



# **MURANG'A UNIVERSITY OF TECHNOLOGY**

## **SCHOOL OF COMPUTING & INFORMATION TECHNOLOGY**

DEPARTMENT OF INFORMATION TECHNOLOGY

UNIVERSITY ORDINARY EXAMINATION

2020/2021 ACADEMIC YEAR

**SECOND YEAR FIRST SEMESTER EXAMINATION FOR, BACHELOR OF  
BUSINESS INFORMATION TECHNOLOGY**

UNIT CODE: BCA 211

UNIT TITLE: COST & MANAGERIAL ACCOUNTING

DURATION: 2 HOURS

**Instructions to candidates:**

1. Answer question One and Any Other Two questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

**SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION**

**QUESTION ONE (COMPULSORY) (30 MARKS)**

- a) State FIVE functions of cost accounting. (5marks)
- b) Explain FOUR basis typically used in classification of costs. (6marks)
- c) Explain THREE methods of a firm can use to estimate costs. (6marks)
- d) Outline FIVE limitations of break-even analysis. (5marks)
- e) State FOUR types of standards a firm can use in controlling costs. (4marks)
- f) Highlight FIVE differences between cost accounting and management accounting. (5marks)

**SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION**

**QUESTION TWO (20 MARKS)**

- a) Discuss FOUR costing methods a firm can use to allocate costs. (8marks)
- b) Starlet manufactures product Exe after three distinct processes.in the month of October 2020,40,000 units valued at Sh 80 per unit entered production. Costs incurred for the three processes are as follows:

Cost element	1	2	3
Direct materials	60,000	80,000	100,000
Direct labour	240,000	120,000	120,000
Direct expenses	20,000	12,000	9,000
Output (units)	3,700	3,500	3,150
Normal loss	10%	5%	10%

Manufacturing overheads are absorbed by each process at 150% of direct labour cost.

Required: Prepare process accounts for each of the three processes. (12marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss FIVE objectives of budgetary control. (10marks)
- b) The following information relates to a factory which has four departments:
  - i.

Overhead	Sh
Rent	200,000
Repairs to plant	400,000
Depreciation of plant	120,000
Light and heat	40,000
Supervision	320,000
Repairs of building	80,000

ii. Information in respect of the four departments: -

	A	B	C	D
Direct wages	80,000	50,000	30,000	20,000
Area in square metres	1,500	1,200	1,000	1,000
Number of employees	10	20	30	20
Value of plant	450,000	300,000	150,000	100,000

Required: -

Prepare an overhead analysis sheet.

(10marks)

#### **QUESTION FOUR (20 MARKS)**

a) Explain FIVE features of a contract costing.

(10marks)

b) The following information was extracted from the books of Wellbird Ltd.

Production 500,000 units

Sales 400,000 units

Additional information

i) 40% of production overhead is fixed

ii) Selling price per carton is Sh200

iii) Selling and administration overheads amounts to Sh 2,400,000 of which 50% were fixed.

Required:

Prepare a profit and loss statement using marginal costing and absorption costing. (10marks)