

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

EXAMINATION 2019/2020

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR
OF LOGISTIC AND SUPPLY CHAIN MANAGEMENT**

(KISUMU –CAMPUS)

BLM 3316 : LOGISTICS COST ACCOUNTING

DATE:1/12/20

TIME:3 HRS

EXAM SESSION-9-12 NOON

Instructions

- ❖ Answer question ONE and ANY other two questions
 - ❖ Question ONE carries 30 marks, while the other 20 marks each.
 - ❖ **Candidates are advised to write on the text editor provided, or to write on a foolscap, scan and upload alongside the question.**
 - ❖ **Candidates must ensure that they submit their work by clicking 'FINISH AND SUBMIT ATTEMPT' button at the end.**
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QUESTION ONE

a) Define cost accounting and highlights the main elements of cost (5marks)

b) The following information is extracted from the books of XYZ company for the year ending 31st December 2019.

Opening stock	Ksh.
Raw materials	17,500
Finished products	12,500
Closing stock	
Raw materials	14,000
Finished products	22,500
Salaries	
Sales department	170,000
Office and general	55,000
Purchase of raw materials	210,000
Carriage	
Inwards	2500
outwards	4000
Power and light	
Factory	4000
Office and general	1000
Direct wages	70,000
Sales	680,000

Required

Prepare a statement to show

- i. Cost of raw materials used (3 marks)
- ii. Cost of goods manufactured (3 marks)
- iii. Cost of goods sold (2 marks)
- iv. Profit to loss made during the year (2 marks)

d) What is storekeeping? Explain the main feature of effective storekeeping. (5 marks)

e) Discuss the important features of contract costing (10 marks)

QUESTION TWO

a) Explain briefly any three methods of valuing material issues (6marks)

b) Name five different rates used for absorptions of overheads (5marks)

c) The following information is available from a manufacturing company

Total overheads	Kshs.600,000
Total direct wages	Kshs.480,000
Total indirect wages	Kshs.16,000
Total direct material cost	Kshs.30,000
Total indirect material cost	Kshs.15,000
Wage sale per hour	Kshs.4
Direct material cost per kg	Kshs.5
Direct labour hour	120,000
Indirect labour hour	4,000
Machine hour	15,000
Direct material usage	60.000kg
Indirect material usage	3000kg
Units of output	Kshs.750,000

Required

- i. Calculate any three of the rates named in (b) above. (6marks)
- ii. Differentiate between under and over absorptions of overhead (3marks)

QUESTION THREE

a) The following information is provided for material PQ 251

Maximum consumption = 6000 units per week

Minimum consumption = 4000 units per week

Records period or lead time – 4-6 weeks

Reorderquantity = 30,000 units.

Required :

Calculate

- i. Re- order (1 marks)
- ii. Minimum stock level (1 mark)
- iii. Maximum stock level (1 mark)
- iv. Average stock level (1 mark)

b)

i) Enumerate any four different ways of classifying costs for decision making (4 marks)

ii) Expo Ltd manufacture a product “ Zed” which they sell for Ksh.25 per unit. Current output is 20,000 units per month which represents 100% of capacity. They received an order of 2000 units which they can produce by working extra time during the month.

The total sales for this order isKsh 48,000. Total costs for the last month were Kshs.420,000which included fixed cost of sh. 70,000.If the special order for 200 units is received then the variable cost per unit will increase by 20% but the fixed costs will remain unchanged.

Required

Advice the management whether to accept or reject this order.(12 marks)

QUESTION FOUR

a) The material standard for one unit of product Z is 3 kg @Ksh 5 per kg. 14000kgs were used at a cost of Ksh.84,000 and 4000 units were produced.

Required

Calculate the material cost variances(4 marks)

b) Calculate the labour cost variances from the information set out below (4 marks)

Standard rate per hours Ksh.10

Standard time per unit 2 hours

Time worked 4250 hours

Time paid (4326) Ksh.42,500

Production achieved 2180 units

c) Calculate the variable overhead variances from the information below (6marks)

Standard cost per hours Kshs.8

Standard time per unit 5 hours

Actual production 220 units

Labour hours worked 1200

Cost incurred Kshs.10,300

d) Briefly explain the two main methods of remunerating labour highlighting the advantage and disadvantage of each. (6 marks)

QUESTION FIVE

The following balances appeared in the books of Bestway Manufacturing Co Ltd as at 1st January 2019.

	Ksh	Ksh
General ledges adjustment account		150,000
Stores ledger control account	40,000	
Work in progress ledger controls A/c	50,000	
Finished goods ledger control A/c	60,000	
	150,000	150,000

At the end of the year 2019, the following information is supplied

	Ksh	Ksh
Purchase for stores		285,000
Returns to supplier		8,500
Direct wages	83,000	

Indirect factory wages	15,000	
Salaries of office staff	34,000	
Salaries of sales staff	68,000	200,000

	Ksh
Production expenses	55,000
Administration expense	27,000
Selling and distribution expense	35,500
Stores issued to production	275,000
Indirect materials issued	4,500
Production overheads recovered	6,800
Administration overheads absorbed	65,000
Selling and distribution overheads recovered	100,000
Goods completed during year	430,000
Finished goods sold during the years	500,000
Sales	750,000

Required

Record the entries in cost accounts for the year and prepare a trial balance as at 31st Dec 2019. (20 marks)