



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE
BACHELOR OF COMMERCE HONOURS DEGREE IN
ACCOUNTING
MANAGEMENT & COST ACCOUNTING I

HACC 219

PART 2 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: DECEMBER 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

Question 1

Examine the role of a budget and budgetary control system in any organization of your choice. (25)

Question 2

Following is the information by Makoko Company Ltd. Related to first week of December, 2013:

The transactions in connection with the materials are as follows:

Days	Receipts		Issues
	Units	Rate per unit	(units)
1	40	15.00	
2	20	16.50	
3			30
4	50	17.10	
5			20
6			40

Calculate the cost of materials issued under (i) FIFO METHOD; (ii) LIFO method; and (iii) Weighted average method of issue of materials and value of closing stock under the above methods. [25]

Question 3

The cost accountant of ABC Manufacturing attended a workshop on activity-based costing and was impressed by the results. After consulting with the production personnel, he prepared the following information on cost drivers and the estimated volume for each driver.

	<i>Products</i>			Total
	A	B	C	
Units produced	25,000	15,000	5,000	45,000
Direct materials Cost Per Unit in `\$	40.0	30.0	55.0	
Direct labour in \$ `	15.0	15.0	15.0	

<i>Cost driver</i>	<i>Cost driver volume</i>			Total
	A	B	C	
Number of setups	125	75	50	250
Machine Hours	2,500	1,500	2,000	6,000
Direct labour hours	25,000	15,000	5,000	45,000
Number of	50	25	25	100

Inspection				

The cost accountant also determined how much overhead costs were incurred in each of the four activities as follows:

<i>Activity</i>	<i>Overhead costs in ` \$</i>
Machining	
Setup	1,50,000
Machining	7,50,000
Total of Machining Overhead Cost	9,00,000
Assembly	
Assembly	360,000
Inspection	90,000
Total of Assembly Overhead Cost	4,50,000
Total Overhead Cost	13,50,000

Required:

- a. Determine the cost driver rate for each activity cost pool. (15)
- b. Use the activity-based costing method to determine the unit cost for each product. (10)

Question 4

Explain relevant costs and provide examples of such costs in a decision-making context.(25)

Question 5

Examine the process of activity-based costing (ABC) and explain how it differs from traditional costing methods. (25)

Question 6

The stock of material in hand on 1st April, 2013 was 400 units at `50 per unit. The following receipts and issues were recorded.

Date

2 April Purchased 100 units @ `55 each
6 April Issued 400 units
10 April Purchased 600 units @ `60 each
13 April Issued 500 units
20 April Purchased 500 units @ `65 each
25 April Issued 600 units
10 May Purchased 800 units @ `70 each
12 May Issued 500 units
13 May Issued 200 units
15 May Purchased 500 units @ `75 each
12 June Issued 400 units
15 June Purchased 300 units @ `80 each.

Required:

Prepare a Stores Ledger Account under 'Base Stock Method' both by adopting FIFO and LIFO Methods, Base stock being 100 units .(25)

END OF PAPER