



*Republic of Rwanda
City of Kigali*



ACADEMIC YEAR,2023

SECTOR: FINANCE/ SUB-SECTOR: ACCOUNTING

MODULE: ACCPC401: BASIC PRICIPLES OF COSTING

INSTRUCTIONS

- ✓ The exam consists Two sections: A ,and B
- ✓ All questions in section A are compulsory
- ✓ Tree questions in section B.
- ✓ TIME REQUIRED 3 HOURS

SECTION A: ALL QUESTIONS ARE COMPULSORY (40 MARKS)

SECTION B: ATTEMPT ONLY THREE (3) QUESTIONS (10marks for each) 30 Marks

SECTION C: ATTEMPT ONLY TWO (2) QUESTIONS (15marks for each)

SECTION A: Attempt all question in section A (5 marks each) /40 MARKS

Q1) What do you understand by business?

Q2) Match the following concepts with its explanation

1) Manufacturing businesses	a) Are businesses which sell products to customers. However, rather than making the products, they purchase them from other businesses (such as manufacturer) in order to resale.
2) Merchandising businesses	b) Is businesses which provide services rather than products to customers
3) Service businesses	c) Is Businesses which change basic inputs into finished products that are sold to individual customers.
4) Cost accounting	d) Is a branch of accounting concerned with accumulation and determination of costs within the businesses.

Q3) Define cost and highlight the main elements of cost

Q4) Match the following concepts with their definitions

TYPES OF INCOME	EXPLANATIONS
1) Portfolio income	I. income received from performing a service.
2) Earned income	II. is earnings derived from a rental property, or other enterprise in which a person is not actively involved.

3) Passive income	III. is income from investments, dividends, interest.
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Q5. INYANGE manufacturing company reported the following material data for the month ending April 30, 2020

Material purchased	7700,000frw
Material inventory, April	230,000 frw
Materials inventory April 30	1200,000frw

Determine the cost of direct material used in production by Inyange during the month ended April 30, 2020

Q6. COMPLETE THE FOLLOWING SENTENCES

- 1)is when materials are kept in one central warehouse and these are issued from one central point.
- 2)is when Materials are received by the central stores but some items of these materials are issued to sub stores .
- 3)is When materials are held and issued by sub stores in each department or branch.
Advantages of decentralized stores are the disadvantages of centralized stores

Q7. 6.WRITE short notes on following:

- a) Direct cost
- b) Indirect cost
- c) Cost centre
- d) Unit cost
- e) Profit center

Q8. ANSWER WITH TRUE OR FALSE

- 1) Reconciliation of Cost and Financial Accounts isn't process to find all the reasons behind disagreement in profit which is calculated as per cost accounts and as per financial accounts.....
- 2) Reconciliation of Cost and Financial Accounts is the process to find all the reasons behind disagreement in profit which is calculated as per cost accounts and as per financial accounts.....

- 3) Cost is amount of money paid for something result from the production of goods, the purchase of inventory, the operating of the business, and the purchase of assets.....
- 4) Revenue analysis helps companies determine how to increase their revenues significantly.....
- 5) Revenue analysis doesn't helps companies to determine how to increase their revenues significantly.....

SECTION B: ATTEMPT ANY THREE (3) QUESTIONS

Q9. Mention any five uses of cost accounting to management:

Q10. KEZA completed a job in 45 hours for which 60 hours were allowed.

His wage rate per hour is 160 Rwf

Calculate KEZA's total wage according to: Halsey, Halsey weir and Rowan schemes

Q11. MULINDI company made a single product and for a production level of 52000 units has the following cost details:

Materials: 15000 kilos at 1500 frw per kilo

Labour: 12050 hours at 2500 frw hour

Overheads : 1120,300 frw

Calculate the unit cost for :

- i. Materials
- ii. Labour
- iii. Overheads.

Q12. We assume the guaranteed wage of Claude is \$ 4500 per month and he is paid \$20 per unit produced.

Find out his monthly wage on the assumptions that he produced 212 units in a month and explain why.

Q13. The main purpose of cost accounting is to

- a) Maximise profits
- b) Help in inventory valuation

- c) Provide information to management for decision making
- d) Aid in the fixation of selling price.
- e) Planning
- f) Controlling
- g) Determination of costs

SECTION C: ATTEMPT ANY 2 QUESTIONS(15 MARKS EACH):30 marks

Q15. The following concepts are used in cost Accounting. Match concept to its definition.

Concept	Definition
Period costs	Costs that can be directly related to a cost object.
Indirect costs	A sacrifice of resources
Fixed costs	Costs that are part of inventory
Direct cost	Cost that can be more easily attributed to time intervals.
Cost	Costs that do not vary with the volume of activity.
Product costs	Costs that cannot be directly related to a cost object

Q16. From the following information, calculate the values of good sold and the sales:

Total costs of production	3,105,000 FRW
Opening stock of finished goods	145,000 FRW
Closing stock of finished goods	102,000 FRW
Selling and distribution overheads	343,000 FRW
Profit	1,807,360 FRW.

Q17. The following information relates to cost estimates for the production of item Y:

Raw materials	150,000
Direct labor	40,000
Factory rent	75,000
Power	2,500
Administration expenses	20,000
Supervision salaries	10,000

Prepare a cost statement showing: a) Prime cost b) Production cost c) Total cost of sales