

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

SUPPLEMENTARY EXAMINATION PAPER, 2009

DEGREE/DIPLOMA AND YEAR OF STUDY : DIP COM II

**TITLE OF PAPER : INTRODUCTION TO
COST ACCOUNTING**

COURSE CODE : AC 203

TIME ALLOWED : TWO (2) HOURS

- INSTRUCTIONS:**
- 1. THE TOTAL NUMBER OF QUESTIONS ON THIS PAPER ARE FOUR (4)**
 - 2. ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS .**
 - 3. THE MARKS AWARDED FOR A QUESTION / PART ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.**
 - 4. WHERE APPLICABLE, SUBMIT ALL WORKINGS AND CALCULATIONS.**

NOTE: YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE TAKEN OF ACCURACY OF THE LANGUAGE AND THE GENERAL QUALITY OF EXPRESSION, TOGETHER WITH THE LAYOUT AND PRESENTATION OF YOUR FINAL ANSWER.

SPECIAL REQUIREMENTS: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

QUESTION 1

The following financial data has been completed for three wholesalers for the year ended 30th April 2009.

	Wholesaler		
	1	2	3
Sales	?	E750	E500,000
Opening stock	?	E125,000	E585,000
Purchases	E395,000	?	E301,500
Freight Inwards	E25,000	E55,000	E22,000
Import duties	E45,000	E30,000	0
Available for sale	?	?	?
Less closing stock	E65,000	E98,000	?
Gross profit	?	?	?

Additional information:

- a) Wholesaler 1 marks up merchandise to yield a profit percentage of 25% on cost price.
- b) Wholesaler 2 marks up merchandize at 30% on selling price
- c) In Wholesaler 3's case, cost of sales averages 70% of turnover.

REQUIRED:

Fill in the missing figures of the table above.

(4 Marks each)

Total (40 Marks)

QUESTION 2

Soyiwaphi Ltd manufactures product M in two departments. The following information is applicable to Department 1 for April 2009.

	Units
Opening WIP	0
Material introduced	200,000
Completed and transferred to Department 2	160,000
Closing WIP:	
(Material 100%, conversion 75% completed)	16,000
Cost data:	
Material costs incurred	E536,800
Conversion costs	E347,200

All material is issued at the beginning of the process. Conversion costs are incurred evenly during the process. Normal wastage is estimated at 10% of input and takes place when production is 40% complete. Losses are sold at a scrap value of E0.20 per unit. The company uses the weighted average method of inventory valuation.

REQUIRED:

- i) calculate the values of completed units, Abnormal loss and ending work in process (24 Marks)
 - ii) prepare the work-in-process account (6 Marks)
- Total (30 Marks)

QUESTION 3

Khiza Ltd has supplied the following information for the next five months.

Item	Nov	Dec	Jan	Feb	March
	E	E	E	E	E
Credit sales	60,000	70,000	50,000	60,000	70,000
Payroll	20,000	22,000	21,000	22,000	23,000
Purchases (on account)	15,000	20,000	15,000	25,000	20,000
Depreciation	6,000	6,000	6,000	6,000	6,000
Cash operating expenses	5,000	5,000	6,000	7,000	6,000

Additional Information:

- Collections of accounts receivable amount to 25% in the month of sale; 60% in the first month after sale, 10% in the second month after sale; and 5% written off a bad debts.
- Purchases are paid at the rate of 20% in the month of purchase and 80% in the first month following purchase/
- Cash on hand at January 1 is E6000.
- A new motor van valued at E8000 will be purchased in January paying a deposit of E2,000 and the balance to be paid in two months equal installments. Dividends of E4000 will be paid in March.

REQUIRED:

Prepare a columnar cash budget for January, February and March (30 Marks)

QUESTION 4

ABC Ltd uses full or absorption costing. The following information was available to you as a cost accountant.

Normal capacity, in direct labour hours 9600 budgeted variable production overhead E3 per direct labour hour.

Budgeted fixed production overhead per four - week financial period (one month) E120,000 to produce one unit of out put takes two (2) hours of direct labour.

Actual results/figures produced for the month were as follows:

Production in units	5 000
Variable production overhead incurred	E 28,900
Fixed production overhead incurred	E118,000
Actual direct labour hours worked	9 300

REQUIRED:

Calculate the following variances:

a)	Total variable overhead variance	(5	Marks)
b)	Variable production overhead expenditure variance	(5	Marks)
c)	Variable production efficiency variance	(5	Marks)
d)	Total fixed production overhead variance	(5	Marks)
e)	Fixed production overhead expenditure variance	(5	Marks)
f)	Fixed overhead volume /denominator variance	(5	Marks)
	Total	(30	Marks)