

KIBABII UNIVERSITY COLLEGE

FACULTY OF EDUCATION AND SOCIAL SCIENCES

DEPARTMENT OF BUSINESS MANAGEMENT ECONOMICS

UNIVERSITY EXAMINATIONS 2013/2014

DIPLOMA IN BUSINESS MANAGEMENT

MAIN EXAM

FIRST YEAR SEMESTER TWO

DAB 100: COST ACCOUNTING

ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS

QUESTION ONE

- (a) Highlight the purpose of cost accounting (4mks)
- (b) Distinguish between cost accounting and management accounting (3mks)
- (c) Stat the assumptions of break even analysis (4mks)
- (d) State advantages of absorption costing (3mks)
- (e) Distinguish between under absorption and over absorption of over head(
- (f) A company had three departments Sept 1, Sept 2, Sept 3

	Sept 1	Sept 2	Sept 3
Over heads absorbed	Ksh.325,000	Ksh.5,630,000	Kshs.5,205,000
Labour Hours	500,000 Hrs	1,000,000 Hrs	500,000 Hrs

Cost of Job No.3 is as follows

	Sept 1	Sept 2	Sept 3
Direct material cost	Sh.3,000	Sh.3,500	Sh.1,750
Direct labour cost	Sh.1,500	Sh.2,000	Sh.2,250
Labour Hrs	40Hrs	50 Hrs	30 Hrs

Required

- (i) Labour rate for each department (3mks)
- (ii) Estimate cost of Job No.3 (5mks)

(Total 25mks)

QUESTION TWO

- (a) Highlight conditions for an effective and successful costing (5mks)
- (b) Batch x 37 incurred the following costs
- Department A 420 labour Hrs @ \$3.5 per Hr
 - Department B 686 Labour Hrs
 - Direct material cost \$ 3,280

Factory costs are absorbed at labour Hrs at the following rates

Dept A \$ per Hr

Dept B \$ per Hr

The firm uses cost plus system for setting selling prices

Administration overheads are $\frac{1}{9}$ of the costs of production and profits is at 25% of the total costs

Assuming that 1000 volts were produced calculate the selling price per unit. (10mks)

(Total 15mks)

QUESTION THREE

In regard to scope of cost Accounting describe the following

- (a) Cost Ascertainment (5mks)
- (b) Costing techniques (5mks)
- (c) Costing systems (5mks)

(Total 15mks)

QUESTION FOUR

- (a) Describe the following standards
- (i) Basic standard (3mks)
 - (ii) Ideal standard (3mks)
 - (iii) Expected standard (3mks)
 - (iv) Current standard (3mks)
- (b) What are the causes of material usage variance (3mks)

(Total 15 mks)

QUESTION FIVE

Discuss the importance of Budgetary control (15mks)