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# CERTIFIED ACCOUNTING TECHNICIAN STAGE 3 EXAMINATIONS S3.2: MANAGEMENT ACCOUNTING DATE: THURSDAY, 01 DECEMBER 2022

# **INSTRUCTIONS:**

- 1. Time allowed: 3 hours.
- 2. This examination has three sections: A, B and C.
- 3. Section A has **10** multiple choice questions equal to 2 marks each.
- 4. Section B has 2 questions equal to 10 marks each.
- 5. Section C has 3 questions equal to 20 marks each.
- 6. All questions are compulsory.
- The question paper should not be taken out of the examination
- room.



#### **QUESTION ONE**

The manager of a profit centre has control over the following;

- (i) Selling prices(ii) Controllable costs
- (iii) Apportioned head office costs
- (iv) Capital investment in the centre
- A All of the above
- B (i), (ii) and (iii)
- C (i), (ii) and (iv)
- D (i) and (ii)

#### **QUESTION TWO**

The following data relate to the overhead expenditure of contract of cleaners at two activity levels.

ICPARNOVE3023 ICPARNOVE2023 ICPARN	Activity one	Activity two
Square metres cleaned	13,500	15,950
Overheads	FRW 84,865	FRW 97,850

Using high lower method, what is the total costs if 18,300 square metres are to be cleaned?

- A FRW97,850
- B FRW110,305
- C FRW 113,538
- D None of the above

## (2 Marks)

(2 Marks)

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(2 Marks)

## **QUESTION THREE**

A production worker is paid a salary of FRW650,000 per month, plus an extra FRW 5,000 for each unit produced during the month. **This type of labour cost is described as,** 

- A A variable cost
- B A fixed cost
- C A step cost
- D A semi-variable cost

## **QUESTION FOUR**

Data relating to a particular stores item are as follows: Average daily usage 400 units Maximum daily usage 520 units Minimum daily usage 180 units Lead time for replenishment of inventory 10 to 15 days Reorder quantity 8,000 units

What is the reorder level (in units) which avoids stockouts (running out of inventory)?

- A 4,000 unit
- B 6,000 unit
- C 7,800 unit
- D None of the above

#### **QUESTION FIVE**

The following data relate to work in the finishing department of a certain factory. Normal working day 7 hours Basic rate of pay per hour FRW 5,000 Standard time allowed to produce 1 unit: 4 minutes Premium bonus payable at the basic rate 60% of time saved

On a particular day one employee finishes 180 units using 7 hours.

#### What is his gross pay for the day?

- RIOVE2022 ICPARIOVE20
- A FRW 35,000
- B FRW 50,000
- C FRW 15,000
- D None of the above

#### **QUESTION SIX**

CTF Ltd has two service centres serving two production departments. Overhead costs apportioned to each department are as follows.

1 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 NOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022	<b>Production</b> d	lepartments	Service centres		
I ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022	Mixing	Stirring	Stores	Canteen	
ICPARNOVED022 ICPARNOVE2022 ICPARNOVE2022	FRW	FRW	FRW	FRW	
Allocated and apportioned overheads	216,000	78,800	181,600	47,200	
Estimated work done by the service	ICPARNOVE2022 10	PAROIOVIE2032 ICPJ	RNOVE2012 10PAR	OVERORD SCRAFFO	
centres for the other departments	ICPARIOVE2022 10	PAROIOVE2022 3CPJ	ENOVEDOID ICPARI	OVEDOD SCRAFINO	
Stores	50%	30%	RMOVE2025 JUPARI	20%	
Canteen	60%	40%	RNOVE2022 ICPAR	OVE2022 ICPARNO	

(2 Marks)

(2 Marks)

The business uses the direct method of apportionment. After the apportionment of the service centres to the production departments, **what will be the total overhead cost for the mixing department?** 

A FRW 523,600 B FRW 216,000 C FRW 306,800 D FRW 356,912

#### **QUESTION SEVEN**

Under absorption costing, the total cost of a product will include:

- A Direct costs only
- B Variable costs only
- C All direct and indirect costs excluding a share of fixed overhead
- D All direct and indirect costs

# **QUESTION EIGHT**

A company calculates the prices of jobs by adding overheads to the prime cost and adding 30% to total costs as a mark-up. Job number Y256 was sold for FRW 1,690,000 and incurred overheads of FRW 694,000. What was the prime cost of the job?

A FRW 1,690,000B FRW 606,000C FRW 390,000D FRW 1,300,000

#### **QUESTION NINE**

A chemical process has a normal wastage of 10% of input. In a period, 2,500 kgs of material were input and there was an abnormal loss of 75 kgs. **How many quantities of good production was achieved?** 

A 2,175 kgs
B 2,250 kgs
C 2,500 kgs
D 2,425 kgs

(2 Marks)

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(2 Marks)

(2 Marks)

(2 Marks)

The information below relate to the month of June 2021.

ICPARNOVESDO2 ICPARNOVESD22 ICPA	Flexed budget	Actual acta crashoverous treasure
Units	2,000 units	2,000 units
Total direct materials	FRW150,000	FRW140,000

# What was the total direct material variance?

- A FRW10,000 Adverse
- B FRW10,000 Favourable
- C FRW 10,000
- D None of the above

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	ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022	SCPARNOVE200	2 ICPARNOVE202	ICPAR	MOVE202	CPARM	OVE2022 ICFARNOVE2022 ICPARN



The following information relates to the activities in a production department Manzi Factory Ltd (MF Ltd) for the year ended 31 December 2020.

2 ICPARNOVE2022 ICPARHOVE2022 ICPARNOVE2022 ICPARNOV	Hours	2022 ICPARIFOVE2023	FRW
Direct wages	EDARBOVEDDD ICH FEDODO ICPARMOVED EDARBOVEDDDO ICF	1022 ICPARNOVE2022	100,000,000
Direct material	E2022 ICPARNOVE	3022 ICPARKOVE2022	200,000,000
Labor hours worked	20,000	2032 ICPARNOVE2022	ICPARROVEDOD 1
Machine hours used	5,000	ARNOVE2022 ICPARI 2022 ICPARNOVE2022	ICPARNOVE2022 1
Total overhead chargeable to the department	ICFARNOVE2022 ICF VE2622 ICFARNOVE	PARHOVE2022 ICPARE 2022 ICPARNOVE2023	150,000,000

On Job Number 1234 produced in the department during the year, the relevant data was:

Hours	FRW
Direct wages	5,000,000
Direct material	12,000,000
Labour hours 900	PARNOVEROID ICPARNOVEROID ICPARNOVE
Machine hours 250	PARNOVEJOJI ICPARNOVEJOJI ICPARNOVEJOJI ICP
I ICPARNOVE2022 ICPARNOVE2023 ICPARNOVE2022 ICPARROVE2022 ICPARNOV	E3023 ICPARHOVE2032 ICPARHOVE2033 ICP

## **Required:**

Calculate the total cost of Job number 1234 by using the following methods of overhead absorption:

1022 IC PAR <mark>I</mark> IO	Labor hours method	(2.5 Marks)
ii.	Machine hours method	(2.5 Marks)
iii.	Percentage of direct materials	(2.5 Marks)
iv.	Percentage of direct wages	(2.5 Marks)

(Total:10 Marks)

022	ICPARNOVE2022	ICPAN	OVE2022 1	CFARPOVE2021	2 SCPARM	OVE2022	CPARNO	VE2022	JCPARNO	OVE202 1	CPARNO	VE2022	CFAREIC	VE2022	ICPAENO	UE.
022	S3.2	ICFARD	ICPARIO 23 10	CIM22 ICPARK PARNOVE2022	1CPARNO	FVE2022 D	EPARNO	VR2023	ICPARNO	VE2022 I	CPARM	Page	6 of 1	0/8/2002	VE2022 1 ICPARNO	CP VX
210 022 250	VE2022 ICPARNOV ICPARNOVE2022 VE2022 ICPARNOV	ICPARD ICPARD	ICPARINOVA ICVILIÓDI I ICPARINOVA	CPARSOVE2021 CPARSOVE2021 E2022 ICPARSO	VE2022   1 ICPARIE VE2022	CENEROU OVE2022 CENEROU	E2022 I ICPARIC E2022 I	CPARNOV VEDOD2 CPARNOV	ICPARING VEDD22 II	CPAREON IVE202 I CPAREON	E2022 CPARIE E2022	ICPARNO VE2022 ICPARNO	VERIORA (CPARNO VERIORI	ICPARINO WE2022 ICPARINO	VE2022 D ICPARIE VE2022 D	
033	ICPARNOVIE30021	CFARM	078200010	PARONOVEDODD	SCPARINO/	VE20221C	PARMOV	10202330	PARNOV	E202.0 1C	PARNON	E002210	PARNOV	E20233C	PARNOVE	130

Kaneza & Kamana Garments (KKG) Ltd produces three products for which the following data extract from their records:

DESCRIPTI	Products	TOTAL		
ON	VIP SUITS	SHIRTS	ROBES	(FRW'000)
NOVED022 SCPARNOVE 1 ICPARNOVE2022 SCP/	(FRW'000	(FRW'000)	(FRW'000)	CPARNOVEDODD CPARNOVEDODD ICPARNO
Sales for the	250,000	180,000	150,000	580,000
Year	2022 ICPARHOVERIDS ICPARI RIVOVE2022 ICPARHOVE2022	ICVEDODO ICPARIIOVEDODO ICPARIIOVEDODO ICPARIIO	ICFARNOVE2022 ICFARM VE2022 ICPARNOVE2022	IVE2022 ICPARNOVE2023 ICPARNOVE2023 ICPARNO
Total Costs	(200,000)	(200,000)	(120,000)	(520,000)
Profit/Loss	50,000	(20,000)	30,000	60,000

Total costs comprise 75% variable costs and 25% fixed costs. The directors of (KKG) Ltd consider that the production of product "SHIRTS" resulted in net loss therefore it should be discontinued.

#### **Required:**

a) By the use of Marginal cost statement, determine the effect of discontinuing the production of product entitled "shirts" on the profitability of the company (7 Marks)

b) Provide your recommendations to the Board of Directors of (KKG) Ltd in relation to the decision of discontinuing the production of Shirts (3 Marks)

(Total:10 Marks)

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# **SECTION C**

## **QUESTION 13**

Mizero United Manufacturers (MUM) Ltd make Three products namely A, B, C. During the Quarter 2, 2021, the Board of directors requested the management to prepare monthly budget that shall be approved during Board meeting of March 2021. You are a management accountant of the company, and you are also in charge of budgeting. The following information relates to the budgeting of the month of March 2021:

#### **Project monthly sales**

Product and the second	Units	Unit price (FRW)
ARNOVERER ICPARNOVERER ICPARNOVERER ICPARNOV	1,000 ICRAEDO 1,000 ARM	verois icparnoveross icp100
BRARHOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOV	2,000	VEROUS ICPARHOVEROSS ICF120
CARNOVEDD22 ICPARHOVE2022 ICPARHOVE2022 ICPARHOV	1,500	VE3033 3CFARMOVE3023 3CF140

# Material cost per unit

Description of material	Unit cost in FRW
I M12000 ICPARNOVEDO22 ICPARNOVED	023 ICPARNOVE2023 ICPARNOVE2022 ICPARNOVE2023 ICPARNOVE2023
M2 M2	U22 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2023
M3 HOVE3022 ICPARIOVE2023 ICPARIOVE2022 ICPAREOVE2	022 ICPARXOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPAR/9 ARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2029

#### Materials requirement per unit of production are:

Product and REFARMONIES	Quantities used per unit:						
HOVE3032 ICPARIOVE2032 ICPAR I ICPARIOVE2032 ICPARIOVE2032 HOVE3032 ICPARIOVE2032 ICPARIOVE2032 I ICPARIOVE2032 ICPARIOVE2033	ICPARINOVED M1 CPARINOVE20:	2 ICPARNOVI <b>M2</b> 2 ICPARNOVE	M3 TOPAK M3 TO TOPAK				
	UCTATION Units	Units	Units a crash				
APARNOVE2022 ICPARNOVE202	2 ICPARROVE2022 TOPARHOVE40	2 icparity e2022 icparity $2e$	1022 ICFARNOVE2022 ICFARM				
BPARNOVE2022 ICPARNOVE202	ICPARNOVE2022 ICFARNOVE30	12 ICPARHOVE3022 ICPARING	1022 ICPARNOVE2022 ICPARI				
CPARNOVE2022 ICPARHOVE202	2 ICPARIFOVE2022 ICPARMOVE202	12 JCPARHOVED022 ICPARHOVE	2022 ICPARNOVE2022 ICPARN				

#### Closing stock of finished goods required at end of month-31 March 2021

APARINOVE3023 ICPARINOVE2023 ICPARINOVE3023 ICPARINOVE300 ICPARINOVE3023 ICPARINOVE300 ICPARINOVE300 ICPARINOVE3000 ICPARINOVE3000 ICPARINOVE300 ICPARINOVE3000000000000000000000000000000000000	1,100
BPARHOVE3023 ICPARHOVE2023 ICPARHOVE3022 ICPARHOVE3023 ICPARHOVE2022 ICPARHOVE2022 ICPARHOVE2023 ICPARHOVE2023 ICPARHOVE2023 ICPARHOVE2023	1,650
CPARHOVE3023 ICFARHOVE3023 ICFARHOVE3023 ICFARHOVE3022 ICFARHOVE3023 ICFARHOVE3022 ICFARHOVE3023 ICFARHOVE300 ICFARHOVE300 ICFARHOVE300 ICFARHOVE300 ICFARHOVE300 ICFARHOVE300 ICFARHOVE	550

#### Required closing stock of materials at end of month-31 March 2021

M1	2 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2022 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2023 ICPAR	31,200
M2	3 ICPARNOVE2022 ICPARNOVE2023 ICPARNOVE2022 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2023 ICPARNOVE2023	24,000
M3	2 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2023 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022	14,400

## Stock of finished goods at the beginning of the month, 1 March 2021

APARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE	) as infrarmove does infrarmove does infrarmove does $1,000$
BPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE	1.500 $\cdot$
CPARHOVE2022 ICPARHOVE2022 ICPARHOVE2022 ICPARHOVE2022 ICPARHOVE	1022 ICPARNOVED022 ICPARNOVED022 ICPARNOVED023 ICF500.
Stock of materials at the beginning of the mon	th-1 March 2021
M1.000 ICPARIOVE2022 ICPARIOVE2022 ICPARIOVE2022 ICPARIOVE	26,000
M2 SICKED CRAENOVEDOLO ICEARNOVEDOLO ICEARNOVE	20,000
M20022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 IC	12 000

Required:	1012 IOPARNOVE2022 IOPARNOVE ARNOVE2022 IOPARNOVE2023 IOP 2023 IOPARNOVE2023 IOPANNOVE
Prepare the budgets for the month of March 2021 showing the following	ARNOVE3023 ICFARNOVE3025 ICF 225 ICFARNOVE2022 ICFARNOVE ARNOVE2023 ICFARNOVE2023 ICF
i) Sales budget in quantity and in value	(5 Marks)
ii) Production quantities budget	(5 Marks)
iii) Material usage budget in quantities	(5 Marks)
iv) Material purchases budget in quantity and in value	(5 Marks)
022 ICPARNOVE2022 ICPARNOVE202 I	(Total: 20 Marks)

In December 2021, Tourism Ltd requested budget officer to prepare cash budged for board presentation. The information below were made available.

FY2021	SALES (FRW)	PURCHASES (FRW)
April	150,000	100,000
May	160,000	110,000
June Constant Characterized Ch	160,000	90,000
Julyноverses всравночезова всравночезова срав	170,000	90,000
August - CEARDON COMPARING CEARDON CEAR	200,000	80,000
September CRARGE CRARGE CRARGE CRARGE	200,000	DVE2002 10 PARHOVE20 130,000
October	180,000	140,000 ICPARIOVED 140,000
November FARMANIC CRARGE CRAR	180,000	60,000
December	200,000	60,000

The following additional information are relevant:

- 1) Cash in hand at the end of May will be FRW 180,000
- 2) 60% of the sales proceeds are received in the current month, 30% in the following month and the balance is received in two months after the sale
- 3) Suppliers are paid one month after delivery of goods
- 4) Income tax for 2020 of FRW 20,000 was delayed and shall be paid on 30 September 2021
- 5) Tourism Ltd retained contractor's money of FRW 50,000 and will be paid on 30 June 2021
- 6) The shareholders at their recent annual assembly increased share capital by FRW 70,000 and the first call of FRW 40,000 will be received in October 2021
- 7) In October 2021, the company is due to receive FRW 20,000 as compensation of a civil suit
- The monthly administration expenses amounting to FRW33,000 include factory depreciation charge of FRW 7,000
- 9) Office equipment worth FRW 13,000 will be paid for in November 2021
- **Required:**

Prepare cash budget for the period from June 2021 to 31 December 2021

(20 Marks) (Total: 20 Marks)

a) Mambo LTD is a company headquartered in Kigali, Masoro Free Economic Zone. It has an ambitious strategy that helped to acquire clients very fast hence quick growth in terms of turnover. It is known on higher quality products and it sells them across the region of East Africa. The company produces three joint products named A, B and C. The following data relates to these products:

NOVE2022 ICPARNOVE2022 ICP	ARNOVE2022 SCPARHOVE20A	CPARNOVE2022 ICPARNOVEB	1 ICPARHOVED022 ICPARNOC
Sales value (FRW)	24,000,000	18,000,000	15,000,000
Units produced (kgs)	180	240	150

The selling costs are 20% of sales value across the products and joint costs are FRW 35,000,000.

#### **Required:**

Calculate the profits made by each product apportioning joint costs by use of

- i. Sales value basis
- ii. Physical units basis

**b**) Nyagatare Chicken Feed Ltd specializes in the wholesale of chicken feed. During the month of October 2020, the company had the following transactions related to bags of eggs:

5<sup>th</sup> October Purchase of 400 bags @ FRW15,000 each

8th October, sales of 300 bags of eggs @ FRW 17,000 each

10<sup>th</sup> October, Purchases of 600 bags of eggs @ FRW 16,500 each

12th October, Purchases of 700 bags of eggs @ FRW 17,000 each

15<sup>th</sup> October, sales of 500 bags of eggs @ FRW18,000 each

19th October, Purchases of 500 bags of eggs @ FRW 18,000 each

26<sup>th</sup> October, Sales of 800 bags of eggs @ FRW 20,000 each

30<sup>th</sup> October, sales of 500 bags of eggs @ FRW 20,000 each

Note: There was an opening stock of 200 bags of eggs valued at FRW 2,800,000

#### **Required:**

- i) Determine the value of closing stock using FIFO
- ii) Determine gross profit using the stock valuation in (a)

# End of question paper

(8 Marks) (6 Marks) (Total 20 Marks)

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(3 Marks)

(3 Marks)