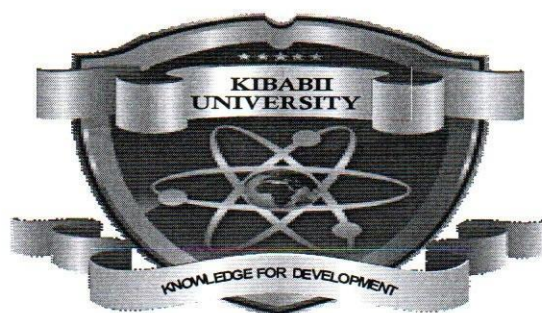


18



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR

MAIN EXAMINATION
FOR THE DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DAB 100

COURSE TITLE: COST ACCOUNTING

DATE: 20-5-2021

TIME: 8.00AM-10.00AM

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 6 Printed Pages. Please Turn Over.

SECTION A

QUESTION ONE (COMPULSORY)

1(a) Give two definition the term Cost Accounting

(4marks)

(b) Write briefly on the six **Assumptions of break-even analysis**

(12 marks)

(c) Mugo & wafula Co limited has been awarded a contract to build a house. This is a contract No 545 for the company and the contract price is shs.3.65 million. At the end of the company's financial year, the contract was 85% complete and hence regarded as being near completion. You are also provided with the following information about the contract:

Particulars	Shs.
Materials purchased and delivered	780,000
Materials issued from store	80,000
Materials returned to stores	10,000
Site expenses	400,000
Site wages	300,000
Plant sent to site	150,000
Architect's fees	45,000
Plant returned from site	20,000
Subcontractor's fees	125,000
Head Office overheads absorbed	80,000

Valuation at the year ending disclosed the following:

	Shs
Materials:	29,500
Plant on site	60,000
Work done but not yet certified	70,000

Determine the cost of units used and the value of the closing stocks using FIFO, LIFO and Weighted Average. **(14 Marks)**

QUESTION THREE

- (a) What are the objectives of **Budgetary planning**(10 marks)
- (b) Write briefly on FIFO as a method of stock valuation **(10marks)**

QUESTION FOUR

The following transactions were made by Unga Feeds limited in the month of March.

Direct Materials

- 8,000/= was bought on credit, out of these, materials worth 5,000/= were returned to the suppliers.
- 50,000/= was issued from the store
- Indirect materials issued amounted to 5,000/=
- Direct wages allocated to production amounted to 20,000/=
- Goods worth 200,000/= were sold
- Finished goods worth 100,000/= were transferred to the store.
- The cost of goods sold was 140,000/=
- Unpaid indirect expenses were 32,000/=
- Indirect wages allocated amounted to 15,000/=
- Non-manufacturing overheads incurred amounted to 20,000/=
- Overhead expenses charged to the jobs – 60,000/=

Required

- a) Prepare the stores ledger control A/c
- b) Factory overhead control A/c
- c) W.I.P. control A/c
- d) Costing P & L A/

(20 Marks)

QUESTION FIVE

The following information related to the proposed budget for K.K Ltd for the months ending 31 December 1996.

Month	Sales	Material	Production	Administration	
	Sh. '000'	Purchases Sh. '000'	Wages Sh. '000'	Overheads Sh. '000'	
July	72000	250000	10000	6000	55000
August	97000	31000	12100	6300	6700
September	86000	25500	10600	6000	7500
October	88600	30600	25000	6500	8900
November	102500	37000	22000	8000	11000
December	108700	38800	23000	18200	11500

Additional Information

1. Depreciation expenses are expected to be 0.5% of sales.
2. Expected cash balance in hand on 1 July 1996 is Sh. 72,500,000
3. 50% of total sales are cash sales
4. Assets are to be acquired in the months of August and October at Shs. 8,000,000 and Shs. 25,000,000 respectively
5. An application has been made to the bank for the grant of a loan of Shs. 30,000,00 and it is hoped that it will be received in the month of November
6. It is anticipated that a dividend of Shs. 35,000,000 will be paid in December
7. Debtors are allowed one month's credit
8. Sales commission at 3% on sales is paid to the salesmen each month

Required

A cash budget for the six months ending 31 December 2003.