



Jaramogi Oginga Odinga University of Science and Technology

**UNIVERSITY EXAMINATION FOR BACHELOR OF SCIENCE IN CONSTRUCTION
MANAGEMENT**

MAIN CAMPUS

UNIT CODE: BBM 3411

UNIT NAME: COST PLANNING AND CONTROL STREAM: BSC.CONST.

EXAM VENUE:

EXAM DATE: **DURATION: 2 HRS**

Instructions

1. The paper contains Five (5) Questions
2. Answer three Questions
3. Question ONE is compulsory with 30 Marks
4. Answer ANY OTHER TWO Questions of 20 Marks each

QUESTION ONE

(a) Define overheads as used in cost planning and control and draw a chart showing the common basis of apportionment of overheads. (10Marks)

(b) From the following information prepare a manufacturing, Trading and profit and loss account of Magneto water bus Ltd for the year ended 31st December 2013. (8Marks)

Opening stock:	KSH
Raw materials	15,000
Work-in-Progress	3,000
Finished Goods	10,800
Purchases of Raw Materials	50,000
Sales	140,000
Wages	32,000
Factory Expenses	20,000
Office Expenses	20,000
Closing stock:	
Raw Materials	10,000
Work-in-Progress	2,000
Finished Goods	8,000

© Standard labour cost is: 20hrs.x60 cents=Ksh 12. In a Budget period 1000 units were produced and 25000 hours were paid for, including 2000 hours idle time due to electricity failure. The wages paid amounted to Ksh 12,500.

Required

Reconcile standard labour cost with Actual Labour Cost of 1000 units (5Marks)

(d) What is meant by the final account? Discuss the components of final accounts briefly. (7Marks)

QUESTION TWO

(a) Describe the main cost measures that should be considered separately during the preparation of the outline cost plan. (10Marks)

(b) Installed capacity is 60,000 units p.a. Budget at 80% level of activity is given;

	Ksh.
Materials	96,000
Wages	146,000

Variables Overheads	48,000
Fixed Overheads	20,000
	308,000

Required: Find out

(i) Marginal cost per unit (4Marks)

(ii) Differential cost and differential cost per unit, if production is increased to 90% capacity. (6Marks)

QUESTION THREE

(a) From the following information relating to a contract, Prepare (a) contract accounts (b) contractee accounts and also show the relevant entries in the Balance sheet.

	KSH
Materials sent to site	85349
Labour engaged on site	74375
Plant installed at cost	15,000
Direct expenditure	4126
Establishment charges	3167
Material returned to store	549
Work Certified	195,000
Cost of work not certified	4500
Material on hand 31st December	1883
Wages accrued due on 31 st December	2400
Direct expenditure accrued due on 31 st December	240
Value of plant on 31 st December	11,000

The contract price has been agreed at ksh 250,000. Cash has been received from the contractee amounting to ksh. 180,000.

(b))" Cost control does not aim at reduction in cost. Its object is merely to ensure the maximum utility of the cost incurred." Discuss to what extent you agree with this e statement. (10Marks)

QUESTION FOUR

(a) Standard material cost per unit: 2 pcs @ 10 = ksh 20. In a budget period 800 units have been manufactured and material cost is ksh. 15,300 being the cost @ Sh. 9. Reconcile actual material cost with standard material cost for production of 800 units. **(7Marks)**

(b) Define overheads as used in cost planning and control and draw a chart showing the common basis of apportionment of overheads. **(10Marks)**

QUESTION FIVE

(a) Define cost planning and discuss in details the major steps in controlling overhead expenses. **(10Marks)**

(b) Write short notes on the following as used in accounting

- a) Sales journal (2marks)
- b) Ledger (2 marks)
- c) Gross profit (2 marks)
- d) Net profit (2marks)
- e) Balance sheet (2mark)