



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS MAY-AUGUST 2023 SEMESTER

DIPLOMA IN ACCOUNTIN

COURSE CODE: DBAC 013

COURSE TITLE: COST ACCOUNTING

DATE:

TIME:

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

Required

- (a) Describe the following functional activities as included in the scope of cost accounting
- i. Cost book keeping [4 marks]
 - ii. Cost system [4 marks]
 - iii. Cost ascertainment [4marks]
 - iv. Cost analysis [4 marks]
- (b) Explain four objectives of cost accounting [12 marks]
- (c) In columnar form, list and explain the differences between financial accounting and cost accounting [12 marks]

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

Cop Nduzie has provided the following information which relates to a product of his Enterprise for the month of June 2023

Raw materials	Kshs	30,000
Direct labour	“	18,000
Machine hours worked	“	1,800
Machine hour rate	“	10

Administrative overheads are 20% off works costs

Selling overheads are Kshs 1/= per unit sold

Units produced were 26,000

Units sold were 25,000

Unit selling price is Kshs 8/=

Required

- (a) Draft a cost statement and determine the cost per unit [10 marks]
- (b) Determine per unit profit and total profit for the period [10 marks]

Question Three

You have been provided with the following information regarding item X

Normal consumption	300 units per day
Maximum consumption	420 units per day
Minimum consumption	240 units per day
Re-order period	10-15 days
Re-order quantity	5,000 units
Normal re-order period	12 days

Required

- (a) Re-order level [10 marks]
- (b) Minimum stock level [5 marks]
- (c) Maximum stock level [5 marks]

Question Four

(a) Define the following terms as used in cost accounting

- i. Prime cost [2 marks]
- ii. Work in progress [2 marks]
- iii. Goods transfer price [6marks]

(b) Differentiate between marginal costing and Absorption costing [10 marks]

Question five

- (a) Explain any three methods of estimating cost [12 marks]
- (b) Give the advantages and disadvantages of each method as listed and explained in (a) above [8 marks]