

**MARKING SCHEME OF COST ACCOUNTING & COMPUTERIZED ACCOUNTING 2012**

**Question 1**

The 3 elements of prime cost are:

- Direct materials
- Direct labour (wage)
- Direct expense (if any)

**Question 2**

Factory cost is the same as production cost

Or

Factory cost = prime cost + Factory O.H

**Question 3**

- (i) Financial accounting
- (ii) Cost accounting
- (iii) Cost accounting
- (iv) Financial accounting

**Question 4**

- (i) Direct
- (ii) Indirect
- (iii) Indirect
- (iv) Direct

**Question 5**

- a) (i) True
- (ii) False
- (iii) True
- b) (i) Variable ✓
- (ii) Variable
- (iii) Fixed

**Question 6**

Units	Fixed costs	Variable costs	Total costs	Unit cost
1,000	12,000	3,000	15,000	15
2,000	12,000	6,000	18,000	9
3,000	12,000	9,000	21,000	7
4,000	12,000	12,000	24,000	6

### Question 7

$$\text{Material cost per unit} = \frac{60,000 \times 200}{24,000} = 500$$

$$\text{Labour cost per unit} = \frac{8,000 \times 1,200}{24,000} = 400$$

$$\text{O.H cost per unit} = \frac{4,800,000}{24,000} = 200$$

### Question 8

- (i) LIFO
- (ii) AVCO
- (iii) FIFO

### Question 9

Workers	Hrs worked	Basic wages	Over time	Gross wages
MUHIRE	35 HRS	35X200=7,000	-	7,000
MUNYAMBO	40 HRS	35X200=7,000	5X300= 1,500	8,500

Overtime= 40 hrs-35hrs= 5hrs

### Question 10

- Increase of storage cost
- Risk of deterioration
- Immobilization of working capital
- To encourage money velocity
- To avoid risks of loss stock due to obsolescence, deterioration, fall in market
- To avoid high stockholding costs or carrying costs

**SECTION B: CHOOSE AND ANSWER ANY FOUR QUESTION ( 20 MARKS)**

**Question 11**

Element	Total cost (Rwf)	Unit cost ( Rwf)
Materials	200x20,000=4,000,000	$\frac{4,000,000}{20,000} = 200$
Labour	300x20,000= 6,000,000	$\frac{6,000,000}{20,000} = 300$
Overheads	8,000,000	$\frac{8,000,000}{20,000} = 400$
Total	18,000,000	900

**Question 12**

ABSORPTION COSTING	MARGINAL COSTING
- All cost (fixed&variable) are ascertained and charged to the products	- Only variable costs ( Direct costs) are ascertained and charged to the product
- Closing stock of finished goods is valued at production cost	- Closing stock of finished goods is valued at marginal cost ( variable cost)
- Fixed costs are included to the production cost	- Fixed costs are excluded to the contribution
- Net profit= Gross margin minus operating expenses	- Net profit = contribution minus fixed costs
- Ascertainment of costs is made in cost statement or cost sheet	- Ascertainment of costs is made in marginal cost statement
- Gross margin = sales- cost of sales	- Contribution = Sales- VC

**Question 13**

- a) (i) True  
(ii) False
- b)
- It covers a range of activity
  - It is flexible i.e is to change with variable in production level
  - It facilitates performance measurement and evaluation
  - Comprehensive in its preparation
  - It is designed to adjust actual results
  - Used to calculate variances ( budgetary control)
  - It is based on more than one level of output ( production capacity)
  - It is a variable budget



**Question 14**

Cost type	Budget	Actual	Variance	Adverse	Favourable
Direct materials	38,000	40,100	1,700	✓	-
Direct labor	74,200	73,000	1,200	-	✓
Production Overheads	68,000	72,100	4,100	✓	-
Administration Overheads	52,000	54,900	2,900	✓	-
Selling and Distribution	43,000	41,900	1,100	-	✓

**Question 15**

- |                                       |                                    |
|---------------------------------------|------------------------------------|
| i) Factory Overhead                   | vi) Office & adm Overhaed          |
| ii) Selling and Distribution Overhead | vii) Office& Adm Overhead          |
| iii) Office & Admin. Overhead         | viii) Office& Adm Overhead         |
| iv) Office & Admin. Overhead          | ix) Office & Adm Overhead          |
| v) Factory Overhead                   | x) Selling & Distribution Overhead |

**SECTION C:**

**QUESTION 16**

Op. stock of Raw material	7,000
+ Purchases of Raw material	50,000
-Closing stock of Raw material	<u>(10,000)</u>
Cost of Material Used	47,000
+ Direct labour	<u>97,000</u>
Prime cost	144,000
+ Manufacturing Overhead	<u>53,000</u>
Factory cost	197,000
+ Opening stock of W.I.P	8,000
-Less closing stock of W.I.P	<u>(10,000)</u>
Factory cost of goods Manufactured	195,000
+ Op. stock of finished goods	30,000
-Closing stock of finished goods	<u>(25,000)</u>
<b>COST OF GOODS SOLD</b>	<b>200,000</b>