

⊗ Discounting (Compounding) = Calculating the present value of a future amount.

* Bankruptcy: inability to pay debts.

* Downsizing: The reduction in the number of employees, number of bureaucratic levels, and overall size of the firm in an attempt to increase efficiency and profitability.

~~Reduce the number of people working in a company.~~

* Outsize: larger than the standard sizes.

* Outstanding:
1. much better than others.
2. not yet done or paid.



Sh
90%
~~20%~~ Fredy

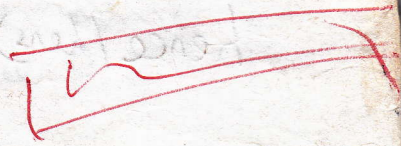
150,000
40,000

190,000

Tools

↳ Show hidden folders
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* SACCO: Savings and Credit Co-operative organisation

Section A: Answer all the questions. (55marks)

1. State whether the following statements are true or false: **(10 marks)**

- a) Cost accounting is that part of financial accounting which records the cash received and payments made by an organisation.
- b) The main users of financial accounting information are external to an organisation.
- c) An important task of a budget committee is to ensure that budgets are properly coordinated.
- d) A budget manual is the document produced at the end of the budget setting process.
- e) A spreadsheet is the most suitable software for the storage of large volumes of data.
- f) A spreadsheet could be used to produce a flexible budget.
- g) In an organisation manufacturing a number of different products in one large factory, the rent of that factory is an example of a direct expense when costing a product.
- h) In a company using job costing:
 - (i) Products manufactured tend to be all identical
 - (ii) Work is done to customer specification.
 - (iii) Work is usually completed within a relatively short period of time.

2. What do you understand by:

- a. Prime cost **(3 marks)**
- b. Factory cost **(2 marks)**
- c. Production cost **(2 marks)**

3. From the following information, calculate the value of goods sold and the sales:

Total Cost of Production	RWF 1,450,000	<p><i>Outsizing</i></p> <p>1,450,000</p> <p>1,650,000</p> <p>(10marks)</p>
Opening stock of finished goods	220,000	
Closing stock of finished goods	60,000	
Selling and distribution overheads	250,000	
Profit	220,000	

4. Calculate the cost of making 20,000 dining chairs given the costs below
cost of wood and other materials amount to RWF 1050 per chair;
direct labour costs RWF 1750 per chair;
variable factory overheads amount to RWF 700 per chair; and
fixed factory overheads amount to RWF 10,000,000 for the period.
(5 marks)
5. A company uses an overhead absorption rate of 350 RWF per machine hour, based on 32,000 budgeted machine hours for the period. During the same period the actual total overhead expenditure amounted to 10,887,500 RWF and 30,000 machine hours were recorded on actual production. By how much was the total overhead under or over absorbed for the period?
(4 marks)
6. Is a profit centre manager responsible for both revenues and costs, revenues only or costs only? Explain
(3 marks)
7. a) A company purchased a machine several years ago for RWF 50,000,000. Its written down value is now RWF 10,000,000. The machine is no longer used on normal production work and it could be sold now for RWF 8,000,000. A project is being considered which would make use of this machine for six months. After this time the machine would be sold for RWF 5,000,000. What is the relevant cost of the machine to the project?
(2 marks)
- b) A company is evaluating a project that requires 400kg of raw material X. The company has 150kg of X in stock that were purchased six months ago for 550 RWF per kg. The company no longer has any use for X. The inventory of X could be sold for 400 RWF per kg. The current purchase price for X is 530 RWF per kg. What is the total relevant cost of raw material X for the project?
(3 marks)

Merge: Combine. esp. gradually so as to become a single thing
Here: **only**, nothing more than a mere child
Mermaid: (in stories) woman with a fish's tail

8. a) Using a suitable example, explain what you understand by an indirect labour cost. **(2 marks)**
- b) An organisation operates a piecework system of remuneration. Three minutes is the standard time allowed per unit of output. Piecework is paid at the rate of 1800 RWF per standard hour for an eight hour working day. If an employee produces 200 units in eight hours on a particular day, what is the employee's gross pay for that day? **(3 marks)**

9. A factory consists of two production cost centres (P and Q) and two service cost centres (X and Y). The total allocated and apportioned overhead for each is as follows:

P	Q	X	Y
RWF	RWF	RWF	RWF
95,000,000	82,000,000	46,000,000	30,000,000

It has been estimated that each service cost centre does work for other cost centres in the following proportions:

	P	Q	X	Y
Percentage of service cost centre X to	50	50	-	-
Percentage of service cost centre Y to	30	60	10	-

The reapportionment of service cost centre costs to other cost centres fully reflects the above proportions.

After the reapportionment of service cost centre costs has been carried out, what is the total overhead for production cost centre P? **(6 marks)**

Handwritten calculations and diagrams:

- A diagram showing a box with '10' inside, crossed out with a red line, and '40' written above it.
- A calculation: $40 \times 35 = 1400$, then $1400 + 90 = 1490$, then $1490 + 1050 = 2540$.
- A calculation: $1080 \times 2 = 2160$, then $2160 + 175 = 2335$.
- A calculation: $1750 \times 2 = 3500$.
- Other scribbles and numbers: 470, 10, 32, 35, 90, 1050, 175, 2, 35000.

Section B: Answer three questions of your choice. (45marks)

10. a) Explain what is meant by the term semi-variable (semi-fixed) cost and give TWO examples. **(3 marks)**
- b) Information relating to two processes (X and Y) was as follows:

Process	Normal loss as% of input	Input litres	Output litres
X	8	65,000	58,900
Y	5	37,500	35,700

For each process, determine whether there was an abnormal loss or an abnormal gain? **(8 marks)**

- c) A company which operates a process costing system had work-in-progress at the start of last month of 300 units (valued at RWF 1,710) which were 60% complete in respect of all costs. Last month a total of 2,000 units were completed and transferred to the finished goods warehouse. The cost per unit for costs arising last month was RWF 10. The Company uses the FIFO method of cost allocation. Calculate the total value of the 2,000 units transferred to the finished goods warehouse last month. **(4 marks)**
11. Describe and differentiate between job and batch production systems. **(15 marks)**
12. The manager of a shoe factory wishes to develop a method of forecasting the total costs in any period. The following past costs have been recorded at two different levels of activity:

	Number of pairs of shoes made	Total cost RWF
Period 1	11,000	11,150,000
Period 2	12,300	11,995,000

Required:

- (a) Calculate the variable cost per pair of shoes. **(5 marks)**

(b) Calculate the fixed costs of the factory.

(5 marks)

(c) What would be the total costs if the current year's estimate of 12,800 pairs of shoes were actually processed?

(5 marks)

13. a) What is a flexible budget?

(3 marks)

b) A company manufactures and sells one product which requires 8 kg of raw material in its manufacture. The budgeted data relating to the next period are as follows:

	Units
Sales	19,000
Opening inventory of finished goods	4,000
Closing inventory of finished goods	3,000
	Kg
Opening inventory of raw materials	50,000
Closing inventory of raw materials	53,000

BK's Media

What is the budgeted raw material purchases for next period (in kg)? (6 marks)

c) A company manufactures a single product which it sells for RWF 2000 per unit. The product has a contribution to sales ratio of 40%. The company's weekly break-even point is sales revenue of RWF 1,800,000.

Calculate the contribution per unit, the break-even point in units and the profit in a week when 1,200 units are sold.

(6 marks)

14. (a) A company makes the following purchases:

12 computers at RWF 475,000 each

80 handheld calculators, priced at RWF 12,550 for a box of 5

25 mobile telephones at RWF 85,500 each

(i) Calculate the cost of each of these purchases and the total cost.

(ii) A discount of 5% is deducted from the total cost. Calculate the total cost to be paid after discount.

(7 marks)

b) Explain what is meant by each of the following terms and give TWO example of each:

(i) Fixed cost

(ii) Variable cost

575

(8 marks)

35625
+ 1875

37500
27500

35750

1000 calculators

20
21
3x400

475
325

10%