



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

SECOND YEAR EXAMINATION FOR THE AWARD OF THE DEGREE OF
BACHELOR OF ARTS IN GENDER AND DEVELOPMENT STUDIES
SECOND SEMESTER, 2023/2024
(JANUARY-APRIL, 2024)

AGBM 210: COSTING AND ACCOUNTING FOR PROJECTS

STREAM: Y2 S2

TIME: 2 HOURS

DAY: FRIDAY, 3:00 – 5:00 P.M.

DATE: 19/04/2024

INSTRUCTIONS

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

QUESTION ONE

a. The following balances remained in the books of Ujuzi Ltd and manufacturing co for the year ended 30th November 2005

Stocks 1 st December 2004	000
Raw materials	500
Working in progress	200
Finished goods	1500
Purchase of raw materials	4000
Return outwards raw materials	50
Repairs to factory building	250
Salaries & wages	
Factory workers	900
Sales men	180
Administration staff	420
Insurance	500
Royalties paid	200
Depreciation on plant	120
Depreciation on buildings	400
Advertising expenses	40
Discount allowed	5
Cleaning expenses of the building	15
Bank charges	14
Depreciation delivery van	26

Stocks on 30th November 2005

Raw materials	480
Work in progress	300
Finished goods	1200
Rent	2000
Direct expenses	230
Sales	12000
Sales returns	500

Additional information

- (i) The factory building has been damaged as result of faulty electricity wiring. A provision of shs 100,000 is required for the repairs.
- (ii) The company building occupies an area of 10,000m² of this area the factory occupies 5000m², warehouse occupies 2000m² and the rest is occupied by administration office
- (iii) Prepaid insurance amounted to shs 50,000 at the end of the year. Insurance is apportioned in the ration 2:2:1 to the factory, warehouse and offices respectively.
- (iv) A provision of shs 50,000 needs to be made for a bonus payable to the factory supervisors

Required

- i. Manufacturing cost statement. (10marks)
- ii. Trading profit and loss account for the year ended 30th November 2005. (10marks)
- b. Explain the advantages of centralized system of maintaining stores. (5marks)
- c. Describe the duties of an accountant in an organization. (5marks)

QUESTION TWO

- a) Distinguish between the following cost accounting terminologies
 - (i) Direct and indirect costs (2marks)
 - (ii) Cost centre and cost unit (2marks)
 - (iii) Joint products and by-products (2marks)

(b). The following information is provided

- Jan 1: Purchased 10 units @ sh10/=
- Jan 3: Purchased 12 units @ sh11/=
- Jan 5: Issued 20 units
- Jan 8: Purchased 15 units @ sh12/=
- Jan 9: Issued 10 units
- Jan 13: Purchased 20 units @ sh11/=
- Jan 17: Issued 8 units
- Jan 19: Issued 9 units

Jan 21: Purchased 16 units @ sh13/=
Jan 25: Purchased 10 units @ sh12/=
Jan 28: Issued 16 units.
Jan 30: Purchased 12 units @ sh13/=
Jan 31: Issued 8 units.

Required:

Using FIFO compute the value of issues and closing stock at 31st January using a store ledger card. (12marks)

QUESTION THREE

a. Explain the terms:

(i) Re-order level

(ii) Re-order quantity (4marks)

b. List factors that must be considered when determining the re-order level. (4marks)

c. A company has provided the following data in respect of its major raw material:

	Units per week
Maximum consumption	1200
Normal consumption	900
Minimum consumption	600
Re-order period	4-6 weeks
Re-order quantity	6000 units

Required:

(i) Re-order level

(ii) Minimum stock level

(iii) Maximum stock level (6marks)

d. Explain the assumptions behind the determination of Economic Order Quantity (EOQ). (6marks)

QUESTION FOUR

a) In the context of budgetary control explain the main functions and importance of a cash budget. (5 marks)

- b) You are in charge of making forecast and preparing budgets. You have been supplied with cost and revenue forecasts and details of payments as follows: Forecast of revenue and cost for the quarter ending 31 March 2001.

January	February	March	
Direct	Shs	Shs	Shs
Materials (purchase)	112,000	100,000	135,000
Wages	90,000	80,000	100,000
Over head			
Production	34,000	32,000	40,000
Administration	22,000	20,000	27,000
Selling & distribution	13,000	11,000	18,000
Sales	360,000	350,000	440,000

Forecast of revenue and costs for the quarter ending 30 June 2001

April	May	June	
Direct	Shs	Shs	Shs
Materials (purchase)	90,000	67,000	79,000
Wages	72,000	54,000	63,000
Overhead			
Production	45,000	36,000	40,000
Administration	22,000	25,000	27,000
Selling & distribution	13,000	11,000	16,000
Sales	350,000	360,000	360,000
Cash balance on 1 April 2001		Sh. 90,000	

Other details

- Period of credit allowed by suppliers averages two months
- Debenture to the value of shs. 125,000 are being issued in May 2001 and the amount is expected to be received during the month.
- A new machine is being installed at the end of March 2001 at a cost of shs 150,000 and payment is promised in early May 2001
- Sales commission of 3% is payable within one month sales.
- A dividend of sh. 100,000 is to be paid in June 2001
- There is a delay of one month in the payment of the overheads. There is also a delay in payment of wages averaging a quarter of a month.
- Twenty per cent of the debtors pay cash, receiving a cash discount of 4% and 70% of debtors pay within one month and receive a cash discount of 2 1/2%. The other debtors pay within two months.

Required

A cash budget on a monthly basis from the second quarter of the years 2001.
(15 marks)