



THE STATE UNIVERSITY OF ZANZIBAR-SCHOOL OF COMPUTING
END OF SEMESTER EXAM- FEBRUARY 2024

BACHELOR DEGREE OF INFORMATION TECHNOLOGY AND ACCOUNTING (BITAM)					
COURSE:	BITAM	SEMESTER:	1	YEAR:	2024
SUBJECT CODE:	INF 2109	SUBJECT TITLE:	COST ACCOUNTING		
DATE:	FEBRUARY		TIME ALLOWED:		3:00 HRS

INSTRUCTIONS

- a) This paper consists of **six (6) questions**. Attempt **five (5)** questions.
- b) Question number **one (1)** is compulsory.
- c) Marks are shown at the end of each question.
- d) Copy or cheating results of disqualification.
- e) Answer should be clear and neatly written in the answer sheet provided.
- f) This paper consists of 6 printed pages.

QUESTION ONE

For each of the following questions, select the best answer and write its letter beside the respective question number.

1. Who of the following is an internal user of cost accounting information?
 - a. Trade associations
 - b. Customers
 - c. Creditors
 - d. Sales manager.
2. Cost accounts present cost revenue and profit/ loss related to information for:
 - a. The entire organization
 - b. A product, service or activity
 - c. A separate section or department
 - d. All of the above
3. Which of the followings ascertain that cost accounting is a profession?
 - a. It helps in comparing data of various years
 - b. It helps in cost ascertainment and price determination
 - c. It is a specialized body of knowledge
 - d. It facilitates the preparation of other financial statements.
4. Which of the following is/ are example(s) of indirect materials?
 - i. Wooden plank used in wooden chair
 - ii. Glue used in wooden chair
 - iii. Small 1 cm screw used in a wooden chair
 - a. Only (i) above
 - b. Only (i) and (ii) above
 - c. Only (ii) and (iii) above
 - d. All (i, ii, and iii) above.
5. The best description about fixed cost is that:
 - a. Fixed cost remains fixed forever
 - b. Fixed costs remains fixed in budget period
 - c. Fixed costs always varies
 - d. None of the above.
6. Which of the followings statements correctly brings out the meaning of future costs?
 - a. Future costs are relevant for decision making
 - b. Future costs are not relevant for decision making
 - c. Future costs are related with present market value of an asset
 - d. Future costs are based on records facts.
7. A proper recording and control over material cost is essential for ensuring:
 - a. Uninterrupted production process
 - b. Judicious purchase of materials
 - c. Avoiding overstocking
 - d. All of the above

8. All the expenses of salaries and wages are first debited to the:
- Wages control account
 - Work in progress account
 - Cash/bank account
 - General ledger adjustment account.
9. Idle time can be raised by:
- Machine breakdown
 - Time spent by employees due to scarce materials
 - Working below the productivity level
 - Waiting for completion previous procedure
- Only (i) is true
 - All options are correct
 - None of the above are correct
 - (i), (ii), and (iii) are correct.
10. The blanket rate method uses:
- One single rate to charge the overheads to all products
 - Different rates for different departments
 - Different rates for different products
 - None of the above.

(10 @ 0.2 = 12 Marks)

QUESTION TWO

A: Outline any four advantages of time based system of labour remuneration.

(2 marks)

B: Mr. Nkonu is a manufacturer of "stone bricks" at Madenjani Pemba. The following working details (Table 1) is about Mr. Nkonu's employees (Ebeli, Abii, and Amina) that can be used to determine the employees' wages for the month of February, 2024.

Table 1: Employees' work details

Employees	Ebeli	Abii	Amina
Units produced	260	284	275
Units rejected	-	20	25
Time taken (hrs)	83	83	83
Basic Hourly rate of pay (TZS)	8,000	8,000	8,000

Time allowed to produce one "stone brick" for each employee is 21 minutes. The bonus payment is based on the accepted units only.

Required: Calculate total remuneration for the above three employees of Mr. Nkonu as per Halsey, Halsey wair and Rowan premium bonus schemes. (10 marks)
(Total = 12 Marks)

QUESTION THREE

(2 marks)

A: Mention any four assumptions of CVP analysis.

B: MAHANGAIKO Beverage Company (MBC) makes a single product called "**Best drink ever**". The information relating to this product for the month of July 2023 is as follows.

Sales (total)	TZS 600,000,000
Selling Price per unit	TZS 20,000
Variable cost per unit:	(TZS)
Direct materials	8,000
Direct labour	4,000
Variable production overheads	2,000
Variable selling overheads	2,000
Total fixed costs for the month:	(TZS)
Production costs	40,000,000
Administration costs	15,000,000
Sales and distribution costs	25,000,000

You are required to calculate:

- Gross contribution per unit
- A net contribution per unit.
- The profit for the period.
- Calculate **break even** the level of output for the MBC.
- The level of output required to earn an after tax profit of TZS 50 Million.
(Assume tax rate (t) is 20%)

(10 marks)

(Total =12Marks)

QUESTION FOUR

Write short notes on the following terms as they are used in cost accounting:

- Job costing
- Process costing
- Contract costing
- Batch costing
- Budgetary control

(2.4 Marks @5 =12 marks)

(Total =12 Marks)

QUESTION FIVE

- A. Identify any four arguments in favor of absorption costing. **(2 marks)**
- B. The following data have been extracted from the budgets and standard costs of FAHIR manufacturing Co. Ltd, a company which manufactures and sells a single product.

Per unit	TZS
Selling Price	45,000
Direct materials costs	10,000
Direct wages cost	4,000
Variable overhead cost	2,500

The following information are also available from FAHIR manufacturing Co. Ltd:

- Fixed production overhead costs are budgeted at TZS 4,000,000,000 per annum. The fixed production overhead costs are absorbed based on the normal production level. Normal production levels are thought to be 320,000 units per annum.
- The Budgeted selling and distribution costs are as follows :

Variables	TZS1,500 Per unit sold
Fixed	TZS 80,000,000 per annum

- Budgeted administration costs are TZS 120,000,000 per annum.
- The following patterns of sales and production are expected during the first quarter of the year 2023.

	January-March
Sales (units)	60,000
Production (units)	70,000

- There is no inventory on January 1, 2023.

Required:

Prepare profit statement **for the quarter January-March, 2023**, using absorption costing. **(10 Marks)**
(Total =12 Marks)

QUESTION SIX

A company manufactures two brands of pen; 1 = "bright" pen, and 2= "Bic" pen. The sales department of the company has three sales centres in different areas of the country.

Sales centres	Bright pen	Bic pen
Kisauni	300,000	400,000
Kengeja	562,500	600,000
Darajani	180,000	20,000

The sales budget for the year 2024 were:

- a. Selling prices: Bright pen = TZS 1,000; Bic pen = TZS 1,200, for all sales centres
b. It is estimated that in Kisauni sales centre will increase sales of Bic pen by 175000; and Darajani sales centre will increase sales of Bic pen by 50,000. It is also agreed to both estimates of Kengeja sales centre 2 by 20%.

The budgeted inventory at beginning and classing of the year 2023 are as follows:

	Bright pen	Bic pen
Opening Inventory	50,000	75,000
Budgeted closing inventory	25,000	20,000

The budgeted material requirement for the production are as follows:

Material requirements for production	Bright pen	Bic pen
Required quantity of material X per unit	8 grams	6 grams
Required quantity of material y per unit	9 grams	8 grams
Opening inventory: Material X = 800 grams : Material y = 9500 grams		
Budgeted Closing inventory: Material X = 850 grams : Material y = 9500 grams		
Price of materials: X = 2500 per gram; Y = 2700 per gram		

Required:

Required:
Prepare sales budget, production budget, material usage and material purchase budgets for the year 2023. **(10 Marks)**

A: Outline any five advantages of stock control.

(2 marks)
(Total =12 Marks)