

# MURANG’A UNIVERSITY COLLEGE

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

**SCHOOL OF BUSINESS AND ECONOMICS**

# DEPARTMENT OF COMMERCE

# MAIN CAMPUS

**2015/2016 ACADEMIC YEAR**

**EXAM: END OF SEMESTER 2EXAM**

**DIPLOMA IN BUSINESS MANAGEMENT**

**UNIT CODE : DAB 1121**

**UNIT NAME : COST ACCOUNTING**

**SUPPLEMENTARY EXAMINATION**

**INSTRUCTIONS TO CANDIDATES TIME: 2HOURS**

**Answer question one and any other two questions**

**Q1a**) Explain advantages of performing inventory method (6marks) b) Highlight Four sections into which cost accounting is divided (8marks)

C) Briefly explain Five classifications of costs (8marks) d) What are the advantages of standard costing (8marks)

**Total 30marks**

**Q2a**) Describe factors you would consider in choice of a costing system (10marks)

b) The following is provided to you relating to ABC co.ltd

|  |  |
| --- | --- |
| Sales for the year | 275,000 |
| Opening stock of finished good | 7000 |
| WIP | 4000 |
| Purchasing materials for the year | 110,000 |
| Opening stock of raw materials | 3000 |
| Closing stock of raw materials | 4000 |
| Direct labour | 6500 |
| Factory oils | 21000 |

Other expenses

Selling expenses 10% sales

Administrative expenses 50% of sales

Required: prepare statement of cost (10marks)

**Total 20marks**

**Q3**) What are the advantages of centralized purchasing (10marks) b) Explain the procedure in purchasing (10marks)

**Total 20marks**

**Q4a**) Cost A buys annual requirements of 36000 units of an installment ordering cost is Ksh 25, inventory carrying cost 20% of unit value which is Ksh 640

Calculate EOQ (4 marks)

b)Write short notes on

i. Standard costing (4marks) ii. Historical costing (4marks) iii. Job costing (4marks) iv. Contract cost (4marks)

# Total 20marks