Progress	8,000
Opening Stock of Finished Goods	30,000
Prime cost	144,000
Direct materials used	47,000
Factory cost of goods manufactured	195,000

10marks

17. A company had outstanding expense of 84,000 RWF at the end of the year. The production costs for the period are 1,800,000 RWF. Given that profit is 40 % of the production cost and that sales amount to 3,200,000 RWF.

a) Calculate the production cost **3points**

b) Calculate the amount for outstanding expenses at the beginning of the year. **3points**

c) Calculate the profit **4points**

18. A company manufactures and sells one product which requires 8 kg of raw material in its manufacture. The budgeted data relating to the next period are as follows:

	Units
Sales	19,000
Opening inventory of finished goods	4,000
Closing inventory of finished goods	3,000
	Kg
Opening inventory of raw materials	50,000
Closing inventory of raw materials	53,00

What is the budgeted raw material purchases for the next period (in kg)?

PART II: COMPUTERISED ACCOUNTING (30 Marks)

SECTION A: All QUESTIONS ARE COMPULSORY.   **15marks**

01. a) Give ONE way that a computer virus can enter the system.   **1mark**

b) Give ONE effect that a virus can have on data stored on the computer.

1mark

c) What can be done to reduce the risk of a computer virus?   **1mark**

02. Suggest 3 types of accounting statements that a business can make from its computerised accounting information   **3marks**

03. Accounting information is entered into the computer using different documents. Which documents are used:

a) to enter the amount refunded by a supplier following the return of faulty goods?   **1mark**

b) to enter a regular monthly automated payment to a supplier?   **1mark**

c) to enter the amount refunded to a customer following the return of damaged goods?   **1mark**

04. State whether the following statements are true or false:

a) Data that is password protected can be accessed by one user only.   **1mark**

b) Data that is password protected cannot be deleted from the accounting system   **1mark**

c) Data that is not password protected can be accessed by unauthorized users.   **1mark**

05. In a computerized accounting system, Is it possible to allocate the same account code to two different customers? Explain.   **3marks**

Section B: SECTION C: CHOOSE AND ANSWER ANY TRHEE QUESTIONS.
15marks

06. Give 2 advantages and 3 disadvantages of a computerised accounting system. **5marks**

07. a) Indicate who in Column A does require the accounting data specified in column B. **4marks**

A	B
The Managing Director	Aged debtors analysis
Customers	Remittance advice
Credit Control Department	Monthly sales figures
Suppliers	Statement of account

b) Explain ONE instance when a password should be changed. **1mark**

08. a) Identify the risk to data in each of the following situations:
   i) Computer print outs of customer accounts are kept in a filing tray on the sales ledger clerk's desk. **1mark**
   ii) In accordance with organisational policy, back-up copies of data are taken every 2 months. **1mark**
   iii) There is no organisational policy for the naming of files on the computer. **1mark**

   b) State whether the following statements are true or false:
   i) Data cannot be imported into a computerised accounting package from a spreadsheet package. **1mark**
   ii) Data can be exported from a computerised accounting package to a word processing package. **1mark**

09. Write brief notes on the five basic components of a computerised accounting system. **5marks**

10. Explain what you understand by each of the following terms in computerised accounting information system: **5marks**
   i) The compatibility principle
   ii) The flexibility principle
   iii) The control principle
   iv The relevance principle
   v) The cost-benefit principle