

FORM TP 2022150



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CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

ACCOUNTING

UNIT 2 – Paper 032

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper comprises NINE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. Do NOT write in the margins.
4. You may use a silent, non-programmable calculator to answer questions.
5. ALL working must be clearly shown.
6. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
7. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

**DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.**

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**MODULE 1**  
**COSTING PRINCIPLES**

1. The following information relates to Maxroy Limited for the month of January 2022.

	\$	\$
Prime cost		2 238 200
Carriage costs on goods sold		7 200
Travelling expenses:		
Sales staff	2 900	
Administrative staff	<u>3 000</u>	5 900
Depreciation:		
Factory machinery	38 000	
Accounting and office machinery	<u>2 000</u>	40 000
Factory wages and salaries (70% directly to the product)		520 000
Salaries: Sales staff		18 000
Commission on sales paid to sales staff		14 000
Salaries of administrative staff		172 000
Interest on loan and overdraft		13 800
Indirect factory expenses		88 000
Canteen cost (2/3 used in the factory)		26 000
Work-in-progress 1 January 2022		18 000
Work-in-progress 31 January 2022		15 000

**Required**

Prepare a schedule of cost of goods manufactured for the period ended 31 January 2022.



2. Maxroy Ltd is currently establishing a procurement department. Match the correct letter with the appropriate definition listed below.

- A. Requisition form
- B. Purchase order
- C. Receiving report
- D. Invoice

	A document issued by an entity to request the purchase of goods from a supplier
	A document sent by the supplier that shows quantities, items and the total cost to be paid by an entity
	A document completed when goods are delivered
	A document used to request material from the stores department

**Total 4 marks**





**MODULE 2**  
**COSTING SYSTEMS**

4. Outline TWO differences between 'traditional costing approaches' and 'activity-based costing techniques'.

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**Total 4 marks**



5. A product passes through two departments. At the beginning of the last quarter, the cost assigned to work-in-progress(WIP) consisted of materials \$300 000 and conversion \$122 000. The following equivalent unit schedule was prepared for the first department for the last quarter when 276 000 units were completed.

	<b>Materials</b>	<b>Conversion Cost</b>
Units in WIP x Fraction complete:		
Materials (86 000 × 55%)	44 000	
Conversion (30 000 × 40%)		12 000

Actual manufacturing costs incurred during the quarter:

Materials	\$890 000
Conversion	\$118 000

**Required**

Using the weighted average method, calculate EACH of the following costs.

- Unit cost for the quarter **[7 marks]**
- Cost of goods transferred **[3 marks]**



6. (a) Differentiate between 'marginal costing' and 'absorption costing'.

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[3 marks]

(b) Explain what accounts for the difference in profits calculated when using absorption costing and marginal costing.

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[3 marks]

**Total 6 marks**

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**MODULE 3**

**PLANNING AND DECISION-MAKING**

7. (a) Distinguish between an 'ideal standard' and a 'practical standard' under a standard costing system.

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**[4 marks]**

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- (b) Vee's Draperies Inc. manufactures curtains. A certain window curtain requires the following:

Direct materials standard — 10 square yards at \$5 per yard

Direct manufacturing labour standard — 5 hours at \$10

During the second quarter, the company made 1 500 curtains and used 14 000 square yards of fabric costing \$72 000. Direct labour totalled 7 600 hours for \$83 600.

**Required**

- (i) Compute the direct materials price and efficiency variances for the quarter.

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[4 marks]

- (ii) Compute the direct manufacturing labour price and efficiency variances for the quarter.

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[4 marks]

**Total 12 marks**

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8. The following data was taken from the budget of the Uniform Zone for 2023.

Selling price	\$2 350 per unit
Direct material	\$ 685 per unit
Direct labour	\$ 530 per unit
Direct expenses	\$ 315 per unit

The company is expected to incur a total fixed cost of \$59 614 000 for financial year 2023.

Calculate the breakeven point in units.

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**Total 5 marks**

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9. Distinguish among the following methods which are used to evaluate investment decisions.

- Payback method
- Net present value
- Internal rate of return

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**Total 3 marks**

**END OF TEST**

**IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.**

