



OFFICE OF THE DEPUTY CHANCELLOR
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 302

COURSE TITLE: COST ACCOUNTING

DATE: 18TH DECEMBER 2023

TIME: 9.00 A.M TO 12.00 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

MAIN EXAM
BBM 302: COST ACCOUNTING

STREAM: BBM

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

QUESTION ONE

- a) Explain the difference in the following concepts
 - (i) Cost center and profit Centre (4 marks)
 - (ii) Batch costing and standard costing (4 marks)
- b) Compute the Inventory turnover ratio from the following:
Opening Stock - ` 10,000
Closing Stock - ` 16,000
Material Consumed - ` 78,000 (4 marks)
- c) Explain the importance of standard costing in business management (4 marks)
- d) Explain the reason Just in Time system is preferred in a modern businesses (3 marks)
- e) Differentiate between normal loss and abnormal loss. (4 marks)
- f) Explain the contemporary issues in cost accounting (3 marks)
- g) Distinguish the importance of Variable cost and fixed costs in making business decisions (4 marks)

QUESTION TWO

- a. Distinguish between
 - i. Flexible and fixed budget (4 marks)
 - ii. Capital and revenue budgets (4 marks)
- b. Explain the major classifications of cost (8 marks)
- c. Explain meaning of variance analysis (2 marks)

QUESTION THREE

- a) The average annual consumption of a material is 18,250 units at a price of ` 36.50 per unit. The storage cost is 20% on an average inventory and the cost of placing an order is ` 50. How much quantity is to be purchased at a time? (6 marks)
- b) Explain benefits of marginal costing (6 marks)
- c) Explain the advantages of FIFO- First in – First Out method: (8 marks)

QUESTION FOUR

a) Prepare a Stores Ledger Account from the following information adopting FIFO method of pricing of issues of materials. (10 marks)

2016 March 1. Opening Balance 500 tonnes @ `200

3. Issue 70 tonnes

4. Issue 100 tonnes

5. Issue 80 tonnes

13. Received from suppliers 200 tonnes @ `190

14. Returned from Department A 15 tonnes.

16. Issued 180 tonnes

20. Received from supplier 240 tonnes @ `195

24. Issue 300 tonnes

25. Received from supplier 320 tonnes @ `200

26. Issue 115 tonnes

27. Returned from Department B 35 tonnes

28. Received from supplier 100 tonnes @ `200

b) Explain the advantages of ABC analysis method of stock control (10 marks)

QUESTION FIVE

a. Explain the meaning of labour turnover (3 marks)

b. Describe the costs associated with labour turn over (7 marks)

c. Explain how labour turnover is measured (4 marks)

d. Using examples Distinguish cost allocation and cost apportionment (6 marks)