



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT: COMMERCE

MAIN CAMPUS

UNIVERSITY EXAMINATIONS

YEAR 1 SECOND SEMESTER JAN – MAY 2016

PROGRAMME: CERTIFICATE

EXAMINATION: SUPPLEMENTARY

UNIT CODE: CIB 105

UNIT NAME: COST ACCOUNTING

DATE:

TIME:

INSTRUCTIONS TO CANDIDATES

Question **ONE (1)** is **Compulsory** and answer any other **TWO**

QUESTION ONE

- (a) Explain the following terms as used in cost accounting
- (i) Cost units
 - (ii) Cost centre
 - (iii) Profit centre
 - (iv) Cost behaviour. [4 marks]
- (b) Describe benefit which an organization gets from use of cost accounting. [5 marks]
- (c) Explain FIVE types of materials which may be used in a factory. [5 marks]
- (d) Discuss main features of effective and good storekeeping. [4 marks]
- (e) A company has annual demand for product cost price per unit is sh 4500 and stockholding is $33\frac{1}{3}\%$ per annum of stock value. Delivery cost per batch is sh 320. Calculate economic order quantity. [5 marks]
- (f) A material standard for one unit of product D is 3kg at sh5 per kg 14000 kg were used at a cost of sh 84000 and 4000 units were produced.
- (i) Calculate material cost variances. [4 marks]
 - (ii) Explain characteristics of job costing. [3 marks]

[Total 30 marks]

QUESTION TWO

- (a) From the following information prepare a cost sheet

	Sh		sh
Raw materials	80,000	Direct labour	35,000
Factory rent	5,000	Power	3,000
Indirect wages	2,000	Administration expenses	4,000
Selling & distribution expenses	3,000		
Profit 25% of cost.			[10 marks]

(b) Discuss benefits accruing to a company which uses centralized method of purchasing.

[10 arks]

[Total 20 marks]

QUESTION THREE

The following information reveals to receipts and issues of products P in a store

Jan 2 Received 500 units @ sh 20 each

Jan 8 received 300 units @ sh 22 each

Jan 10 issued 400 units

Jan 15 issued 200 units

Jan 20 received 600 units @ sh 25 each

Jan 25 issued 300 units

Jan 27 received 200 units 2 sh 26 each

Jan 30 issued 100 units

Write up a stores ledger account using FIFO method of stock valuation. [10 marks]

(c) Discuss effects involved when a firm has high labour turnover [10 arks]

[Total 20 marks]

QUESTION FOUR

The following relates Zam manufacturing company overhead

Overhead	sh		sh
Rent	80,000	Light and heat	20,000
Repair to plant	50,000	Supervision	60,000
Depreciation	40,000	Repair to buildings	3,000

Information in respect of bases of apportionment.

	Dept A	Dept B	Dept C	Dept D
Area in M ²	1500	1200	800	500
Numbers of employees	35	25	25	15
	Sh	sh	sh	
Value of plant	500,000	300,000	200,000	-

Prepare an overhead analysis sheet showing basis of apportionment. [10 mark]

(b) You are provided with the following information

Selling price per unit shd 100
Variable cost per unit sh 50
Fixed costs sh 600,000

Required

- (i) Break even chart
- (ii) Contribution sales graph
- (iii) Show margin of safety

[10 marks]

[Total 20 marks]