

CORRECTION FIRST CYCLE 2010

FILE ONE: PROVISION ON DOUBTFUL CLAIMS

1.1 Debt owned by customer NGONG

$$775\,125 - (238\,500 + 4\,375) = 119\,250\text{ F}$$

1.2 Determination of the amount of NGONG's provisional on 31/12/2007

$$\text{Amount before tax of LETUNG's claim: } \frac{417\,375}{11\,925} = 350\,000\text{f}$$

- LETUNG's depreciation on 31/12/2007 = $350\,000 \times 0.4 = 140\,000\text{F}$
- NGON's depreciation; $280\,000 (40\,000 + 60\,000) = 80\,000\text{F}$

1.3 Determination of rate of necessary provision for KELUH on 31 - 12 - 2008

$$\text{Recoverable rate on claim: } \frac{11\,000\,000 - 500\,000}{10\,000\,000} \times 100 = 60\%$$

$$\text{Rate of provision} = 100\% - 60\% = 40\%$$

1.4 Establishment of the statement of doubtful customers

Customers	Debit after tax		Settlement	Balance		Old provision		Net provision		Losses	
	Old	New		Before tax	After tax	Rate	Amount	Rate	Amount	Debts	VAT
BEKUM	238500	-	178875	59625	50000	30	60000	30	15000	-	-
LETUNG	417375	-	59625	357750	300000	40	140000	33 1/3	100000	-	-
KELUH	119250	-	47700	74550	60000	80	80000	-	-	60000	14550
FESANG	-	596250	-	599250	300000	-	-	40	200000	-	-
TOTAL	-	178875	-	178875	150000	-	-	-	-	150000	28875
	775123	775125	-	1264050	1060000	-	280000	-	315000	210000	40425

FILE TWO: PRODUCTION BUDGET

2.1 Establishment of the production of the existing production units

2.1.1 Establishment of the graph

Production Programme

$$x \geq 0; y \geq 0$$

$$2.5x + 4y \leq 12000$$

$$3y + 3y \leq 9600$$

$$1.5 + 1 Y \leq 4200$$

$$Z_{\text{max}} = 400 + 300Y$$

$$VE = 9600 - 556.8) 1300$$

$$VE = 56200$$

$$TV = 12000 - 48000 + 56200$$

$$TV = 20200\text{ FRS}$$

2. FILE TWO: COMPANY ACCOUNTING

2.1 CALCULATION OF THE AMOUNT OF CAPITAL

CACULATION OF THE NOMINAL VALUE

$$NV = \frac{\text{Total Capital}}{\text{Number of shares}} \quad NV = \frac{2\,550\,000}{1500} = NV = 17000\text{FRS}$$

PRESENTATION OF THE TABLE OF SHARES

SHAREHOLDER	Serial No	No of Share	NV	Part Called	Amount paid	
					Part Anticipation	
FRU	1-1500	1500	17 000	100	25 500 000	
HILDA	1501-2400	900	17 000	100	15 300 000	
JESSICA	2401-3200	800	17 000	40	5 440 000	2 960 000
FONY	3201-3900	700	17 000	40	4 760 000	
MAPO	3901-5000	1100	17000	40	7 480 000	6 700 000
TOTAL		5000	17 000		58 480 000	9 730 000

CACULATION OF THE SOCIAL CAPITAL

$$\text{CAPITAL} = \text{NV} * \text{N}$$

$$\text{CAPITAL} = 5000 * 17000$$

$$\text{CAPITAL} = 85\,000\,000$$

2.2 CALCULATION OF THE NUMBER OF SHARES IN KIND

$$\text{No of shares in kind} = \text{FRU} + \text{HILDA}$$

$$= \text{No of shares in kind} = 1500 + 900$$

$$\text{No of shares in kind} = 2400 \text{ shares}$$

$$\text{Number of shares in cash} = \text{total no of shares} - \text{shares in kind}$$

$$\text{No of shares in cash} = 5000 - 2400$$

$$\text{No of shares in cash} = 2600 \text{ shares}$$

2.3 Calculation of the Number of Shares Paid in Anticipation

$$\text{Total capital in cash} = 44\,200\,000$$

$$\text{Total anticipation} = \frac{9730000 * 100}{44200000}$$

$$\% \text{ of anticipation} = 22\%$$

2.4 Calculation of the value of stamp duties (Registration Duties)

$$\text{Registration Duties} = \text{DR} + \text{TR}$$

$$\text{DR} = 0.02 * 85\,000\,000 = 1700000 > 750000$$

$$\text{DR} = 750000 \text{FRS}$$

$$\text{REGISTRATION DUTIES} = 750\,000 \text{FRS}$$

3. FILE THREE: ABSORPTION COSTING

3.1 PRESENTATION OF THE OVERHEAD ABSORPTION TABLE

ELEMENT	TOTAL	SUPPLYING	WORKSHOP	DISTRIBUTION
SEC TOTALS	14,500,000	4,000,000	7,500,000	3000000
Overhead absorption base		5kg of RM purchased	10units of FPP	Units of FPP sold
No of work unit		80	200	2500
Cost of work unit		50,000	37500	1200

3.2 CALCULATION OF THE PURCHASE COST OF RAW MATERIAL

Equation system

$$2.5x + 4y = 120000(2)$$

$$3x + 3y = 9600(2)$$

$$1.5 + Y = 4200(3)$$

$$Z_{\max} = 400x + 300y$$

	(1)	(2)	(3)
X	0	4800	0
Y	3000	0	4200

Coordinate points	Unit produced		Calculation	Z max
Programs	X	Y	R = 400X + 300Y	Result (Zmax)
A	0	3000	400*0+300*3000	900 00
B	533	2666	400*533+300*2666	1 279 600
C	2000	1200	400*2000+1200*300	1 160 000
D	2800	0	2800*400+300*0	1 120 000

B (D1:D2)

$$2.5x + 4Y = 12\,000$$

$$3x + 3Y = 96000$$

$$-7.5x + 12y = 36000$$

$$7.5x + 7.5y = 25000$$

$$0-4.5y = 1200$$

$$y = \frac{12000}{4.5} = 2666.667 \quad Y = 2666 \text{ units}$$

$$B \begin{pmatrix} 533 \\ 2666 \end{pmatrix} \quad Y = 533.33 = 553 \text{ UNITS}$$

C(D2;D3)

$$-0.5 \begin{pmatrix} 3x + 3y = 96000 \\ 1.5x + y = 4200 \end{pmatrix} \rightarrow \begin{pmatrix} -1.5x - 1.5y = -4800 \\ 1.5x + y = 4200 \end{pmatrix}$$

$$-0.5Y = 0600$$

$$Y = \frac{600}{0.5} = 1200 \text{ units} \quad X = 2000 \text{ units}; \quad C \begin{pmatrix} 200 \\ 1200 \end{pmatrix}$$

2.2 Determination of the production programme of the new production units.

$$x \geq 0; y \geq 0$$

$$2x + 3y \leq 10000$$

$$2x + 2.25y \leq 9000$$

$$1.25x + 0.75y \leq 4000$$

$$Z_{\max} = 400x + 300y$$

2.2.1 Establishment of graph

System equation

$$2x + 3y = 1000(1)$$

$$2x + 2.5y = 9000(2)$$

$$1.25x + 0.75 = 4000(3)$$

$$Z_{\max} = 400x + 300y$$

	(1)	(2)	(3)
X	0	5000	0
Y	3333	0	1000

Fixed expenses	1 825 000	675 000
Variable expenses	1 326 400	7 170
Total expenses	3 187 400	2 393 600
Unit fixed expenses	701 923	1 288 461
Unit variable expenses	524	552
Unit total expense	1 225 923	1 840 461

Pre-establish activity

$$C1: 5 200 \times 0.5 = 2600 \text{ hours}$$

$$C2: 5 200 \times 0.25 = 1300 \text{ hours}$$

3.2 Actual Cost per centre for December 2009

Elements	Quantity	Unit Price	Amounts
CENTRE C1			
Raw Material MP1	20 500	108	2 217 000
Direct labour C1	2 750	245	673 750
Indirect Labour C1	2 750	1 165 272	3 204 500
Production Cost "A"	5 200	1 171.586	6 092 252
CENTRE C2			
Raw Material MP2	7 300	155	1 131 500
Direct Labour C2	1 125	200	225 000
Indirect Labour C2	1 125	1 886.667	2 122 500

Elements	Quantity	Centre C1	Centre C2
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Maintenance	675 000		
Energy	550 000		
Miscellaneous	860 000		
Fixed cost	350 000		
Total	5 583 000	3 204 500	2 122 500

Real Activity		2 750	1 125
Unit cost		1 165 272	1 886 667

Elements	Quantity	UP	AMOUNT
CENTRE C1			
Raw Material MP1	4	100	400
Direct labour C1	0.5	250	125
Indirect Labour C1	0.5	1 254	627
Standard Cost "A"	1	1 152	1152
CENTRE C2	1.5	150	225
Direct Labour C2	0.25	200	50
Indirect Labour C2	0.25	1 892	473
Standard Cost of P	1	1 900	1900

3.4 Comparison table for centre C1 only

Elements	Real Cost.			Pre - establishment cost			Variance
	Qty	UP	Amount	Qty	UP	Amount	
Raw material	20500	108	2214000	20800	100	2080000	134000
Direct labour C1	2750	245	673750	2600	250	650000	23750
Indirect Labour C2	2750	11652	3204500	2600	1254	3260400	-55900
Totals	5200	11715	6092250	5200	1152	5990400	101850

File four: Daily Business Transactions

4.1 Establishment of the Credit No No 731CN

2.2.2 Table of the Result

Coordinate	Quantities		Turnover of product X	Turnover of production Y	Global turnover of the month
	X	Y			
A	0	3 333	$0 \times 400 = 0$	$2\,333 \times 300 = 999\,900$	999 000
B	-	-	1 200 000		
C	5 333	0	$5\,333 \times 400 = 2\,133\,200$	$300 \times 0 = 300$	2 133 200

$$\begin{aligned}
 B(D1 \text{ n } D2) &= 2x + 3y & 22x - 3y &= 10000 \\
 &2x + 225y & 2x + 2.25y &= 90000 \\
 && -0.75y &= -1000 \\
 && Y &= 1\,333 \text{ units} \\
 && X &= 3\,000 \text{ units}
 \end{aligned}$$

FILE THREE; COSTING AND FORECASTING MANAGEMENT

3.1 PRESENTATION OF THE FLEXIBLE BUDGET OF THE CENTRE C1 AND C2

Expenses	Total	Centre C1	Centre C2
FIXED EXPENSE			
Wages	2 000 000	1 000 000	1 000 000
Rates and taxes	500 000	200 000	300 000
Rents	750 000	450 000	300 000
Depreciation	250 000	175 000	75 000
Total fixed cost	3 500 000	1 825 000	1 675 000
VARIABLE EXPENSE			
Maintenance	700 000	350 000	350 000
Energy	500 000	400 000	100 000
Miscellaneous	800 000	560 000	240 000
Total variable costs	2 000 000	1 310 000	690 000
Total indirect cost	5 500 000	3 135 000	2 365 000

a) For the Normal Activity

Elements	C1 (2500 HOURS)	C2 (1250 HOURS)
Fixed Expenses	1 825 000	1 675 000
Variable Cost	1 310 000	690 000
Total cost	3 135 000	2 365 000
Unit Fixed Expenses	730	1 340
Unit Variable Expenses	524	552
Unit total Cost	1 254	1 892

b) For the Actual Activity

Elements	C1 (2600 HOURS)	C2 (1 300 HOURS)
Fixed Expenses	1 825 000	1 675 000
Variable Cost	1 310 000	690 000

KELUH BROS
Credit No 731 CN

SAM-LOCO		
Date: 06/11/09		
Trade discount No invoice No 4162		
1200 000 x 100%		
120 000		
Trade discount on invoice No 4642		
Gross amount		
10 %	2 420 000	
	- 242 000	
CN	2 178 000	
5%	108 900	
Total discount:	108 900 + 242 000	= 350 900
Total		470 900
VAT 19.25%		+90 648
Amount of credit notes		561 548

4.2 Journal Entries

a) In the Suppliers Books

701 4431	411	sales of goods stable VAT collected customers credit note No 731CN	470 900 90 648	561 548
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b) In the Customer's books

404	601 4452	Suppliers Purchases of goods State VAT recoverable Credit No 73KN	561 548	470 900 90 648
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