



**KISII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**THIRD YEAR EXAMINATION FOR THE AWARD OF THE DEGREE  
OF BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT AND**

**AGRICULTURAL ECONOMICS**

**FIRST SEMESTER 2022/2023**

**(SEPTEMBER - DECEMBER, 2022)**

**AGBM 310/312: MANAGERIAL ACCOUNTING**

**STREAM: Y3 S1**

**TIME: 2 HOURS**

**DAY: TUESDAY, 9:00 A.M – 11:00 A.M**

**DATE: 06/12/2022**

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***INSTRUCTIONS:***

- 1. Do not write anything on this question paper.***
- 2. Answer Question ONE (Compulsory) and any other THREE Questions.***

**QUESTION ONE**

a) Briefly explain the following terms (10marks)

- i) Prime cost and variance
- ii) Maximum and minimum stock level
- iii) Absorption of overheads
- iv) Contract costing
- v) Budgetary control and standard costing

b) Calculate the fixed overhead variances from the information below;

(12marks)

Standard cost per hour	sh.30
Standard hours per unit	4hours
Budgeted production	800units

Actual production	720hours
Labour hours worked	1560hours
Costs incurred	sh. 27,600

c) Define break -even point (3marks)

### QUESTION TWO

a) The following information is provided for material RQ251. (7marks)

Maximum consumption =8000 units per week  
 Minimum consumption = 6000 units per week  
 Re-order period or lead time =4-6weeks  
 Re-order quantity =60,000units

Required to calculate;

- i) Re-order level
- ii) Minimum stock level
- iii) Maximum stock level
- iv) Average stock level

b) State the advantages of absorption and marginal costing (6marks)

c) Show the job cost card (2marks)

### QUESTION THREE

a) Discuss various types of standard cost (5marks)

b) Prepare a cost statement from the following information; (7marks)

	Sh.
Raw material	400,000
Direct labor	90,000
Factory rent	20,000
Power	10,000
Supervisor's salary	30,000
Administration expenses	50,000
Selling and distribution expenses	20,000

- c) State the main causes (3marks)
- i) Material cost variance
  - ii) Labor cost variances

#### **QUESTION FOUR**

- a) Calculate the labor cost variance from the following information;(5marks)

Standard rate per hour	sh.10
Standard time per unit	5 hours
Time worked	5200hours
Time paid at sh18 per hour	100000 hours
Production achieved	36000 units

- b) Explain the types of stores with advantages and disadvantages (15marks)

#### **QUESTION FIVE**

Noam construction company ltd won the contract for the construction of a mult-story building at a cost of sh. 300million.the data relating to the contract for the year ended 31 st Dec. 2010were as under;

	Sh.
Material issued to the site	90000
Material purchased locally	31400
<b><u>Direct wages</u></b>	
Paid	10600
Accrued	700
Plant purchased and installed	97600
<b><u>Direct expenses</u></b>	
Paid	3560
Accrued	140

Established charges	360
Material returned to store	1700
Work certified	300000
Cost of work not certified	7600

	Sh.
Material on site on Dec	10600
Value of plant on Dec 31	82000

The company received from the client, payments amounting sh.252million.

**Required;**

- a) Prepare the contract account
- b) Prepare the contractee account
- c) Show how various items will appear in the balance sheet as at Dec 31 2010

(13 marks)

- b) As manager tell the farmers the importance of cost control in their proceeds of production. (2marks)