

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

# **UNIVERSITY EXAMINATIONS 2014/2015**

**EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE AND BACHELOR OF BUSINESS INFORMATION TECHNOLOGY**

**HBC 2203 : COST ACCOUNTING**

**DATE: AUGUST 2014 TIME: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS. SHOW YOUR MARKINGS CLEARLY**

===========================================================

**QUESTION ONE [COMPULSORY ]**

1. Explain the following terms as used in cost accounting
2. Cost center [3 marks]
3. Profit center [3 marks]
4. Opportunity cost [4 marks]
5. A budget is a multi-facet tool. Briefly explain how a firm may use a budget. [10 marks]
6. The following data has been provided for your analysis

|  |  |
| --- | --- |
| Details |  |
| Variable data | 1 |
| Selling price per pair | 120 |
| Cost of pair | 78 |
| Sales commission | 6 |
| Total variable cost | 84 |
|  |  |
| Annual fixed costs |  |
| Rent | 240 000 |
| Salaries | 800 000 |
| Advertisement | 320 000 |
| Other fixed costs | 80 000 |
| Total fixed costs | 1 440 000 |

REQUIRED:

1. Compute the firm’s break even point. In units and revenue (kshs) [5 marks]
2. If the firm sold 70 000 pairs would it make a profit or loss? How much? [5 marks]