



Catholic University Institute of Buea (CUIB)

2019/2020 ACADEMIC YEAR

First Semester Examinations - March 2020



School	BUSINESS				
Department	ACCOUNTING				
Course Coe	ACC 201	Course Title	COST & MANAGEMENT ACCOUNTING 1		
Status	C	Credit Value	6	Level	sophomore
Date	07/03/2020	Venue	MOLYKO	Time	11:30 – 2:30
Course Master	Mr. VALENTINE OJONG				

INSTRUCTIONS: Answer all Questions

Question 1: (20 marks)

ZAIN Company supplies plastic crockery to fast food restaurants in Molyko City. One of its products is a special bowl, disposable after initial use, for serving soups to its customers. Bowls are sold in pack of 10 pieces of CFA F 50 per pack. The demand for plastic bowl has been forecasted at a fairly steady rate of 40,000 packs every year. The company purchases the bowl direct from manufacturer at CFA F 40 per pack within a three days lead-time. The ordering and related cost is CFA F 8 per order. The storage cost is 10% per annum of average inventory investment.

Required:

- Calculate the Economic Order Quantity (EOQ) (4 marks)
- Calculate the number of orders needed every year (4 marks)
- Calculate the total cost of ordering and storage bowls for the year (4 marks)
- Determine when the next order should be placed. (Assuming that the company does maintain a safety stock and that the present inventory level is 333 packs with a year of 360 working days) (8 marks)

Question 2: (10 marks)

Job No. 718 was commenced on 10th October, 2019 and completed on the 1st November, 2019. Materials used were CFA F 600,000 and labour charged directly to the job was CFA F 400,000. Other informations were as follows:

- Machine No. 215 used for 40 hours; the machine hour rate is CFA F 3,500
- Machine No. 169 used for 30 hours; the machine hour rate is CFA F 4,000
- Six welders worked on the job for 5 days of 8 hours each; the direct labour hour rate for welders is CFA F 200
- Other expenditures of the concern not apportioned for calculating the machine hour or the direct hour rates amounted to CFA F 20,000,000, total direct wages for the period being CFA F 20,000,000.

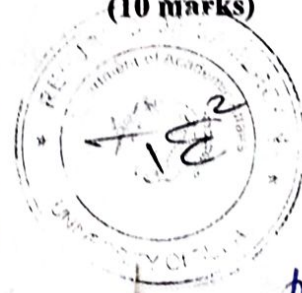
Required: Ascertain the works cost of Job No. 718

(10 marks)

- 1- True
- 2- ~~True~~ F
- 3- ~~True~~ F
- 4- False F
- 5- True F
- 6- True T
- 7- True F
- 8- True T
- 9- False F
- 10- True T

Quiz 2
Answer 1
Ans 10 F

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Question 3: (10 marks)

Vision Publishing House Limited has recorded the following

Year	Output (units)	Total costs (CFAF)	Price index
2016	78,000	174,000,000	100
2017	96,000	214,800,000	112
2018	108,000	250,920,000	123
2019	72,000	241,920,000	144
2020	84,000	297,600,000	160

Required:

Estimate the total cost that should be expected in 2021 if expected output is 102,000 units and an expected price index of 20 less than 2020.

(10 marks)

Question 4: (10 marks)

MESANGA Business ventures deals only in one product and has recorded the following transactions for six months of the year

PURCHASES

Date	Quantity Purchase (Bottles)	Gross Invoice value CFAF	Quantity discount %
1 st February	100	60,000	NIL
1 st March	200	120,000	2.5
1 st May	300	180,000	5.0

SALES

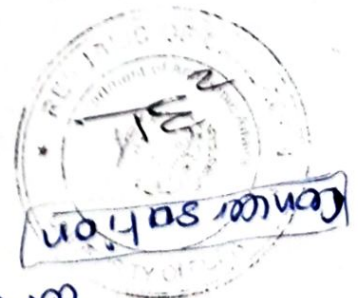
Date	Quantity sold (Bottles)	Total sales value CFAF
February	75	60,000
May	350	350,000

There was an opening balance at 1st January of 50 bottles valued at a total amount of CFAF 25,000.

Required:

- Prepare the store ledger card for the six months using the perpetual inventory system and the FIFO pricing method of issuing stock. (7 marks)
- Prepare a profit statement to show the gross profit for the period, using the FIFO method of pricing (3 marks)

GOOD LUCK!



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