



COST AND MANAGEMENT ACCOUNTING 2
7010

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD

Technical and Vocational Education Examinations

JUNE XXXX

ADVANCED LEVEL

Specialty Name (Specialty Code)	ACCOUNTING (ACC/CG)
Subject Title	COST AND MANAGEMENT ACCOUNTING
Paper No.	2 – MANAGEMENT ACCOUNTING
Subject Code No.	7010

Three hours

INSTRUCTIONS TO CANDIDATES

This paper carries SIX questions.

Each question carries 20 marks.

You are required to answer any **Five (5)** questions of your choice.

If you answer MORE THAN five (5) questions, ONLY the first five (5) answers presented will be marked. Meanwhile, the other answer will be cancelled.

You are allowed to use **GRAPH PAPERS** and **CALCULATORS**.

You must use **ONLY** Blue or Black ink. No answer in Pencil will be marked.

All Appendices filled or completed should be handed in with your answer booklet and must be put in the appropriate answered number.

All necessary calculations must be shown.

You are reminded of the necessity for good English and orderly presentation in your answers.

You are advised to read carefully through the question paper, before you begin your answers.

Turn Over

1. A company has presented the following details, asking for your help in preparing their budget for the year, starting 1st January, 2019:

Sales:

The company's sales is projected at 15,000 units for the budget period

Materials used;

- Material A is 3 kg at 500 CFAF each
- Material B is 2 kg at 800 CFAF each

Labour used;

- Skilled labour is 3,000 CFAF per hour and 2 hours per unit.
- Unskilled labour is 1,500 CFAF per hour and 3 hours per unit.

Overhead; Charged at 500 CFAF per labour hour.

Other Information:

- Raw material A has opening stock of 5000 kg and closing stock of 7,000 kg.
- Raw material B has opening stock of 6000 kg and closing stock of 5,000 kg.

Closing stock of produced units should be 5,000 units given that the company sells at 35% margin;

Work Required:

- i. What Is the Production Budget? (4 marks)
- ii. What Is Raw Material Budget? (4 marks)
- iii. What Is the Labour Cost Budget? (4 marks)
- iv. What Is the Overhead Budget? (4 marks)
- v. What Is the Sale Budget? (4 marks)

(Total 20 marks)

2. NNEMO ltd is to invest 2,000,000 CFAF in one of the following capital investment projects that will generate cash flows as follows in CFAF:

Year	2017 in CFAF	2018 in CFAF	2019 in CFAF
Machine A	2,000,000	3,000,000	3,000,000
Machine B	2,400,000	1,600,000	4,000,000

The cost of capital is 8% per annum.

Required:

- a) Calculate the net present value (NPV) for each project. (12 marks)
- b) Calculate the payback period (PP) for each project. (6 marks)
- c) State the most profitable project. Justify. (2 marks)

(Total 20 marks)

3. A firm produces Cocoa and package to oversee market. The selling price is 850 CFAF per unit. The variable cost of production is 500 F and its estimated total fixed with amount to fixed production. Overhead 500,000 CFAF and fixed selling and distribution is 400,000 CFAF

Required;

- (a) i) Calculate the contribution per unit (4 marks)
- ii) The Breakeven point in unit and sales value (2 marks)
- (b) Complete the table below to show the breakeven point.

Unit	Fixed cost	VC	TC	TR	Profit/Loss
0					
1,000					
2,000					
3,000					
4,000					

Also draw a chart to the breakeven point calculated above. (10 marks)

(c) How many units will the firm produce in order to make a profit 1200,000 CFAF (4 marks)

(Total 20 marks)

4. EPETICAM is a small sized business that manufactures two products A and B sold in Ndop and Kumbo. Past sales in units for the past 7 months were as follows:

Months	January	February	March	April	May	June	July
Sales	440	350	480	630	630	700	680

Work required

- Find the equation of the regression line using the least square method (6 marks)
- Forecast sales for the month of August and September considering the seasonal coefficients below (4 marks)

Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
0.7	0.8	1.1	1	0.85	1.4	0.75	1.05	0.95	0.9	1.2	1.3

- Prepare the sales budget of EPETICAM for August and September using a single document (appendix 1) and knowing that past experience shows that (10 marks)
 - ❖ Product A represents 40 % and product B 60 % of the total monthly sales;
 - ❖ 30 % of monthly sales are made in Kumbo and 70 % in Ndop;
 - ❖ Unit selling price of product A is 400F and that of product B is 150 F

(Total 20 Marks)

5. NNEM Plc has provided you with its unit standard index cost card for a standard unit in the enterprise as follows:

Element	Quantity	Unit Price in CFAF	Amount in CFAF
Raw materials	3 kg	1,500	4,500
Direct labour	10 hours	1,000	10,000
Overhead	10 hours	2,100	21,000
Unit standard cost	1	34,000	35,500

The overhead absorption rate of 2,100 F is based on direct labour hours. In the month of February, 2,000 units were completed. At the start of the month, there were 200 units of work-in-process which were completed 100 % in terms of raw materials and only 60 % in terms of direct labour hours. At the end of the month, there were 400 units of work-in-process which were completed 100 % for raw materials and 70 % for direct labour hours. The costs incurred for the month consist of:

- Raw materials 3,200 kg at 1,510 F per kg
- Direct labour 11,000 hours at 1,020 CFAF per hour
- Overhead 22,220,000 CFAF

Required:

- Determine the equivalent production for each cost element for the month of February. (3 marks)
- Present the comparison table to show the global variance for each element of cost. (9 marks)

c) Analyse the global variance on raw materials and on direct labour into two sub variances.

(8 marks)

(Total 20 marks)

6. PECTEN fuel sales budget for few kinds of products, the budget and actual sales record is given below.

Budget sales	<u>Products</u>	<u>Quantity</u>	<u>Price/each in CFAF</u>
	Gas oil	800 units	300
	Petrol oil	1,000 unit	800
	Kerozen oil	1,600 unit	400
	Supper oil	2,000 unit	600

Actual sales	<u>Product</u>	<u>Quantity</u>	<u>Price/each in CFAF</u>
	Gas oil	1,000 unit	200
	Petrol oil	1,200 unit	600
	Kerozen oil	1,500 unit	500
	Supper oil	2,100 units	700

Required:

(a) Calculate sales,

i) Budgeted values

(2 marks)

ii) Actual sales values

(2 marks)

iii) Standard sales values

(2 marks)

(b) Sales value variance

(4 marks)

(c) Sales price variance

(4 marks)

(d) Sales volume variance

(6 marks)

(Total 20 marks)