

UGANDA MARTYRS UNIVERSITY, NKOZI CAMPUS
FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT
DEPARTMENT OF ACCOUNTING AND FINANCE
BAM II, BSC ACC & FIN II, SEMESTER TWO 2022/2023
COURSE UNIT: COST ACCOUNTING

DATE: Monday, 15th May 2023

Time allowed: 9:30am -12:30pm

Instructions to Candidates:

Read the following before answering the examination questions.

1. Do not write anything on this question paper.
2. Write neatly and show all workings clearly.
3. Start every question on a new page
4. Clearly state the question number & sections attempted.
5. The Examination paper consists of six Questions
6. Attempt any Four questions.
7. All questions carry equal marks.
8. Your work must be neat and show all relevant workings

Question One

- Explain what are the methods of re-apportionment of service department expenses over the production departments. (09 Marks).
- The Production Departments P and Q of a manufacturing organization are complemented by the three Service Departments. Timekeeping, Stores and Maintenance. According to the summary provided by the Department, the following costs were incurred in July of 2020.

The following is the order information pertaining to the aforementioned departments:

Production Departments		Service Departments (in order of their importance)		
P	Q	Timekeeping (X)	Stores (Y)	Maintenance (Z)
15,000	10,000	5,000	6,000	4,000

	Service Departments			Production Departments	
	X (Timekeeping)	Y (Stores)	Z (Maintenance)	P	Q
No. of Employees	—	10	5	20	15
No. of Stores Requisitions	—	—	6	24	20
Machine Hours	—	—	—	1200	800

Required: Determine how much each service department should pay for its expenses(16 Marks).

Question Two

Kisembo of Kochgoma Company Ltd was assigned the following jobs for the week ending 20th November 2012. The hourly rate of pay was shs. 500.

Job No.	Time Allowed (hrs)	Time Taken (hrs)
123	5	3
145	6	5
147	10	12

Required:

- a) Determine how much of a total wage is owed to Kisembo for the week in question by applying Halsey bonus scheme and Hasley-weir bonus scheme(10 Marks)
- b) Compute the effective hourly rate under the following schemes.
 - i. Halsey bonus scheme (3 Marks)
 - ii. Hasley-weir bonus scheme (2 Marks)
- c) Explain the five major Causes of a high Labour turnover rate (10 Marks)

Question Three

- a) Which of the following criterion would you use to determine how Store Service Expenses, Employees' State Insurance, Factory Rent, Municipal Rent, Rates and Taxes, Insurance on Building and Machinery, Welfare Department Expenses, Creche Expenses, Steam, Electric Light, and Fire Insurance administrative costs should be distributed across the departments? (10 marks)
- b) In a period, 20,000 units of Z were produced and sold. Out of the 20,000 units of produced, only 18,000 units were sold and 2,000 units were carried forward as stock to the next period. Costs and revenues were:

Sales	100,000,000
Production costs	
Variable	35,000,000
Fixed	15,000,000
Admin and selling Overhead	
Fixed	15,000,000
Variable	10,000,000

Required: Produce operating statements based upon marginal costing and absorption costing principles. (15 marks)

Question Four

- a) The following information is supplied to you:
 - i. Standard time for a month : 4000 Hours
 - ii. Standard wage rate : 5,000/= per hour
 - iii. Number of labourers employed : 30
 - iv. Average working days in a month : 25
 - v. No. of hours a worker works per day : 7 hours
 - vi. Total wage bill in a month : 32,812,000/=

- vii. Idle time due to power failure : 100 hours

You are required to calculate the following:

- i. Labour Cost Variance (5 Marks)
 - ii. Labour Rate Variance (4 Marks)
 - iii. Labour Efficiency Variance (4 Marks)
 - iv. Labour Idle Time Variance (2 Marks)
- b) Explain the primary factors that contribute to the variation in labour efficiency variance (10 Marks)

Question Five

Explain each of these cost classifications, with examples specifying the types of costs that may be included. (25 marks)

- a) Avoidable costs and unavoidable costs
- b) Direct costs and indirect costs
- c) Fixed costs and Variable costs
- d) Controllable and non-controllable costs
- e) Normal and abnormal costs

Question Six

- a) Explain the Inventory Control Techniques that the organization can in order to control the inventory shortages in its stores (5 Marks)
- b) The following details relate to the stores records of FEMA Ltd for the month of January 2020

The received side of the Stores Ledger Account shows the following particulars:

- Jan. 1 Opening Balance: 500 units @ Shs.4
- Jan. 5 Received from vendor: 200 units @ Shs.4.25
- Jan.12 Received from vendor: 150 units @ Shs.4.10
- Jan.20 Received from vendor: 300 units @ Shs.4.50
- Jan.25 Received from vendor: 400 units @ Shs.4

Issues of material were as follows:

- Jan. 4- 200 units; Jan.10- 400 units; Jan. 15- 100 units; Jan 19- 100 units; Jan.26- 200 units; Jan.30- 250 units.
- Issues are to be priced on the principle of "first in first out".

THE END