PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

SEPTEMBER- DECEMBER 2022

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BIT207|BCM212|BUS3313

COURSE TITLE: COST ACCOUNTING

EXAM DATE:

TIME:

INSTRUCTIONS

- This examination script consists of **six (6)** questions.
- Answer question **ONE** and ANY other **four** Questions.
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

Question One **(Compulsory= 10 marks)**

a) Discuss **five** differences between marginal costing and absorption costing (5 Marks)

b) Discuss **five** causes of variances using suitable illustrations. (5 Marks)

Question Two **(10 Marks**

For producing one unit of a product, the materials standard is:

Material X : 6 kg. @shs. 8 per kg., and

Material Y : 4 kg. @ shs.10 per kg.

In a week, 1,000 units were produced the actual consumption of materials was:

Material X : 5,900 kg. @ shs. 9 kg., and

Material Y : 4,800 kg. @ shs. 9.50 per kg.

Required

(a) Calculate the following variances:

(i) Material price for each material and in total (2 marks)

(ii) Material mix for each material and in total (4 marks)

(iii) Material yield in total. (4 marks)

Question Three **(10 Marks)**

A company manufacturers 5,000 units of a product per month. The cost of placing an order is `100. The purchase price of the raw material is ` 10 per kg. The re-order period is 4 to 8 weeks. The consumption of raw materials varies from 100 kg. to 450 kg. per week. The average weekly consumption being 275 kg. The carrying cost of inventory is 20% per annum.

Assuming 52 weeks in a year, you are required to calculate —

(i) Re-order quantity (4 marks)
(ii) Maximum level; (2 marks)
(iii) Minimum level; (2 marks)
(iv) Average level (2 marks).

Question Four **(10 Marks)**

a) Discuss **five** differences between a forecast and budget (5 marks)

b) Discuss **five** objectives of budgetary control. (5 marks)

Question Five

a) The under mentioned information is given below:

(1) The P/V Ratio of a firm is 40%.

(2) The firm wants to increase its selling price by 10%.

(3) The firm's variable cost is higher now by 5%.

(4) The fixed expenses of the firm have gone up from shs. 200,000 to shs. 258,500.

Required

i. Work out the original break- even point (BEP) sales (2 Marks)
ii. The revised break- even point (BEP) sales. (2 Marks)
b) Discuss the application of break -even point (BEP) analysis using relevant examples. (6 Marks)

Question Six **(10 Marks)**

A factory produces 300 units of a product per month. The selling price is shs. 120 and variable cost shs. 80 per unit. The fixed expenses of the factory amount to shs. 8,000 per month.

Calculate:

(i) The estimated profit in a month wherein 240 units are produced, (5 marks)

(ii) The sales to be made to earn a profit of shs. 7,000 per month. (5 Marks)