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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – JUNE 2024

Semester: V

551 CO 52 COST ACCOUNTING

Time: 3:00 Hours

Max. Marks: 100

Answer any FIVE Questions (5 x 20 = 100 Marks)

1. a) From the following information, prepare a cost sheet for the month of January. (10 Marks)

| | K |
|--|--------|
| Stock of raw materials on 1 st January | 25,000 |
| Stock of raw materials on 31 st January | 26,200 |
| Purchase of raw materials | 21,900 |
| Carriage on purchases | 1,100 |
| Sale of finished goods | 72,300 |
| Direct wages | 17,200 |
| Indirect wages | 800 |
| Direct expenses | 1,200 |
| Factory overheads | 8,300 |
| Administrative overheads | 3,200 |
| Selling overheads | 4,200 |

- b) A manufacturing company submits to you the following details about the various expenses incurred by it during the year ended 31st December 2020. (10 Marks)

| | K |
|--------------------------------|--------|
| Cost of raw materials consumed | 25,000 |
| Advertising | 1,000 |
| Factory office salaries | 1,500 |
| Legal expenses | 300 |

| | |
|-------------------------------------|--------|
| Supervisor's salary | 5,500 |
| Factory rates and insurance | 1,000 |
| Carriage outwards | 1,500 |
| Direct Labour | 20,000 |
| Bad debts | 300 |
| Office stationery | 200 |
| Rent of factory | 2,500 |
| Office salary | 10,000 |
| Commission on sales | 4,000 |
| Audit fees | 300 |
| Depreciation on plant and machinery | 1,500 |

Calculate the prime cost, works cost, cost of production, Total cost.

2. a) Calculate minimum stock level, maximum stock level and re-ordering level from the following details.

| | |
|---------------------------|-------------------|
| a) Minimum consumption | 100units per day |
| b) Maximum consumption | 150 units per day |
| c)Normal consumption | 120 units per day |
| d)Re-order period | 10-15 days |
| e) Re-order quantity | 15,000units |
| f) Normal re-order period | 12 days |

(10 Marks)

- b) From the following particulars, prepare the stores ledger by adopting last -in first out method 2020

March 1 Purchased 300 units at K3 per unit
 March 2 Purchased 600 units at K 4 per unit
 March 4 Issued 400 units
 March 7 Purchased 600 units at K 5 per unit
 March 8 Issued 1,000 units
 March 9 Purchased 400 units at K6 per unit
 March 10 Issued 200 units

(10 Marks)

3. a) The following information is extracted from the records of a company for the month of oct 2020

Number of employees at the beginning of the month K950

Number of employees at the end of the month K1050

Number of employees resigned K10

Number of employees discharged K30

Number of employees replaced in the vacancies K20

Number of employees appointed due to expansion scheme K120

Calculate the monthly labour turnover rate and the equivalent annual rates under the three methods of labour turnover measurement. **(10 Marks)**

b) Distinguish between Time and piece rate system. **(10 Marks)**

4. a) The following information is available from the job ledger in respect of Job no 700

Materials K3,400

Wages 80 hours at K 2.50

Variable overheads incurred for all jobs is K 6000 for 4000 labour hours calculate the profit earned on job No 700 if it billed for K 4,220. **(10 Marks)**

b) The following were the expenses on a contract which commenced on 1st January 2020

| Particulars | Amount K |
|----------------------|-------------|
| Materials purchased | 10,000 |
| Materials at the end | 1,250 |
| Direct wages | 15,000 |
| Plant issued | 5,000 |
| Direct expenses | 8,000 |

The contract price was K 150,000. It was duly received when the contract was completed on 30th September 2020. Charge indirect expenses at 15% on wages and provide K 1,000 for depreciation on plant. Prepare the contract account and contractee's account. **(10 Marks)**

5. a) Discuss the advantages and disadvantages of standard costing. **(10 Marks)**

b) Explain the advantages and Limitations of Zero based Budget. **(10 Marks)**

6. a) State the different methods of classification according to function with examples. **(10 Marks)**

b) ABC Limited has four departments A,B,C and C are production departments. D is a service