

**MURANG'A COLLEGE OF TECHNOLOGY**  
**BUSINESS DEPARTMENT**  
**CLASS BS/ATC 2**  
**COST ACCOUNTING**  
**DATE: 20TH AUGUST 2012**

**ANSWER ALL 3 QUESTIONS**

Q1. Explain the advantages and disadvantages of centralized system of maintaining stores. (6 marks)

(b) Explain assumptions behind the determination of economic order quantity. (5 marks)

(c) The following information is given for material MD – 25

Consumption	
Annual	36000 units / day
Maximum	800 units / day
Normal	900 Units / day
Re-order period	12-24 days
Re-order quantity	320000 units

**Required**

- (i) Re order level (3 marks)
- (ii) Minimum stock level (3 marks)
- (iii) Maximum stock level (3 marks)

Q2. Distinguish between the following terminologies

- (i) Direct and indirect costs (4 marks)
  - (ii) Cost centre and cost unit (4 marks)
  - (iii) Period costs and product costs (4 marks)
  - (iv) Committed and discretionary costs. (4 marks)
- (b) Explain **FOUR** Differences between cost accounting and financial accounting. (4 marks)

Q3.(a) Briefly explain **FOUR** principles of coding. (4 marks)

(b) Explain **FOUR** advantages of perpetual inventory system. (4 marks)

(c) From the following information relating to ABC C. Lt prepare stores ledger accounts using.

(a) Simple average price. (5 marks)

(b) Weighted average price.

(6 marks)

Receipts Date	Quantity kg	Price sh.
4 Dec.2009	200	10
18 Dec. 2009	300	12
22 Dec. 2009	100	16

  

Date	Issues	Quantity
4 Dec. 2009	200	10
18 Dec. 2009	300	12
22 Dec. 2009	100	16

  

Date	Issues	Quantity kg
6 Dec. 2009		100
20 Dec. 2009		200
25 Dec. 2009		200