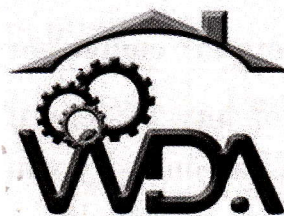


**CSM – Principles of  
Management and Accounting**

**T089**

**Friday, 16/11/2012, AM**

**WORKFORCE DEVELOPMENT AUTHORITY**



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**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2012;  
TECHNICAL AND PROFESSIONAL TRADES**

**EXAM TITLE: PRINCIPLES OF MANAGEMENT AND  
ACCOUNTING**

**OPTION: COMPUTER SCIENCE AND MANAGEMENT (CSM)**

**DURATION: 3HOURS**

**INSTRUCTIONS:**

The paper is conceived in **three (3)** parts as follows:

<b>PART I: Principles of Management and Auditing</b>	<b>20marks</b>
<b>PART II: Cost Accounting</b>	<b>60marks</b>
<b>PART III: Computerized Accounting</b>	<b>20marks</b>

## **PART I: Principles of Management and Auditing**

**All questions are compulsory. (20marks)**

01. Mention any 2 essential characteristics of a company. **2 marks**
02. Give 2 reasons why you think companies are important in a country **2 marks**
03. Give any two qualities of a good manager **2 marks**
04. Assume you're a manager at company X, what will you do to increase productivity of a company? **4 marks**
05. Explain briefly the difference between internal audit and internal control. **4marks**
06. Mention the types of auditing **3 marks**
07. Explain why is auditing important to an organization **3 marks**

## **PART II: COST ACCOUNTING**

**Section A: Answer all questions. 30marks**

01. Indicate whether the following characteristics refer to Financial Accounting or to Cost Accounting:
  - (a) It is based on past events
  - (b) Its purpose is to provide information for managers
  - (c) It is based on future events
  - (d) It complies with company law and accounting rules **4marks**
  
02. State whether the following costs in a hair salon are direct or indirect:
  - (a) Conditioner used on hair
  - (b) Insurance of salon
  - (c) Wages of salon cleaner
  - (d) Wages of hair stylists **4marks**

03. Copy the table below and complete it, showing fixed costs, variable costs, total costs and unit cost at the different levels of production. **4marks**

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

04. 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 RWF per kilo

Labour: 8,000 hours at 1200 RWF an hour

Overheads: 4,800,000 RWF.

Calculate the unit cost for:

Materials **2marks**

Labour **2marks**

Overheads **2marks**

05. Zirakamwa 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. **3marks**

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

06. Suggest three reasons why it is not advisable to hold high levels of stock.

**3marks**

07. a) State whether the following are fixed costs or variable costs

- (1) Wages of production workers paid using a time-rate method
- (2) Wages of production workers paid by a piece rate method
- (3) Rent for a factory used for production.

**3marks**

b) State the 3 elements of prime cost.

**3marks**

**Section B: Choose and answer four (4) questions. 20marks**

08. 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		

09. Describe and differentiate between absorption costing and marginal costing systems.

**5marks**

10. 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**

11. Kwizera 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 Overheads	43,000	41,900		-	-

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

- #
- |                                     |  |
|-------------------------------------|--|
| a. <del>Packing expenses</del>      | f. <del>Consumable supplies</del>          |
| b. <del>Advertising</del>           | g. <del>Cost of normal idle time</del>     |
| c. <del>Audit fees expenses</del>   | h. <del>Travelling and entertainment</del> |
| d. <del>Salary of storekeeper</del> | i. <del>Postage and stamps</del>           |
| e. <del>Cost of sample</del>        | j. Market research expenses                |

**Section C: Choose and Answer any One (1) question. 10marks**

13. 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**

14. 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.

- Calculate the production cost **3points**
- Calculate the amount for outstanding expenses at the beginning of the year. **3points**
- Calculate the profit **4points**

15. 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:

	<b>Units</b>
Sales	19,000
Opening inventory of finished goods	4,000
Closing inventory of finished goods	3,000
	<b>Kg</b>
Opening inventory of raw materials	50,000
Closing inventory of raw materials	53,000

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

### **PART III: COMPUTERIZED ACCOUNTING**

**All questions are compulsory. (20marks)**

01. Suggest 3 types of accounting statements that a business can make from its computerized accounting information **3marks**
02. 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**
03. 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**
04. In a computerized accounting system, Is it possible to allocate the same account code to two different customers? Explain. **3marks**
05. 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
06. 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**

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