



CERTIFIED ACCOUNTANTING TECHNICIAN
STAGE 1 EXAMINATIONS
S1.2: PRINCIPLES OF COSTING
DATE: MONDAY 27, NOVEMBER 2023
MODEL ANSWERS AND MARKING GUIDE

Marking Guide

QN	Answer	Marks	QN	Answer	Marks
1	B	2 Marks	26	D	2 Marks
2	B	2 Marks	27	D	2 Marks
3	A	2 Marks	28	B	2 Marks
4	C	2 Marks	29	B	2 Marks
5	C	2 Marks	30	C	2 Marks
6	C	2 Marks	31	B	2 Marks
7	C	2 Marks	32	A	2 Marks
8	A	2 Marks	33	A	2 Marks
9	B	2 Marks	34	A	2 Marks
10	A	2 Marks	35	B	2 Marks
11	B	2 Marks	36	B	2 Marks
12	A	2 Marks	37	B	2 Marks
13	B	2 Marks	38	C	2 Marks
14	B	2 Marks	39	B	2 Marks
15	C	2 Marks	40	B	2 Marks
16	D	2 Marks	41	D	2 Marks
17	A	2 Marks	42	B	2 Marks
18	B	2 Marks	43	B	2 Marks
19	B	2 Marks	44	A	2 Marks
20	A	2 Marks	45	C	2 Marks
21	B	2 Marks	46	C	2 Marks
22	A	2 Marks	47	D	2 Marks
23	C	2 Marks	48	C	2 Marks
24	D	2 Marks	49	C	2 Marks
25	B	2 Marks	50	B	2 Marks

Model Answers

QUESTION ONE

Correct answer is B

- A It is not correct because it is a definition of a sole trader not a limited liability company
- B A business whose owners are shareholders who are usually completely different from its management and shareholders' liability is only limited to the share capital contributed.
- C It is not correct because it is for Sole Trader, unlimited liability company and Partnership
- D It is not correct because it is a definition of Partnership

QUESTION TWO

Correct answer is B

Other are the components of financial statements

- A Statement of profit or loss
- B Statement of cost analysis
- C Statement of financial position
- D Statement of cash flow

QUESTION THREE

Correct answer is A

- A Buying goods for resale
- B Capital expenditure: the purchase of assets like furniture for business use in the long term
- C Drawings: withdrawing money from the bank for person use
- D Capital: injection of money in business for the fast time

QUESTION FOUR

Correct answer is C

Other statements are True in describing the relationship between financial accounting and management accounting

QUESTION FIVE

Correct Answer is C

Decision making, Planning, controlling

Analyzing, Accounting, and reporting are the roles of financial accounting in finance department

QUESTION SIX

Correct answer is C

Other statements are classified as short-term and medium-term decision

How many products to produce: Classified in a short-term nature

How to advertise and market the product: Classified in Medium Term Decisions

Where to locate factories, warehouse: Long-term decision

Whether or not to expand the business: Long-term decision

QUESTION SEVEN

Correct answer is C

A is when Candidates fail to remove estimated opening inventory

B is when candidates consider only the forecasted sales

D is wrong due to C is correct answer

Production Budget

Details	Product (Unit)
Required Ending inventory	7,800
Add: Forecasted sales	25,000
Gross production requirement	32,800
Less: estimated opening Inventory	(5,000)
Net production requirement	27,800

QUESTION EIGHT

Correct answer is A

B: is wrong because candidates is considering estimating selling unit instead of production unit

C: is wrong because candidates is consider only estimated gross production closing inventory

D: is wrong due to A was correct answer

Product	Unit of product (units)	Qty of Sugar req. per unit	Sugar required (total unit)
Sugar	27,800	2 kg	55,600kg

Product	Unit of product (units)	Qty of Sugar req. per unit	Sugar required (total unit)
Sugar	25,000	2 kg	50,000kg

Product	Unit of product (Bottles)	Qty of Sugar req. per one bottle	Sugar required (total unit)
Sugar	32,800	2 kg	65,600kg

QUESTION NINE

Correct answer is B

A was wrong because candidates fail to deduct estimated opening inventory

C was wrong because candidates failed to add estimated ending inventory to production unit required

D was wrong due to B was correct answer

A.

Material Purchased Budget	B	A	C
	kg	kg	kg
Required ending inventory of raw material	21000	21000	
Add: forecasted net production requirement	55,600	55,600	55,600
Gross production requirement	76,600	76,600	55,600
Less: estimated opening Inventory of raw material	15,000		15,000
Material to be purchased	61,600	76,600	40,600
Cost per unit (FRW)	100	100	100
Material Purchased budget (FRW)	6,160,000	7,660,000	4,060,000

QUESTION TEN

Correct Answer is A

B is wrong due to we use estimated production unit

C is wrong due to we use gross production requirement instead of estimated selling unit

D is wrong due to A was correct answer

Sale revenue budget			
	Units	Selling price per unit	Sales revenue
		FRW	FRW
A	25,000	600	15,000,000
B	27,800	600	16,680,000
C	32,800	600	19,680,000

QUESTION 11

Correct answer is B

A. Rent of office building in town: Classified as administration cost

B. Delivery costs to customers: classified under selling and distribution cost

C. Wages of employees supervising the production workforce: classified as production cost

D. Factory heating and lighting: Classified as production cost

QUESTION 12

Correct answer is A

- A A cost incurred and cannot be directly identified with producing a product or providing a service.
- B It is not correct because it a definition of Joint cost:
- C It is not correct because it is the Direct material apportioned by head office A cost that is incurred by the by head office and record in their books of accounts.
- D Material or labour costs which can be directly identified with making or providing units of a particular product or service it can be defined as Direct cost

QUESTION 13

Correct answer is B

- A Candidate forget to incorporate direct expense
- C candidates forget to incorporate direct labor cost

Production of 500 mattress	Point B	Point A	Point C
Direct material (500 * 10 * 1000)	500,000	500,000	500,000
Direct labor cost (0.5 * 500 * 1000)	250,000	250,000	
Direct expense	350,000		350,000
Prime cost	1,100,000	750,000	850,000

QUESTION 14

Correct answer is B

- A Candidate forget to incorporate direct expense in computation of total production overhead
- C Candidate forget to incorporate direct labor cost in computation of total production overhead
- D is wrong because B is correct answer

Production of 500 mattress	Point B	Point A	Point C
Direct material (500 * 10 * 1000)	500,000	500,000	500,000
Direct labor cost (0.5 * 500 * 1000)	250,000	250,000	
Direct expense	350,000		350,000
Prime cost	1,100,000	750,000	850,000
Other monthly variable cost	250,000	250,000	250,000
Total production cost	1,350,000	1,000,000	1,100,000
Total cost per unit	2,700	2,000	2,200

QUESTION 15

Correct answer is C

A Candidate fail to increase the cost of direct materials by 50% to cost of unit

B Candidates fail to consider factory supervisor cost

D is wrong because C is correct answer

Correct Computation

	FRW
Production of Increase to 650 mattress (30%) i.e 500×1.3	
Direct material ($650 \times 10 \times 150$)	975,000
Direct labor cost ($0.5 \times 650 \times 1000$)	325,000
Direct expense	455,000
Prime cost	1,755,000
Factory supervisor	250,000
Total production cost	2,005,000
Total cost per unit	4,010

Forget to increase the cost of raw material by 50%

Production of Increase to 650 mattress (30%)	
Direct material ($650 \times 10 \times 100$) (Candidates fail to increase cost of DM)	650,000
Direct labor cost ($0.5 \times 650 \times 1000$)	325,000
Direct expense	455,000
Prime cost	1,430,000
Factory supervisor	250,000
Total production cost	1,680,000
total cost per unit	3,360

Forget to consider factory supervisor

Production of Increase to 650 mattress (30%)	
Direct material ($650 \times 10 \times 150$)	975,000
Direct labor cost ($0.5 \times 650 \times 1000$)	325,000
Direct expense	455,000
Prime cost	1,755,000
Factory supervisor (Candidates fail to consider this cost)	
Total production cost	1,755,000
total cost per unit	3,510

QUESTION 16

Correct answer is D

A is wrong because direct materials are not part of overhead cost

B is wrong because direct materials and direct labor are part of prime cost not overhead cost

C is wrong because those components are for prime cost

QUESTION 17

Correct answer is A

A They are the expenses of the organisation incurred by a number of cost centres jointly.

B It is not correct because they are parts of indirect overhead cost

C It is not correct because it is a definition of indirect cost

QUESTION 18

Correct answer is B

A is wrong because is apportioned factory rent only not total cost apportioned on floor space occupied

C is wrong because is apportioned of factor power only not total cost on % of consumption

D is wrong because B is correct answer

QUESTION 19

Correct answer is B

A is wrong because is apportioned factory rent only not total cost apportioned on floor space occupied and candidates fail to consider the cost of repair of machinery

C is wrong because is apportioned of factor power only not total cost on % of consumption

D is wrong because B is correct answer

QUESTION 20

Correct answer is A

B is wrong because is apportioned factory rent only not total cost apportioned on floor space occupied.

C is wrong because is apportioned of factor power only not total cost apportioned on % of occupied.

D is wrong because A is correct answer.

QUESTION 21

Correct answer is B

A is wrong because is apportioned factory rent based on floor space occupied not total cost.

C is wrong because is apportioned of factor power only on % of consumption.

C is wrong because B is correct answer

Working for question 18 up to 21

	Factor rent	Floor space	Total space of building	Split on the basis of floor space	allocated cost of factor	Repair cost of machinery	Total cost of each department
	FRW		FRW	FRW	FRW	FRW	FRW
Cutting	1,200,000	5,000	12,000	500,000	160,000	100,000	760,000
Assembly	1,200,000	3,000	12,000	300,000	60,000		360,000
Finishing & painting	1,200,000	1,500	12,000	150,000	60,000		210,000
Selling and distribution	1,200,000	2,500	12,000	250,000	120,000		370,000

	Factor rent	Floor space	Total space of building	Split on the basis of floor space	allocated cost of factor	Repair cost of machinery	Total cost of each department
Cutting	1,200,000	5,000	12,000	500,000	160,000		660,000
Assembly	1,200,000	3,000	12,000	300,000	60,000		360,000
Finishing & painting	1,200,000	1,500	12,000	150,000	60,000		210,000
Selling and	1,200,000	2,500	12,000	250,000	120,000		370,000

distributi on							
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	Factor rent	Floor space	Total space of building	Split on the basis of floor space	allocated cost of factor	Repair cost of machine ry	Total cost of each departmen t
Cutting	1,200,000	5,000	12,000	500,000			500,000
Assembly	1,200,000	3,000	12,000	300,000			300,000
Finishing & painting	1,200,000	1,500	12,000	150,000	60,000		210,000
Selling and distributi on	1,200,000	2,500	12,000	250,000	120,000		370,000

	Factor Power	% consumption	Of Split based on % of consumption
Cutting	400,000	40%	160,000
Assembly	400,000	15%	60,000
Finishing & painting	400,000	15%	60,000
Selling and distribution	400,000	30%	120,000

QUESTION 22

Correct answer is A

B & C are joint cost center expense

Point D was wrong because A is the correct answer

QUESTION 23

Correct answer is C

A: It is not correct because cost Centre are area or department which incurs Cost only

B: It is not correct because revenue Centre are Centre which is accountable for revenues only

D: It is not correct because Investment center is when the business specifically calculates how much money is invested in the respective area or project

QUESTION 24

Correct Answer is D

A variable cost is a cost which varies in total directly with the volume of output.

B: step fixed cost is cost which are fixed in nature but only within certain level of activity

C: Fixed cost is costs which are not affected by the level of activity

QUESTION 25

Correct answer is B

A it is not correct because is basic salary only

C It is not correct because the increment was calculated on 200 unit

D it is not correct because the incremental is calculated of 250 unit

A FRW 250,000 (Fixed salaries)

B FRW 300,000

C FRW 450,000 (250,000 of salaries + 200 unit *FRW 1,000)

D FRW 500,000 (250,000 of salaries + 250 unit *FRW 1,000)

QUESTION 26

The correct answer is D

Work in progress product is not ready for sell to the customer

All other options are a collective way to describe inventory as raw materials, finished product.

QUESTION 27

Correct answer is D

A Material requisition form is completed when materials are needed from stores by the production department it is then used as a source document for updating the inventory card in stores, updating the stores ledger account, charging the job, overhead or department that is using the materials.

B Inventory Cards are manual records that are written up and kept in the stores department.

C Store ledger accounts held by the accounts department and are very similar to inventory card. They carry all the information that an inventory card does, and they are updated from the same sources

The following information relates to questions 28 and 30

RECEIPT					ISSUES			BALANCE	
DATE	Details	Quantity	cost per unit	total cost	Quantity	cost per Unit	Total cost	quantity	Total cost
1-Dec-22	opening inventory	200	225	45,000				200	45,000
3-Dec-22	Receipt	400	245	98,000				600	143,000
6-Dec-22	issue to sell				200	225	45,000	400	98,000
					200	245	49,000	200	49,000
					400		94,000		
9-Dec-22	Receipt	400	255	102,000				600	151,000
15-Dec-22	issue to sell				200	255	51000		
					160	255	40800		
					360		91800	240	59,200
21-Dec-22	Receipt	450	222	100,000				690	159,200
26-Dec-22	Receipt	600	300	180,000				1290	339,200
31-Dec-22	issue to sell				240	255	61,200		
					110	222	24,444		
	closing stock				350		85,644	940	253,556

Wrong computation on second issue of inventory of 200 at cost of FRW 255 instead of FRW 245

Wrong computation on first issue of 200 unit at cost of FRW 245 instead of FRW 225 as correct issue cost

Receipt					Issues			Balance	
DATE	Details	Quantity	cost per unit	Total cost	Quantity	Cost per Unit	Total cost	Quantity	Total cost
1-Dec-22	Opening inventory	200	225	45,000				200	45,000
3-Dec-22	Receipt	400	245	98,000				600	143,000
6-Dec-22	Issue to sell				200	245	49,000	400	94,000
					200	245	49,000	200	45,000
					400		98,000		
9-Dec-22	Receipt	400	255	102,000				600	147,000
15-Dec-22	Issue to sell				200	245	49,000		
					160	255	40,800		
					360		89,800	240	57,200
21-Dec-22	Receipt	450	222	100,000				690	157,200
26-Dec-22	Receipt	600	300	180,000				1290	337,200
31-Dec-22	Issue to sell				240	255	61,200		
					110	222	24,444		
	closing stock				350		85,644	940	251,556

Correct figures

Receipt					Issues			Balance	
DATE	Details	Quantity	Cost per unit	Total cost	Quantity	Cost per Unit	Total cost	Quantity	Total cost
1-Dec-22	Opening inventory							200	45,000
3-Dec-22	Receipt	400	245	98,000				600	143,000
6-Dec-22	Issue to sell				200	225	45,000	400	98,000
					200	245	49,000	200	49,000
					400		94,000		
9-Dec-22	Receipt	400	255	102,000				600	151,000
15-Dec-22	issue to sell				200	245	49,000		
					160	255	40,800		
					360		89,800	240	61,200
21-Dec-22	Receipt	450	222	100,000				690	161,200
26-Dec-22	Receipt	600	300	180,000				1290	341,200
31-Dec-22	issue to sell				240	255	61,200		
					110	222	24,444		
	closing stock				350		85,644	940	255,556

QUESTION 28

Correct answer is B

A it is wrong because the second issue of inventory is done on wrong issue cost

C it is wrong because the first issue of inventory is done on wrong issue cost

D is wrong because B is correct answer

QUESTION 29

Correct answer is B

A: is wrong figure due to we use wrong issue cost per unit for second issue look on the table above

C: is wrong figure due to we use wrong issue cost per unit for first issue look on the table above

D: is wrong due to B was correct answer

	Correct figure (B)-FRW	A-FRW	C-FRW
Issue cost	94,000	94,000	98,000
Issue cost	89,800	91,800	89,800
Issue cost	85,644	85,644	85,644
Total	269,444	271,444	273,444

QUESTION 30

Correct Answer is C

	Correct figure (C)	(B)	(A)
Issued on 6 December	400		
Issued on 15 December	360		
Issued on 31 December	350		
Total unit issued	1,110		
Selling price	500		
SALE REVENUE	555,000	555,000	555,000
Cost of sale (Total Issue cost)	269,444	271,444	273,444
Gross profit	285,556	283,556	281,556

A: is wrong figure due to we use wrong cost of sale (issue cost) where first issue was done by wrong issue price per unit for second issue look on the table above

B: is wrong figure due to we use wrong cost of sale (issue cost) where second issue was done wrong issue cost per unit for look on the table above

D: is wrong due to C was correct answer

QUESTION 31

Correct answer is B

Last in last out do not exist in method of inventory valuation

A: FIFO Assume that the first items bought are the first items issued.

C: is inventory valuation method that calculate a weighted average cost each time there is a receipt of inventory.

D: is opposite of FIFO; It assume that the last items bought are the first items issued.

QUESTION 32

Correct answer is A

FIFO Assume that the first items bought are the first items issued.

FIFO is most appropriate in business where the oldest items are actually issued first, which is the case with perishable goods such as food where NZABAMWITA LTD operates.

B: last in last out was not exist in method of inventory valuation method

C: is inventory valuation method that calculate a weighted average cost each time there is a receipt of inventory.

D: is opposite of FIFO; It assume that the last items bought are the first items issued.

QUESTION 33

Correct answer is A

A Wages of the employees making furniture

B Maintenance cost if machinery: Indirect Cost

C Sales staff salaries: Indirect Cost

D Salaries of watchman in the evening Indirect Cost

QUESTION 34

Correct answer is A

A remuneration rate involves paying a bonus if the output is better than expected was Bonus system (not Time rate)

Other statements are true

According to labor remuneration methods, which of the following statement is not true?

A. Time rate remuneration involves paying a bonus if the output is better than expected

- B. Piecework remuneration is an amount paid for each unit or task successfully completed, acting as incentive to produce more
- C. A time saved bonus is paid if the employee performs a task in a shorter time than the standard time allowed (Bonus system)
- D. A discretionary bonus system occurs when employer judges that the employee deserves one (Bonus system)

The following information relates to questions 35 and 37

QUESTION 35

Correct answer is B

A is wrong because all excess unit produced by KAYONGA are 15 unit but is valued on FRW 10,000 While fall in two segments as provided in the question

C is wrong because all excess unit produced by KAYONGA are 15 unit but is valued on FRW 15,000 While fall in two segments as provided in question

D is wrong because B is correct answer

QUESTION 36

Correct answer is B

A is wrong because Candidate fail to consider all excess unit produced by DIDIER are 9 unit as provided in the question

C is wrong because all excess unit produced by DIDIER are 9 unit but is valued on FRW 15,000 While fall in First segment as provided in question that have to be valued on FRW 10.000

D is wrong because B is correct answer

QUESTION 37

Correct answer is B

A is wrong because all excess unit produced by KAYONGA are 15 unit but is valued on FRW 15,000 While fall in two segments as provided in the question so total cost is wrong

C is wrong because all excess unit produced by KAYONGA are 15 unit but is valued on FRW 15,000 While fall in two segments as provided in question and 9 unit of DIDIER was commutated by using wrong rate so total cost is wrong

D is wrong because B is correct answer .

Names	Basic salary	Expected production unit	Actual production	over production	Between 20 up to 30	remuneration rate	Total Bonuses	Between 20 up to 30	remuneration rate	Total Bonus	Gross salaries
Didier	250,000	20	29	9	9	10,000	90,000	0	15,000	-	340,000
Karekezi	250,000	20	19	-1	0	10,000	-	0	15,000	-	250,000
Kayonga	250,000	20	35	15	10	10,000	100,000	5	15,000	75,000	425,000
Murinzi	250,000	20	20	0	0	10,000	-	0	15,000	-	250,000
Gross wage (correct Answer)											1,265,000

Names	Basic salary	Expected production unit	Actual production	over production	Between (20 up to 30)	remuneration rate	Total Bonus	Between (20 up to 30)	remuneration rate	Total Bonus	Gross salaries
Didier	250,000	20	29	9	0	10,000	-	9	15,000	135,000	385,000
Karekezi	250,000	20	19	-1	0	10,000	-	0	15,000	-	250,000
Kayonga	250,000	20	35	15	15	10,000	150,000	0	15,000	-	400,000
Murinzi	250,000	20	20	0	0	10,000	-	0	15,000	-	250,000

gross wage											1,285,000
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Names	Basic salary	Expected production unit	Actual production	over production	Between 20 up to 30	remuneration rate	Total Bonus	Between 20 up to 30	remuneration rate	Total Bonus	Gross salaries
Didier	250,000	20	29	9	0	10,000	-	0	15,000	-	250,000
Karekezi	250,000	20	19	-1	0	10,000	-	0	15,000	-	250,000
Kayonga	250,000	20	35	15	0	10,000	-	15	15,000	225,000	475,000
Murinzi	250,000	20	20	0	0	10,000	-	0	15,000	-	250,000
Gross wage											1,225,000

QUESTION 38

Correct answer is C

A: Trade in occurs when an asset is exchanged to another from a supplier in whole or in part payment.

B: Capital raised occurs when there is an increase in the owners' funds

C: The asset was acquired on credit as the payment will fall due within 2 months

QUESTION 39

Correct answer is B

A: revenue expense relates to costs spend for normal trading of the company

Capital income happen when there is an income received from disposal of long-term asset

QUESTION 40

Correct answer is B

Retail buys goods made by a manufacturer in on order to sell on to the final customer

A: are business which actually make the goods that they sell on the other business.

C: Marketing organization are classified as Service organization

D: Service business not manufacturing or sell physical product but instead provide a service

QUESTION 41

Correct answer is D

Financial accounting does not help while determining advertisement costs

Other statements are objective of financial accounting

The following information relates to questions 42 to 43

QUESTION 42

Correct answer is B

A is wrong because candidates by choosing higher level of production is based on high cost not level of output

C is wrong because candidates by choosing higher level of production they mix production cost based and level of output occurred in 2 different period

D is wrong due to B is correct answer

QUESTION 43

Correct answer is B

A is wrong because candidates by choosing higher level of production is based on high cost not level of output

C is wrong because candidates by choosing higher level of production they mix production cost based and level of output occurred in 2 different period

D is wrong due to B is correct answer

Workings

Munyaneza Ltd has record the following data in the most recent period

Year	Total cost of production	Volume of production
	FRW (000)	Unit
2019	135,000	700
2020	183,000	1,050
2021	195,500	1,200
2022	195,000	1,250

STEP1: identify

A period with Highest activity level

A period with Lowest activity level

Variable cost per unit

$$\frac{\text{Total cost at high activity} - \text{Total cost at lower activities}}{\text{Total Units at high activity level} - \text{Total units at lower activity level}} = \frac{195,000 - 134,500}{1,250 - 700} = 110$$

Fixed cost = total cost at High level – (total units at high activity level * Variable cost)

Year	Total cost of production	Volume of production
	FRW (000)	Unit
2019	134,500	700
2020	183,000	1,050
2021	195,500	1,200
2022	195,000	1,250
	60,500	550

Variable cost per unit (Correct answer) 110

Higher activities level

195,000

Total variable cost

1,250*110

(137,500)

Fixed cost

57,500

1500

Total cost at 1,500

57,500+ (1,500*110)

222,500

Wrong answer due to selecting highest activity based on total cost not production level

Year	Total cost of production	Volume of production
	FRW (000)	Unit
2019	134,500	700
2020	183,000	1,050
2021	195,500	1,200
2022	195,000	1,250

61,000

500

variable cost per unit

122

Higher activities level

195,000

Total variable cost

1250*110

152,500

Fixed cost

42,500

1500

Total cost at 1500

57,500+ (1500*110)

225,500

Wrong answer because candidate select highest activity level and highest production level from different year

Year	Total cost of production	Volume of production
	FRW (000)	Unit
2019	134,500	700
2020	183,000	1,050
2021	195,500	1,200
2022	195,000	1,250

61,000

550

variable cost per unit

111

Higher activities level

195,500

Total variable cost

1200*122

138,636

Fixed cost

56,864

1500

Total cost at 1500

56,864+ (1500*111)

223,227

QUESTION 44

Correct Answer is A

B is wrong because all cost incurred during production of product are Total production cost

C all cost which cannot be directly identified with the production of product are known as overhead

D is wrong because All material cost, labor cost, and expense incurred in production of goods or providing a service is Total production cost with a component of direct cost and indirect cost

Direct cost refers to:

QUESTION 45

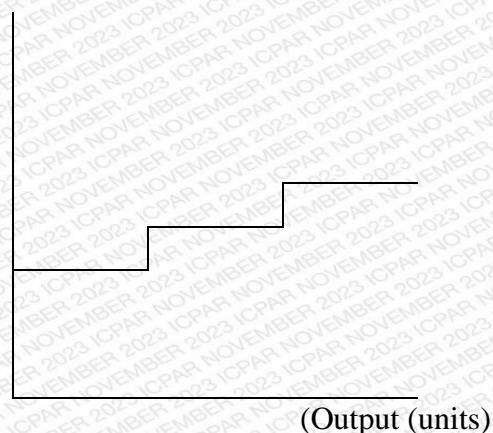
Correct answer is C

A is wrong because semi-variable cost is which contain both fixed and variable component and so are affected by the level of activity

B is wrong because variable cost is cost which varies in total directly with the volume of output

D Is wrong because fixed cost is cost which are not affected by the level of activity.

Total cost



QUESTION 46

Correct answer is C

Material requisition form is completed when materials are needed from stores by the production department it is then used as a source document for updating the inventory card in stores, updating the stores ledger account, charging the job, overhead or department that is using the materials.

A: it is wrong because Inventory Cards are manual records that are written up and kept in the stores department

B: it is wrong because Purchase Order form: are document that details the quantity needed by a company issued to supplier for delivery that product requested

D: it is wrong because Goods received notes: it is a document signed by a goods receiving committee to confirm that goods are received in good condition

QUESTIONS 47

Correct answer is D

Because engraving is a way of writing the code on items by using a machine.

For easy way of kept record in the store, different items are given a code based on company own structure, which of the following are not methods of coding systems?

A is wrong because alphabetic coding systems are methods of coding by using just letters to code the ledger account

B is wrong because Numeric coding systems are methods of coding where the code are is entirely numerical

C is wrong because alpha-numeric is coding systems uses a mixture of letters and numbers

The following information relates to questions 48 and 50

Cost type	Budget	Actual	Variance	Adverse / Favorable	Significance
	FRW (000)	FRW (000)	FRW (000)		
Materials	25,500	26,500	(1,000)	adverse	-4%
Labor	11,250	12,350	(1,100)	adverse	-10%
Production cost	5,300	5,160	140	Favorable	3%
Administration O/H	6,200	5,900	300	Favorable	5%
Selling and distribution	2,660	2,460	200	Favorable	8%

QUESTION 48

Correct Answer is C

A is wrong because 1000 adverse is variance for materials not for production cost

B is wrong because 140 adverse is variance of production but computation is wrong due to student take actual minus Budgeted

D is wrong because 1000 Favorable is variance for materials but computation is wrong due to candidate take actual minus Budgeted

QUESTION 49

Correct Answer is C

A is wrong because 1,000 Favorable is variance for materials but computation is wrong due to student take actual minus Budgeted

B is wrong because 1000 adverse is variance for materials not for production cost

D Interpretation is wrong, the variance is adverse not favorable

QUESTION 50

Correct answer is B

Other combination for A, for C, for D are wrong

Material cost variance: because material cost variance is (1,000) adverse just equal to -4% as significant to budgeted cost, this is below 5 % of budget deemed to be significant and reported to account manager

Administration overhead cost variance is 300 favorable just equal 5% as significant to budgeted cost, this doesn't exceed 5 % of budget is deemed to be significant and reported to account manager

Production cost variance is 140 favorable just equal 3% as significant to budgeted cost, this doesn't exceed 5 % of budget is deemed to be significant and reported to account manager

END OF MARKING GUIDE AND MODEL ANSWERS