UGANDA BUSINESS AND TECHNICAL EXAMINATIONS BOARD

Business and Humanities Certificate Examinations

APRIL-MAY 2022 SERIES

PROGRAMME

NCAF, NCBA, NCPLM, NCCF

PAPER NAME

ELEMENTS OF COST ACCOUNTING

PAPER CODE

NCEC214

YEAR II, SEMESTER I

2½ HOURS

TUESDAY, 3RD MAY, 2022

INSTRUCTIONS TO CANDIDATES

1. *This paper consists of **two** sections **A** and **B.***
2. *Section **A** is compulsory and carries **20** marks.*
3. *Section **B** consists of **six** questions. Answer only **four** questions from this section.*
4. *All questions carry equal marks.*
5. *All answers to each question should begin on a fresh page.*
6. ***Do not** write on the question paper.*
7. *All answers and rough work should be written in the official answer booklet provided.*
8. *Non-programmable electronic calculators may be used for this examination.*
9. *Read other instructions on the answer booklet.*

SECTION A - (20 MARKS)

Answer all questions in this section

Question One

(a) Define the term **cost accounting**. (02 marks)

(b) Differentiate between **cost** and **expense** as used in costing. (04 marks)

(c) State **two** bases of apportionment used in overhead analysis. (02 marks)

(d) Define **labour turnover** as used in costing. (02 marks)

(e) State **two** characteristics of job costing. (02 marks)

(f) Differentiate between **periodic** and **continuous** stock taking. (04 marks)

(g) Explain the meaning of **relevant cost** as used in classification of costs for decision making. (02 marks)

(h) Define **allocation** as used in overhead costing. (02 marks)

SECTION B - (80 MARKS)

Answer only four questions from this section

Question Two

(a) Explain **three** main causes of overtime in an organization. (06 marks)

(b) Dembe Enterprises Ltd operates the Rowan premium bonus scheme for its production workers. During the month ended 30th May 2021, Kelly whose basic hourly rate of pay is UGX 15,000 was assigned the following jobs, which he completed.

Job No.	Time allowed (hrs)	Time taken (hrs)
250	148	123
430	95	65

Required: Compute;

Kelly's remuneration for the two jobs for the month of May 2021. (14 marks)

Question Three

(a) Differentiate between **Job costing** and **Batch costing**. (04 marks)

(b) Explain **four** advantages of Job costing. (08 marks)

(c) Discuss **four** determinants of costing methods. (08 marks)

Question Four

(a) The following data was extracted from the records of JKM manufacturing firm which has three production departments **1,2,3** and two service departments **X** and **Y**.

Departments	1	2	3	X	Y
Indirect material (UGX '000')	250	100	150	30	171
Indirect wages (UGX '000')	525	250	225	425	117

Other overheads	UGX
Insurance of machines	850,000
Electricity	450,000
Light and heating	225,000
Rent and Rates	180,000
Depreciation of machines	1,275,000
Canteen charges	600,000

The following information was also available:

Departments	1	2	3	X	Y
Book value(UGX)	200,000	75,000	45,000	20,000	85,000
Area(Sq. metres)	1,500	10,000	3,500	500	1,000
Kilowatts	300	70	50	10	170
No. of Employees	30	75	25	16	4

Required: Prepare primary distribution analysis sheet. (20 marks)

Question Five

(a) Explain **three** limitations of Economic Order Quantity. (06 marks)

(b) Abila Ltd extracted data from their books of accounts regarding the usage of stock of items as below:

Minimum consumption	5,440 units per week.
Maximum consumption	10,450 units per week.
Re-order period	15 – 25 weeks.
Economic order quantity	98,000 units.

Turn Over

Annual demand	882,000 units.

Required: Determine;

(i) Re-order level. (04 marks)

(ii) Minimum stock level. (04 marks)

(iii) Maximum stock level. (04 marks)

(iv) Number of orders to be made in a year. (02 marks)

Question Six

(a) Define a **cost sheet**. (01 mark)

(b) Outline **three** main elements of cost. (03 marks)

(c) The following information is an extract of data for GM Enterprises Ltd during the month of December 2021.

	UGX
Raw materials	5,800,000
Direct wages	600,000
Direct expenses	200,000
Rent	350,000
Power	70,000
Depreciation of plant	160,000
Indirect wages	80,000
Administrative expenses	220,000
Selling and distribution expenses	240,000
Profit 25% of cost	

Required: Prepare a cost statement. (16 marks)

Question Seven

(a) Explain **four** advantages of First In Frist Out method of material issue. (04 marks)

(b) The stores ledger card for material M40 shows the following details for the month of April 2022.

	Details	Units	Price per unit (UGX)
2022 1 April	Opening stock	4,500	400
5 April	Received	8,000	300
12 April	Issued	5,700	
18 April	Received	3,800	550
24 April	Issued	2,500	
29 April	Closing stock	1,200	

Required: Prepare a stores ledger card using the FIFO inventory valuation method. (16 marks)

END