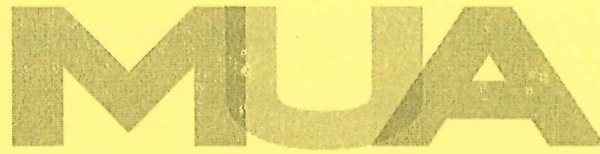


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP/ BACHELOR
OF COMMERCE

BML 300 / BCM 217 : COST ACCOUNTING

DATE: 6TH AUGUST 2019

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

A) ALMOND FACTORY LTD had the following particulars as at 31. 12. 2017

Opening stock of raw materials	20,000
Opening stock of work in progress	10,000
Opening stock of finished goods	50,000
Raw materials purchased	5,000,000
Direct wages	3,800,000
Sales for the year	12,000,000
Closing stock of raw materials	75,000
Closing stock of work in progress	15,000
Factory overheads	80,000
Direct expenses	50,000
Office and administrative overheads	60,000
Selling and distribution expenses	30,000

Formulate a cost statement clearly indicating the following :-

- (i) Cost of materials consumed
- (ii) Prime cost
- (iii) Factory cost
- (iv) Cost of production
- (v) Cost of sales
- (vi) Profit

(15 Marks)

B) A manufacturing company produces and sells a single product as follows:-

Selling price per unit	Shs. 250
Variable cost per unit	Shs. 150

The fixed cost per annum is estimated to be Shs. 600,000.00. The sales manager would like to propose a change to pay salesmen on commission basis at Shs. 10 per unit sold, rather than on fixed monthly salary of Shs. 8,000 per month.

Required: -

- (i) Calculate what would be break-even-point in units for the situation before and after the change? (5marks)
- (ii) Evaluate the effect of the proposed changes in cost on the break-even-point. (5 Marks)

QUESTION TWO

Bright light manufacturers provide you with the following data relating to the manufacture of a standard product during the month of June 2018.

Raw materials	15,000
Direct labor charges	9,000
Machine hours worked	900
Machine hours rate	5
Administration overheads (20% on works cost)	
Salary overhead	0.5 %
Units produced	17,100
Units sold - (at Shs 4 per unit)	16,100

Required:-

- a) Calculate the cost per unit (5 marks)
- b) Calculate the cost per unit sold (5 marks)
- c) Calculate the profit for the period (5 marks)

QUESTION THREE

- a) The following purchases were made during the month of Jan, Feb and March 2018:

Jan 19 th	500	@ Sh 2.00
Feb 28 th	400	@ Sh 2.20
March 20 th	600	@ Sh 2.50

On March 700 units were issued and on the 25th March 400 units were issued.

Calculate the value of closing stock using the FIFO method? (5marks)

- b) The following are the estimated sales of a manufacturing company for the months ending 30. 6. 2017

Month	Estimated sales (in Units)
January	6,000
February	6,500
March	4,500
April	4,000
May	5,000
June	6,000

The closing balance of the finished goods and raw materials are as follows:-

Closing cost of finished goods 50% of the estimated sales for the next month.

Raw materials estimated consumption for the next month.

Each unit of production requires 2Kg of raw materials, which cost

Shs. 5 per Kg.

Construct a production budget (in units) of the company for the half-year ending

30. 6. 2017.

(10 marks)

QUESTION FOUR

- a) Define marginal costing? **(2 marks)**
- b) Calculate the break-even period, if the fixed expenses for the year are Kshs 800,00.00, the variable expenses are shs 4 per unit and the selling price per unit is Shs. 20 **(10 marks)**
- c) Discuss the following costing terminologies, over-time, direct labor and piecework, in a factory. **(3 marks)**

QUESTION FIVE

- a) Explain the meaning of cost Centre and cost unit. **(5 marks)**
- b) Identify and give examples of each of the three basic cost elements included in the manufacture of a product. Construct a diagram to illustrate the various cost elements. **(10 marks)**

QUESTION SIX

- a) Discuss what an interlocking accounting system is, and highlight reasons why the profit figures in the cost accounting books and those in the financial books may be different. **(5 Marks)**
- b) List the main objectives of a budget control system. **(6 Marks)**
- c) Make a comparison between a flexible budget and fixed budget. **(4 Marks)**

