



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
WITH IT SECOND YEAR SEMESTER TWO

COURSE UNIT: ABA 209 COST ACCOUNTING

MAIN CAMPUS (EVENING)

DURATION : 2 HOURS

APRIL , 2017

INSTRUCTIONS

Answer QUESTION ONE and any other TWO QUESTIONS

QUESTION ONE

1.(a) Along with costs such as direct material and direct labor, the cost of manufacturing overhead must be assigned to each unit produced according to generally accepted accounting principles (GAAP).Discuss 10 marks

(b) A car manufacturing company recently launched in Kenya normally assembles 20 Toyota probox per month, and the fixed costs are kshs.2100,000/month, each unit requires a variable costs of kshs.300,000.Advertisement and administration cost is kshs.230000 per month.A unit of Toyota probox retails at kshs.750,000.

Required:(I) the operating cost per probox 5 marks

(ii) Total cost per unit 5 marks

(iii) unit profit 5 marks

(c) Define and differentiate Job order Costing and Batch costing 5 marks

QUESTION TWO

Siaya County Electronics Ltd. delivered 1000 custom-designed computer monitors on February 10th 2017 to its customer, Bondo college in Bondo Town; They had been ordered on January 1. 2017 The following cost information was compiled in connection with this order:

Direct materials used:

Part A440: 1 unit costing ksh 500 per monitor

Part B601: 1 unit costing Ksh1100 per monitor

Direct labour used:

Assembly: 6 hours per monitor at the rate of kshs.90 per hour

Inspection: 1 hour per monitor at the rate of kshs.110 per hour

In addition, manufacturing support costs are applied to the job at the rate of kshs.40 per direct labour hour. The selling price for each monitor is kshs.3400

Required:

Prepare job cost sheet for this job and determine cost per monitor. **20 marks**

QUESTION THREE

- (a) List and explain the main Concepts of Cost Accounting 10 marks
- (b) List the difference between financial accounting and cost accounting 10 marks

QUESTION FOUR

(1) Micro Labs Company Bondo produces house paint in two processing departments: the Mixing Department which mixes the paint colors and the Finishing Department which puts the paint in containers and labels them. The following information related to the company's operation for March 2017 is as follows:

A) Raw materials were issued for use in production: Mixing department, kshs.551,000, and the Finishing department, kshs.629,000.

B) Direct labor costs incurred: Mixing department kshs.230,000, and Finishing department kshs.270,000.

C) Manufacturing overhead cost applied: Mixing department kshs.665,000, and Finishing department, kshs.405,000. D) The cost of the mixed paint transferred from the Mixing department to the Finishing department was kshs.1,850,000.

E) Paint that had been prepared for shipping was transferred from the Finishing department to Finished Goods. Cost of the transferred paint was kshs.3,200,000.

Required: Prepare journal entries to record items A) through E) above. 20 Marks

QUESTION FIVE

(a) Describe the four basic steps in accounting for Process cost 10 marks

(b) List the six requirements that must be fulfilled to implement successful cost control. 6 marks

(c) In the world of manufacturing—as competition becomes more intense and customers demand more services—it is important that management not only control its overhead but also understand how it is assigned to products and ultimately reported on the company's financial statements. List and explain the two types of overhead in a manufacturing industry. 4 marks