



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF LOGISTICS AND SUPPLY
CHAIN MANAGEMENT
3RD YEAR 1ST SEMESTER 2016/2017 ACADEMIC YEAR
KISUMU CAMPUS

COURSE CODE: BLM 3316

COURSE TITLE: LOGISTICS COST ACCOUNTING

EXAM VENUE;

STREAM: LOGISTICS

DATE

EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Question one.

- (a) Highlight the various distinctions between cost accounting and financial accounting (10 Marks)**
 - (b) Identify and discuss with examples of each of the three basic cost elements involved in the manufacture of a product. (10 Marks)**
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- (a) “A good system of costing serves as a means to control over expenditure and helps to secure economy in manufacture”. Discuss this statement to show the objects and functions of cost accounting (10 Marks)**

Question Two

- (a) In a factory, two types of radios are manufactured, viz. Orient and Surjon models. From the following particulars, prepare a statement showing the cost and profit per radio sold. There is no opening or closing stock.

	Orient Sh	Surjon Sh
Materials	27300	108680
Labour	15600	62920

Works overhead is charged at 80% on labour, and office overhead is taken at 15% of works cost. The selling price of both radios is Sh.1000. The number of radios sold were; Orient-78 and Surjon-286

(15 marks)

- (b) Distinguish between Cost Allocation, Cost Apportionment and Cost Absorption (5marks)

Question Three

Profit disclosed by a company's cost accounts for the year was Sh. 50,000 whereas the net profit as disclosed by the financial accounts was Sh. 29,750. Following information is available for you.

- i) Overheads as per cost accounts were estimated as Sh. 8,500. The charge for the year shown by the financial accounts was only Sh. 7,000
- ii) Director's fees shown in the financial accounts only for Sh. 2,000
- iii) The company allowed Sh. 5,000 as provision for doubtful debts.
- iv) Work was commenced during the year on a new factory and expenditure of Sh. 30,000 was made. Depreciation at 5% p.a. was provided for in the financial accounts for 6 months
- v) Share transfer fees received during the year were Sh. 1,000
- vi) Provision for income tax was Sh. 15,000

Required: Prepare a statement reconciling the figure shown by the cost and financial accounts (20 Marks)

Question Four

- (a) Building Contractors Ltd., undertake contracts. On 31st October 2009 when the actual contracts were prepared, the position of contract No. 101 which was commenced on 1st January 2009 was as under;

Materials purchased	37500
Materials in hand	1500
Wages paid	43750
Wages outstanding	625
Proportionate share of direct expense	1875
Cost of plant	6250

The value of work certified was Sh.90000 of which Sh.67500 had been received. Work completed but uncertified was valued at Sh.2500. The contract price was Sh.150000. The plant on the site was valued at Sh.5000 on 31st October 2009.

Required: Prepare contract 101 account after taking credit for profit which you think reasonable **(15 Marks)**

(b) Distinguish between job costing and contract costing **(5 Marks)**

Question Five

(a) From the data given below calculate the following variances **(5 Marks)**

- i) Direct material cost variance
- ii) Direct material price variance
- iii) Direct material usage variance

Standard price per metre	Sh. 1.20
Actual price per metre	Sh. 1.15
Standard quantity allowed	5,000
Actual quantity used	5,200
Actual Quantity purchased	6,500

(c) Explain the difference between the following terms:

- i) Product cost and period cost **(3 Marks)**
- ii) Sunk cost and relevant cost **(3 Marks)**
- iii) Fixed cost and variable cost **(3 Marks)**
- iv) Direct cost and indirect cost **(3 Marks)**
- v) Controllable and uncontrollable cost **(3 Marks)**