



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF
BUSINESS ADMINISTRATION – WITH IT
2ND YEAR 2ND SEMESTER & 3RD YEAR 1ST SEMESTER 2013/2014
ACADEMIC YEAR
KISUMU L. CENTRE**

COURSE CODE: ABA 209/BLM 3316

COURSE TITLE: COST ACCOUNTING

EXAM VENUE:LR

STREAM: (BBA)

DATE: 21/8/14

EXAM SESSION: 9.00 – 11.00AM

TIME: 2 HOURS

Instructions:

- 1. Answer question 1 (compulsory) and any other 2 questions .**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION TWO

1. Define the following terms

- a) Cost Accounting
- b) Financial Accounting
- c) Management accounting

2. Briefly describe the purpose of Cost Accounting.

3. Compare and contrast Cost Accounting and financial Accounting

(20 Marks)

QUESTION THREE:

From the following information relates to Progressive Company that manufactures bolts for engineering works. It uses two components of materials ie X and Y.

Particulars	Component X	Component Y
Maximum consumption per week	75 Units	75 Units
Average consumption per week	50 Units	50 Units
Minimum consumption per week	25 Units	25 Units
Reorder period	4 -6 Weeks	2- 4 Weeks
Reorder quantity	40 Units	600 Units

Required:

For ease of production control for each component, compute:

- a) Reorder level
- b) Minimum stock level
- c) Maximum stock level
- d) Average stock level

(20 Marks)

QUESTION FOUR:

LMN Ltd sells its products at Rs3 per unit. The company uses First in First out actual costing system. A new fixed manufacturing overhead allocation rate is computed each year by dividing the actual fixed manufacturing overhead cost by the actual production costs. The following simplified data are related to its first two years of its operation:

Details	Year 1	Year 2
Unit Data		
- Sales	1,000	1,200
- Production	1,400	1,000
Costs	Rs	Rs
- Variable Manufacturing	700	500
- Fixed Manufacturing	700	700
- Variable marketing and administration	1,000	1,200
- Fixed marketing and administration	400	400

Required:

Prepare income statements based on:

- Absorption costing and
- Variable costing for each year
- Give reasons for the difference in the answer to a and b above.

(20 Marks)

QUESTION FIVE:

- What are the main bases of overhead apportionment? (5 marks)
- From the following information, you are required to calculate:
 - Material price variance
 - Material usage variance and
 - Material cost variance
 - Quantity of materials purchased 3,000 units
 - Value of materials purchased \$9,000

Standard of quantity of materials required for one tone of finished product:

- Standard rate of material: \$ 2 per unit
- Opening stock of material: Nil
- Closing stock of material: 500 units
- Finished production during the period: 80 Tones

(15 Marks)

(20 Marks)