

COMMON ENTRANCE EXAMINATION JULY 2011 SESSION ACCOUNTANCY FIRST CYCLE

Instructions

You are on three month probation in an accountancy firm and your head of department hands the following files into you for appropriate treatment

FILE ONE: STANDARD COSTING

FILE TWO: COMPANY ACCOUNTING AND TAXATION

FILE THREE: COST ACCOUNTING

FILE FOUR: FIND-OF-YOUR ADJUSTMENTS

FILE ONE: STANDARD COSTING (20marks)

DENA is a firm located in Bambui and its specialized in the manufacturing for sale of a finished product through two workshops as follows;

- Workshop 1: it is manufactured a unit of intermediate product B from 0.6kg of raw material M1
- Workshop 2: it is manufactured a unit of finished product h from the raw material M2 and 1.5 units of intermediate product B.

The following information was provided for the normal activity

- Workshop 1:
 - o Raw materials M1: 2,600kg at 900F each
 - o Direct labour 1,800 hours at 1,500F each
 - o Overhead manufacturing expenses: 2,160,000F of which 1,7100,000F of variable expenses
 - o Overhead absorption base: hour of direct labour
- Workshop 2:
 - o Raw material M2: 1,950kg at 2,050F each
 - o Direct labour 1,200 hours at 2,300F each
 - o Overhead manufacturing expenses: 0.65 per unit of finished product for a total of 3,900,000F of which 1,462,500F of fixed expenses
 - o Overhead absorption base kg of raw material consumed

For may 2010, the following entries were made:

- Opening Stock
 - o Raw material M1: 700kg at 1,200F each
 - o Raw material M2: 900kg at 2,000F each
 - o Finished product H: 1,000 units at 6,450F each
 - o Finished product H in process 500 units at 4,560F each
- Purchases
 - o Raw material M1; 33,000kg at 1000F each
 - o Raw material M2: 2,100kg at 2,250F each
- Direct Labour
 - o Workshop 1: 2,500hours at 1,300f each
 - o Workshop 2: 1,950 hours at 2,350f each
- Overhead absorption rate
 - o Workshop 1: 1,400
 - o Workshop 2: 2,250
- Closing stock
 - o Raw material M1: 400kg at 1,035f each
 - o Raw material M2: 550kg at 2,175 each
 - o Finished product H: 1250 units at 6,800f each
 - o Finished product H in process: 800 units at 3,800f each

Elements	Product in process	
	Opening stock	Closing stock

Raw material	80%	100%
Direct labour	90%	70%
Overhead manufacturing expenses	60%	90%

Required:

- 1.1 Prepare the unit standard cost index card of finished product H
- 1.2 Prepare the comparison table between the actual cost and the standard cost of the intermediate product of H at the finished product H
- 1.3 Make the analysis of the raw material M2 total variance by calculation
- 1.4 Make the analysis of the direct labour workshop 1 total variable by calculation
- 1.5 Prepare the flexible budget in workshop 2 for 2,500kg and 1,500kg
- 1.6 Make the analysis of the overhead manufacturing expenses workshop 2 total variance by calculation

FILE TWO: COMPANY ACCOUNTING AND TAXATION

The following information was provided as for GOTA COMPANY

Code numbers	31/12/2008	31/12/2009
1011	28,350,000	12,150,000
1012	-	16,200,000
1013	106,650,000	106,350,000
109	28,350,000	12,150,000
111	2,365,200	4,665,200
112	3,689,500	6,689,500
118	2,825,900	6,825,900
121	-	1,640,500
129	2,600,000	-
137	-	28,500,000
138	-	11,500,000
4616	4,050,000	-
4617	16,310,250	-

GOTA is a public limited set up on 15/10/2007 with capital made up of shares in kind and shares in cash. The contribution in kind (industrial building) was paid on 01/11/2007 whereas, the contribution in cash was paid up 2.5 by bank cheque on 15/11/2007; however, some holders of shares in cash paid up to 80% of their subscription registration fees were paid by bank cheque on 17/11/2007.

On 15/08/2008, the board of directors called up a quarter of cash contribution with due date of payment on 01/09/2008, all the shareholders paid by bank cheque on 01/09/2008 except FRU, holder of 820 shares in cash. After summons and no reply, his shares were sold at stock exchange on 31.10/2008 for a net amount of 22,162,500F with deduction of 1.5% of bank fees; the lateness interest amounted to 114,750f.

On 15/12/2009, the board of directors called up a part of each contribution with due date of payment on 01/01/2010. All the shareholders paid by bank cheque on 01/01/2010

Required

- 2.1 Calculate the nominal value of a share
- 2.2 Calculate the number of shares in cash
- 2.3 Calculate the number of shares in kind
- 2.4 Calculate the number of share paid by anticipation
- 2.5 Calculate the rate per annum of the lateness interest
- 2.6 Reconstitute the table of appropriation of the net profit for 2008 and calculate the value of r with the following information;

- Legal reserve according to the law
- Statutory reserve

- Optional reserve
- First dividend or statutory interest $r\%$
- The balance after deducing the carried forward should be appropriate as second dividend
- Net super dividend per share of 668F