

ERIC KUBUKILA

ACC&CSM – Cost and Computerized  
Accounting

**T030**

Friday, 13/11/2015

08:30 – 11:30

WORKFORCE DEVELOPMENT AUTHORITY



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**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2015,  
TECHNICAL AND PROFESSIONAL TRADES**

**EXAM TITLE: Cost and Computerized Accounting**

**OPTIONS: - Accountancy (ACC)**

**- Computer Science and Management (CSM)**

**DURATION: 3hours**

**INSTRUCTIONS:**

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

Section **I**: Twelve (**12**) questions, all **Compulsory**. **55marks**

Section **II**: Five (5) questions, **Choose any Three (3)**. **30marks**

Section **III**: Three (3) questions, **Choose any One (1)**. **15marks**

**Every candidate is required to strictly obey the above instructions. Punishment measures will be applied to anyone who ignores these instructions.**

**Section I. Twelve (12) Compulsory questions. 55marks**

**01.** Select the correct answer in each of the following :

(I) which of the following is an example of fixed cost: **2 marks**

- a) Direct material cost
- b) Salesman's commission
- c) Depreciation of machinery
- d) Chargeable expenses

(II) Cost accounting concepts include all of the following except: **2 marks**

- a) Planning
- b) Controlling
- c) Sharing
- d) Costing

(III) The main purpose of cost accounting is to **2 marks**

- a) Maximize profits
- b) Help in inventory valuation
- c) Provide information to management for decision making
- d) Aid in the fixation of selling price

**02.** What are the three (3) broad elements of cost? **3 marks**

**03.** What is a cost unit? Give two (2) examples. **4 marks**

**04.** Identify the following costs as prime cost or conversion cost for a baseball glove manufacturer : **3 marks**

Leather used to make a baseball glove.	
Wages of assembly line employees.	
Ink used to print a player's autograph on a baseball glove	

**05.** From the following information for the month of January, 2015 calculate prime cost and factory cost of ABC company :

Direct Materials: 10,000 kilos at 1,500 FRW per kilo, Direct Labour: 12,000 hours at 2,500FRW an hour, Factory Overheads: 1,200,000 FRW. **6 marks**

**06.** Give and explain objectives of cost accounting. **6 marks**

**07.** You have been appointed the project manager of the Jehovah Youth Group. The group has a tailoring shop where they are making items for export. Your first task is to prepare a budget for the first quarter which is to be discussed by the Board of Directors at the end of May.

The following data is available: rent per quarter FRW 30,000; insurance per year, FRW 15,000; material per item FRW 500; manager's allowance per month FRW 15,000 wages for cleaners FRW 2,500 per month; wages for tailors, 250 per item; other overheads, FRW 10,000 fixed plus FRW 150 per item. Your plan is to make 500 items in the first quarter. There are two cleaners.

Required: Prepare a cost budget for the first quarter. **5marks**

**08.** Identify the following cost as direct materials, direct labor or factory overhead for a magazine publisher:

Paper used in the magazine	
Staples used to bind magazine	
Maintenance on printing machines	
Wage of printing machine employees	
Glue used to bind magazine	

**5marks**

09. Saron Manufacturing Company reported the following material data for the month ending April 30, 2015.

Material purchased	860,000 FRW
Material inventory, April 1	350,000 FRW
Materials inventory, April 30	300,000 FRW

Determine the cost of direct material used in production by Saron during the month ended April 30, 2015. **2 marks**

10. The following concepts are used in Cost Accounting. Match concept to its definition. **6 marks**

Concept	Definition
Period costs	Costs that can be directly related to a cost object.
Indirect costs	A sacrifice of resources.
Fixed costs	Costs that are part of inventory
Direct costs	Costs that can be more easily attributed to time intervals.
Cost	Costs that do not vary with the volume of activity
Product costs	Costs that cannot be directly related to a cost object

11. Give four (4) benefits to organization of using computerized system. **4 marks**

12. Give and Explain disadvantages of using computers. **5 marks**

**Section II. Answer any three (3) questions of your choice**

**(Do not choose more than three (3) questions).**

**30marks**

**13.** Guitar manufacturer, Legend guitar, used the following costs when manufacturing 100 guitars as shown below:

- Cost of wood and other materials amount to FRW 2,300 per guitar;
- Direct labour costs FRW 3,500 per guitar;
- Variable factory overheads amount to FRW 850 per guitar; and
- Fixed factory overheads amount to FRW 150,000 for the period.

You are required to calculate the cost of manufacturing 100 guitars.

**10marks**

**14.** The following information is available for SULFO Industry Ltd for the month ended January 31, 2015

- |  |             |
|--|-------------|
| • Cost of direct material used in production | 215,000 FRW |
| • Direct labor                               | 185,000 FRW |
| • Work in progress inventory, January 1      | 85,000 FRW  |
| • Work in progress January 31                | 94,000 FRW  |
| • Total factory overhead                     | 130,000 FRW |

Determine SULFO Industry Ltd's cost of goods manufactured for the month ended January 31, 2015.

**10 marks**

**15.** The following is a list of costs that were incurred in producing a textbook:

- a. Insurance on the factory building and equipment
- b. Salary of the vice president of finance
- c. Hourly wages of printing press operators during production
- d. Straight-line depreciation on the printing presses used to manufacture the book

- e. Electricity used to run the presses during the printing of the book
- f. Sales commissions paid to textbook representatives for each text sold
- g. Paper on which the text is printed
- h. Book covers used to bind the pages
- i. Straight-line depreciation on an office building
- j. Salaries of staff used to develop artwork for the book
- k. Glue used to bind pages to cover

With respect to the manufacture and sale of the book, classify each cost as either a product cost or a periodic cost. Indicate whether each product cost is a direct material, direct labor or a factory overhead cost. Indicate whether each period cost is a selling expense or an administrative expense. **10 marks**

**16.** From the following information, calculate the value of goods sold and the sales:

	FRW	
Total Cost of Production	3,105,000	
Opening stock of finished goods	145,600	
Closing stock of finished goods	102,100	
Selling and distribution overheads	343,055	
Profit	1,807,360	<b>10 marks</b>

**17. a)** Explain the following concepts used in inventory/stock management.

(i) Maximum stock level, (ii) order level and (iii) minimum stock level

b) Two items are omitted from each of the following three lists of costs of goods manufactured statement data. Determine the amount of missing items, identifying them by letter.

Work in progress November 1,	16,000	36,000	(e)
Total manufacturing costs incurred during November	112,000	(c)	42,000

Total manufacturing costs	(a)	210,000	49,000
Less Work in progress inventory, November 30		24,000	48,000 (f)
Cost of goods manufactured	(b)	(d)	43,000

**10 marks**

**Section III. Answer any one (1) question of your choice**

**(Do not choose more than the one (1) question). 15marks**

18. The following data are extracted from books of Legend Guitars Ltd for the year ended December 31, 2012.

Inventories:	Jan 1, 2012	Dec.31, 2012
Materials .....	65,000	35,000
Work in progress.....	30,000	24,000
Finished goods .....	60,000	62,500
Manufacturing cost incurred during 2012		
Materials purchased.....		100,000
Direct labor.....		110,000
Factory overhead:		
Indirect labor.....		24,000
Depreciation on factory equipment.....		10,000
Factory supplies and utility cost.....		10,000
Sales.....		366,000
Selling expenses.....		20,000
Administrative expenses.....		15,000

You are required to prepare statement of Cost of Goods manufactured for the year ended 31 December 2012.

**15marks**

19. Discuss the difference between cost Accounting and financial accounting.

15 marks

20. (a) MTN Rwanda Cell makes the following purchases:

- 30 office tables at FRW 250,000 each
- 350 office chairs at FRW 250,000 each
- 75 mobile telephones at FRW 185,000 each

(i) Calculate the cost of each of these purchases and the total cost.

(ii) If the supplier granted discount of 3% to be deducted from the total cost.

Calculate the total cost to be paid after discount.

(b) Give two (2) examples of accounting software.

15 marks

(Kari, Jiri) 2 Majiwe = 100,000  
Jiri → 1 Changa = 50,000  
Lega → 1 of Cement = 40,000  
Jiri of M.O = 54,000  

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294,000