

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATION

**RESIT/SUPPLEMENTARY / SPECIAL EXAMINATIONS
EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE,
BACHELOR OF COOPERATIVE MANAGEMENT, BACHELOR OF ECOTOURISM
AND BACHELOR OF PROCUREMENT AND LOGISTICS MANAGEMENT**

BCOM 212/BPSM 200: COST ACCOUNTING

STREAMS: BCOM, BEEM. BCOP, BPSM

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 11/08/2021

8.30 A.M - 10.30 A.M.

INSTRUCTIONS

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

QUESTION ONE

(a) Company XYZ ltd produces product X .The following data applies.

	Product X
Selling price per unit (ksh)	8
Variable cost per unit	4
Total fixed cost P.a (ksh)	200,000

Required:

- Determine the Break Even point in units and in shillings for the company. [5 marks]
- Assuming the company is in a 30% tax bracket, how many units will Company sell to earn a target income of ksh 50,000. [5 marks]
- State any four assumptions of Break Even point analysis. [4 marks]

b) The following data relates to product excel of excel ltd

Year	output	Total production costs
2000	180	3200
2001	200	3600
2002	400	7000
2003	300	3530
2004	320	3820

The company would like to estimate the relationship between cost and output

Required:

Estimate the cost function using;

- (i) High low method. [4 marks]
 - (ii) Regression analysis method. [7 marks]
- c) Explain the need for management accounting system in an organization [5 marks]

QUESTION TWO

Distinguish between the following cost terminologies giving relevant examples

- (i) Cost apportionment and costs allocation [3 marks]
 - (ii) Cost unit and unit cost [3 marks]
 - (iii) Implicit cost and explicit cost [3 marks]
 - (iv) Product cost and period cost [3 marks]
 - (v) Scrap and Waste [3marks]
- (b) Differentiate between job costing and process costing. [5 marks]

QUESTION THREE

A product passes through three production processes A, B and C. the normal wastage of each process is A, B and C is 3%, 5% and 8% respectively. Scraps of process A was sold at 25 cents per unit, that of process B at 50 cents per unit and that of process C at sh. 1 per unit.

10,000 units, were issued to process A in the beginning of October 2005 at a cost of sh 1 per unit. The other expenses incurred were as follows:

	Process A	Process B	Process C
Additional material	(sh) 1000	1500	500
Direct labour	(sh) 5000	8000	6500
Direct expenses	(sh) 1050	1188	2009
Actual output	9500 units'	9100units	8100 units

There were no opening and closing stocks

Required:

- (i) Process accounts for process A, B and C [15 marks]
- (ii) Abnormal loss account [3 marks]
- (iii) Abnormal gain account [2 marks]

QUESTION FOUR

(a) The following information was extracted from the books of Aida ltd regarding their stocks

1st Jan the opening stocks was 400 units @ 50 shs each

2/1/2015 received 350 units @ sh. 52

5/1/2015 received 600 units @ sh. 64

10/1/2015 received 450 units @ sh. 60

17/1/2015 received 720 units @ sh. 65

25/1/2015 received 300 units @ sh. 69

Issues

3/1/2015 issued 450 units

7/1/2015 issued 570 units

13/1/2015 issued 320 units

19/1/2015 issued 200 units

27/1/2015 issued 500 units

Required:

Prepare a stores ledger card using FIFO method (First in First Out). [10 marks]

(b) The following information relates to a certain company XYZ for the period ending 31st Dec 2015 for a single product of Exe.

	Sh.
Selling price per unit	10
Unit variable cost	6
Fixed production cost per unit	2
Fixed non-manufacturing overheads	100
Units sold	120
Units produced	150

Required:

- (i) Prepare comparative income statements under (i) Marginal costing [4 marks]
(ii) Absorption costing [4 marks]
- (ii) Reconcile the profits arising from the two methods. [2 marks]
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