

ACC&CSM - Cost and Computerized
Accounting

T048

Friday, 23/11/2018

08:30 - 11:30 AM

WORKFORCE DEVELOPMENT AUTHORITY



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**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2018,
TECHNICAL AND PROFESSIONAL STUDIES**

EXAM TITLE: COST AND COMPUTERIZED ACCOUNTING

OPTIONS: Accountancy (ACC)

Computer Science and Management (CSM)

DURATION: 3 hours

INSTRUCTIONS:

The paper is composed of **three (3) main Sections** as follows:

Section I: Fifteen (15) compulsory questions. 55 marks

Section II: Attempt any three (3) out of five questions. 30 marks

Section III: Attempt any one (1) out of three questions. 15 marks

Note:

Every candidate is required to carefully comply with the above instructions. Penalty measures will be applied on their strict consideration.

Section I. Fifteen (15) Compulsory questions**55 marks**

01. Define cost and highlight the main elements of cost. **(5 marks)**

02. From the following information prepare a cost statement : **(5 marks)**

Item titles	FRW
Raw materials	800,000
Direct labor	350,000
Factory rent	50,000
Power	30,000
Indirect wages	20,000
Administration expenses	40,000
Selling and distribution expenses	30,000
Profit	25% of cost

03. Write short notes on following:

a) Direct cost

b) Cost Centre

(3 marks)

04. What is meant by stock control? Identify three objectives of stock control.

(4 marks)

05. A company has an annual demand for material "M" of 25000 tons per annum.

The cost price per ton is FRW 2000 and stock holding is 25% per annual of the stock value. Delivery cost per bath is FRW 400.

Calculate the economic order quantity.

(2 marks)

06. SANGANO produced 600 units in a week but 40 units were rejected. Time allowed per unit is 6 minutes. No payment is made beyond the time allowed but the bonus is paid on accepted units only. No penalty is imposed on the rejected units. SANGANO produced 600 units in 48 hours. His wage rate per unit is FRW 15.

Calculate his total wage on the basis of Halsey bonus scheme.

(4 marks)

07. Distinguish between overheads allocation and overhead apportionment. (4 marks)
08. Differentiate inter-locking from integrated cost accounts. (4 marks)
09. Define service costing and give example of the organizations which apply service costing method. (3 marks)
10. What is the meaning of the term "Marginal costing"? (2 marks)
11. In manufacture of product "AKANDI" 2000kg of material at FRW 5 per kg were supplied to process 1. Labour costs amounted to FRW 3000 and production overheads of FRW 2300 were incurred. The normal loss has been estimated at 10%; the scrap value of normal and abnormal loss was FRW 1.80 per kg. The actual production was 1750 kg.
Prepare the process account and calculate cost per unit. (5 marks)
12. Describe briefly the following:
- a) Process loss
 - b) Scrap (2 marks)
13. Define budget and discuss three advantages of budget. (5 marks)
14. What are material cost variances? Give at least two causes of material cost variances. (4 marks)
15. Describe two characteristics of a computer. (3 marks)

Section II. Choose and answer any three (3) questions 30 marks

16. A manufacturing company has three production departments and two service departments. Overheads of these departments for a period are as follows:-

Production departments

	FRW
A	25,000
B	20,000
C	15,000

Service departments

M	10,000
N	<u>7,800</u>
	77,800

A technical assessment for apportionment of the costs of the services departments shows:-

	Departments				
	A	B	C	X	Y
M	30%	30%	20%	-	20%
N	40%	30%	20%	10%	-

You are required to show the total overhead chargeable to three production departments by using simultaneous equation. **(10 marks)**

17. In a specific period, production and cost data were as follows:-

Production was 1600 fully complete units and 400 partly complete units.

The degree of completion of 400 units in W.I.P was as follows:-

Material	100% complete
Labour	60% complete
Production overhead	40% complete

Total costs were as follows:-FRW

Materials	56,400
Labour	14,720
Overheads	<u>8,800</u>
Total	79,920

Calculate the total equivalent units, the cost per complete unit and the value of work in progress. **(10 marks)**

18. The budgeted overheads of URWIBUTSO Enterprise for the year are given as under:

Variable Overheads

Departments	Amount of Overhead	Overhead absorption base
	FRW	
A	150,000	15,000 Labour hours
B	200,000	25,000 Labour hours
C	300,000	30,000 Machine hours
D	120,000	2,0000 Labour hours

Selling and administration overheads are charged at 10% of production cost. Profit is charged at 25% on selling price.

An order for 2000 books was received from a publisher. The batch number of this order is 1523. The following additional information in respect batch 1523 is provided:-

Materials FRW 87,000

Labour

A	150 hours at FRW 12 per hour
B	40hours at FRW 15 per hour
C	60 hours at FRW 20 per hour
D	100hours at FRW 10 per hour

The machine hours used on this job were 50

You are required to calculate the total cost of the batch and selling price of the batch. **(10 marks)**

19. Describe five (5) advantages that computerized accounting system might make to finance department of entity. **(10 marks)**

20. What do you mean by cost technique? Explain four costing techniques. **(10 marks)**

Section III. Choose and answer any one (1) question 15 marks

21. a) Define Cash Budget.

b) The following information is available about the company's operations:

(i) The cash balance on 1st December is 40.000 FRW

(ii) Actual sales for October and November and expected sales for December are as follows :

	October	November	December
Cash sales	65,000	70,000	83,000
Sales on account (Credit)	400,000	525,000	600,000

Sales on account are collected over a three-month period as follows : 20% collected in the month of sale, 60% collected in the month following sale, and 18% collected in the second month following sale. The remaining 2% is uncollectable.

- (iii) Purchase of inventory will total 280,000 FRW for December, Thirty percent of a month's inventory purchases are paid during the month of purchase, the accounts payable remaining from November's inventory purchases total 161,000 FRW, all of which will be paid in December.
- (iv) Selling and administrative expenses are budgeted at 430,000 FRW for December. Of this amount, 50,000 FRW is for depreciation.
- (v) A new web server for the marketing Department costing 76,000 FRW will be purchased for cash during December, and dividends totaling 9,000 FRW will be paid during the month.
- (vi) The company maintains a minimum cash balance of 20,000 FRW. An open time of credit is available from the company's bank to bolster the cash position as needed.

Required

Prepare a cash budget for December. Indicate in the financing section any borrowing that will be needed during the month. **(15 marks)**

- 22.** The Standard cost card shows the following details relating to material needed to produce 1 kg of groundnut oil:

Quantity of groundnut required	3kg
Price of groundnut	FRW 2.5 per kg
Actual production data	
Production during the month	1000kg
Quantity of material used	3500kg
Price of groundnut	FRW 3 per kg

Required:

- i) Material cost variance
- ii) Material price variance
- iii) Material used variance

(15 marks)

23. The following information is provided for material Isango 125:

Maximum consumption= 6000 units per week

Minimum consumption = 4000 unit per week

Re-order period = 4-6 weeks

Re-order quantity =30,000 units

Required:

- a) Re-order level
- b) Minimum stock level
- c) Maximum stock level
- d) Average stock level

(15 marks)

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