

**CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD**

General Certificate of Education Examination

**JUNE 2016**

**ADVANCED LEVEL**

Subject Title	ACCOUNTING
Paper No./Title	2 – Cost and Management Accounting
Subject Code No.	0705

---

**Three Hours**

Answer FIVE questions, choosing two from SECTION A and ALL from SECTION B.

All questions carry equal marks

In calculations, you MUST show all steps in your workings.

---

Turn Over

**SECTION A: COST ACCOUNTING**  
(Attempt Any Two Questions)

1. ZYZ Ltd buys and sells boxes. During the first six months of the year 2013, the following transactions were recorded:

Purchases transactions			Sales transactions		
Date of receipt	Quantity bought	Total cost	Date of despatch	Quantity sold	Total proceed
	boxes	FCFA		boxes	FCFA
13 <sup>th</sup> January	200	14,400	10 <sup>th</sup> February	500	50,000
8 <sup>th</sup> February	400	30,400	20 <sup>th</sup> April	600	54,000
11 <sup>th</sup> March	600	48,000	25 <sup>th</sup> June	400	30,400
15 <sup>th</sup> June	500	28,000			

The closing stock counted on June 30<sup>th</sup> was 200 boxes. Other expenses incurred during the six month period amounted to 4,600 FCFA. There was no opening stock on January 1<sup>st</sup> 2013.

**Required:**

- (a) With the aid of a stock bin card, calculate the value of the closing stock at the end of June using:
- First in first out (FIFO) method. (7 marks)
  - Weighted Average cost after each entry method. (7 marks)
- (b) Calculate the net profit of the company based on the FIFO method. (6 marks)
- (Total = 20 marks)**

2. The following information relates to a planned production of 5,000 units of finished product H for a private company known as HENCAM Company:

- Raw material M: 9,500 kg at 460 FCFA each.
- Direct labour: 4,200 hours at 1,180 FCFA each.
- Overhead manufacturing expenses: 5,250,000 FCFA of which variable cost is 3,360,000 FCFA
- Overhead absorption base: direct labour hour

The following information was recorded in May 2011:

- Purchases of raw materials M: 12,500 kg at 520 FCFA each.
- Direct labour: 4,500 hours at 1,200 FCFA each.
- Overhead manufacturing expenses: 6,750,000 FCFA of which fixed cost is 2,250,000 FCFA.
- Manufacturing of finished product H: 5,800 units at 4,125 FCFA each.
- Stock on 31/05/2011:
  - Raw materials M: 2,500 kg at 500 FCFA each.
  - Finished product H: 700 units at 3,250 FCFA each.

**Required:**

- Prepare the unit standard cost index card. (4 marks)
  - Prepare the comparison table between the actual cost and the standard cost. (9 marks)
  - Prepare a flexible budget for 4,200 hours and 5,000 hours. (5 marks)
  - Prepare the variance analysis of raw material by calculation. (2 marks)
- (Total = 20 marks)**



3. DAP Co LTD uses 10,000 units of MT material per year which cost 1,000 FCFA per unit. It costs 200 FCFA each time an order is placed and the storage cost is 10 % of unit cost. The company manufactures Zinc for Cameroon and Central Africa markets.

**Required:**

- (a) Calculate the following:
- The EOQ
  - The optimal number of orders
  - The total ordering cost per annum
  - The optimal average stock
  - The total carrying cost per annum
  - The total cost per annum

(12 marks)

- (b) Determine the optimum quantity to be purchased using the tabular method. (Present your answer as shown on the table below).

A	B	C	D	E	F
Number of orders	Ordering quantity	Average stock	Ordering cost	Holding cost	Total cost
100	100				
50	200				
33.3	300				
25	400				
20	500				

(4 marks)

- (c) Use the information from (b) above to show the EOQ graphically.

(4 marks)

(Total = 20 marks)

## SECTION B: MANAGEMENT ACCOUNTING

(Attempt All Questions)

4. ASHU is a public limited company located in Big Ngwandi. Its activity consists of manufacturing two products: Bread and Cake, through two workshops.

Workshop 1 uses eight machines managed by 40 workers. The maximum monthly working hour per worker is to 115 hours.

Workshop 2 uses five mixing machines consuming a maximum of 6,000 kg of raw material per machine for the month.

- The forecasts for the month of June 2013 are as follows:

Unit selling price:

- Bread 1,700 FCFA
- Cake 800 FCFA

Contribution to sales ratio:

- Bread 0.4
- Cake 0.3

Each unit of the product requires the following in each workshop:

Product	Workshop 1	Workshop 2
Bread	30 minutes	5 kg
Cake	24 minutes	2 kg

- The maximum sales of bread for the month is 4,000 units.
- The company wishes to maximize the contribution from its operations.