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PART I: COST ACCOUNTING (70 marks)

Do not write in this margin (40 marks)

SECTION A: ALL QUESTIONS ARE COMPULSORY

Q1. The 3 elements of prime cost are:

- Direct materials 1
- Direct labour (wage) 1
- Direct expenses (if any) 1

3/3

* Material or * Labour or expenses

* Prime Cost = all direct cost

Q2

Factory cost is the same as production cost

Factory Cost = prime cost + Factory O.H

Production Cost = Factory Cost + Adm. O.H

Production Cost = Net factory cost + Adm. O.H

* Net Factory Cost = Factory Cost + Op. St. of WIP - closing stock of WIP

* Production Cost = Direct Costs + Indirect Costs

- * Direct materials
- Direct labour
- Direct expenses
- prime cost
- + factory O/H
- factory cost
- + Administratⁿ O/H
- Productⁿ Cost

4 marks

4/4

* There is a difference 1 mark

* No difference 4 marks

* All costs that will production process

03

- (i) Financial accounting 1mk
- (ii) Cost Accounting 1mk
- (iii) Cost Accounting 1mk
- (iv) Financial accounting 1mk

2

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4/4

04

- (i) Direct 1mk
- (ii) Indirect 1mk
- (iii) Indirect. 1mk
- (iv) Direct. 1mk

4/4

05

- a) (i) True 1mk
- (ii) False 1mk
- (iii) True 1mk

- b) (i) Variable 1mk
- (ii) Variable 1mk
- (iii) Fixed 1mk

6/6

06

UNITS	FIXED COST	VARIABLE COSTS	TOTAL COSTS	UNIT COST
1,000	12,000	3,000	15,000	15
2,000	12,000	6,000	18,000	9
3,000	12,000	9,000	21,000	7
4,000	12,000	12,000	24,000	6

4/4

3

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6/6

07

Material Cost per unit = $\frac{12,000,000}{24,000} = 500$

Labour Cost per unit = $\frac{9,600,000}{24,000} = 400$

O.H Cost per unit = $\frac{4,800,000}{24,000} = 200$

or

Material Cost per unit = $\frac{60,000 \times 200}{24,000} = 500$

Labour Cost per unit = $\frac{8000 \times 1200}{24,000} = 400$

O.H Cost per unit = $\frac{4,800,000}{24,000} = 200$

08

(i) LIFO

(ii) AVCO or other answer

(iii) FIFO

3/3

09

* Over time 40 - 35 = 5 hrs o.v

WORKERS	HRS WORKED	BASIC WAGES	OVER TIME	GROSS WAGES
MUNHIRE	35 hrs	(35 x 200) 7,000	-	7,000
MUNJAMBO	40 hrs	(35 x 200) 7,000	(5 x 300) 1,500	8,500

3/3

10

- Increasing of Storage Cost 1
- Risk of deterioration 1
- Immobilization of working Capital 1
- To encourage money velocity
- To avoid risks of stock due to theft.
- To avoid loss of stock due to obsolescence, deterioration, fall in market.
- To avoid high stock holding costs or

3/3

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3/3

7,500 only 1mk

10

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3/3

SECTION B: CHOOSE AND ANSWER ANY FOUR QUESTIONS (2 MARKS)

4

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ELEMENT	TOTAL COST	UNIT COST
Materials	$200 \times 20,000 = 4,000,000$	$\frac{4,000,000}{20,000} = 200$
Labour	$300 \times 20,000 = 6,000,000$	$\frac{6,000,000}{20,000} = 300$
Overheads	8,000,000 8,000,000	$\frac{8,000,000}{20,000} = 400$
Total	18,000,000	900

5/5

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ABSORPTION COSTING	MARGINAL COSTING
- All costs (fixed or variable) are ascertained and charged to the products.	- only variable costs (direct costs) are ascertained and charged to the product.
- Closing stock of finished goods is valued at production cost.	- closing stock of finished goods is valued at marginal cost (variable cost)
- fixed costs are included to the production costs	- fixed costs are excluded to the contribution
- Net profit = Gross Margin minus operating expenses	- Net profit = Contribution minus fixed costs.
- Ascertainment of costs is made in cost statement or cost sheet.	- Ascertainment of costs is made in marginal cost statement.
- Gross margin = Sales - CGS	Contribution = Sales - VC

20

5/5

- 13 a) (i) True 1
(ii) False 1

2/2
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- b) → It covers a range of activity 1
 → It is flexible i.e. is to change with variable in production level. 1
 → It facilitates performance measurement and evaluation 1
 → Comprehensive in its preparation
 → It is designed to adjust actual results used to calculate variances (budgetary control)
 → It is based on more than one level of output (production capacity).
 → It is a variable budget.

3/3

variance

14

COST TYPE	BUDGET	ACTUAL	VARIANCE	ADVERSE	FAVOURABLE
Dir. Mat.	38,400	40,100	1,700	✓	-
Dir. Lab.	74,200	73,000	1,200	-	✓
X ^o O.H.	68,000	72,100	4,100	✓	-
Adm. O.H.	52,000	54,900	2,900	✓	-
Sell. & Dist.	43,000	41,900	1,100	-	✓

5/5

15

- (i) ~~Factory~~ OH (vi) office & adm.
 (ii) selling & dist. OH (vii) ~~office & adm.~~
 (iii) adm & office (viii) office & adm.
 (iv) ~~office & adm.~~ (ix) office & adm.
 (v) factory (x) selling & distr.

5/5

0.5 for each element.

18

Units to be produced = 19,000
 + closing of F.G = 3,000
 - opening of F.G = 4,000
 QUANTITY OF GOODS TO BE PRODUCED = 4 MKS / 18,000 UNITS

Units to be purchased (18,000 x 8) = 3 MKS / 144,000 KGS
 + closing of R.M = 53,000 KGS
 - opening of R.M = 50,000 KGS
 BUDGETED R.M PURCHASES = 3 MKS / 147,000 KGS

Alternatives

* Quantity of goods to be produced =
 $\Rightarrow (19,000 + 3,000) - 4,000 = 18,000$ Units

* Quantity of Raw material to be used =
 $\Rightarrow 18,000 \times 8 = 144,000$ KGS

* Budgeted Raw materials to purchase for the next period =
 $\Rightarrow (53,000 + 144,000) - 50,000 = 99,300$

* $(53,000 + 144,000) - 50,000 = 147,000$

* $(53,000 + 144,000) - 50,000 = 94,053$

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PART II : COMPUTERISED ACCOUNTING (30 MKS)

Do not write in this margin (15mks)

SECTION A : ALL QUESTIONS ARE COMPULSORY (15mks)

Q1. a)* Using / Connecting an infected USB like :

- Flash disk
- CDs (NO USB) ⇒ Universal Serial bus
- Memory Cards 1mk
- Blue tooth (NO USB)
- Machine & phone cables

* infect internet downloads

- e.g :-
- files
 - MOVIS
 - spywares (free anti-virus)
 - enter in the mail box or
 - face book in internet.

3/3

- b)
- loss of data on machines
 - Erase or Corruption / or destruction of data / files
 - Multiplication or duplication of data / files
 - Computer display / shows strange message
 - Machine breakdown. 1mk
 - Computer run slowly
 - Reduction in speed of a computer.

- c)
- Install a good quality of anti-virus
 - up date the installed anti-virus
 - Perform a timely computer scan
 - disable autorun 1mk
 - Scanning USB before usage.

Q2. The 3 types of accounting statement are:

- Balance sheet 1mk
- Income statement 1mk
- Trial balance 1mk
- Profit trial
- Aged debtor analysis
- Cash flow statement

3/3

Vaidyanath

Bank Reconciliation Statement.

Answers

03. a) Credit note 1mk
 by Batch supplier invoice or invoice. 1mk
 c) Debit note 1mk
 by standing order.

3/3

04. a) False 1mk
 b) false 1mk
 c) True. 1mk

3/3

05. No, because the system cannot accept to re-allocate the existing account code to another customer. 2mk

e.g. Customer toolbar ← 1100 John
 1101 Jane

3/3

NB: 1mk to "No", and 2mk to explanation

SECTION B: ANSWER ANY 3 QUESTIONS (15mks)

06. a) ADVANTAGES (2)

- It provides timely information 1mk
- It provides accurate / exact information or report.
- It provides up to date information 1mk
- It avoids clerical errors
- High speed & mobility of reporting.

5/5

b) DISADVANTAGES (3)

- High purchase cost 1mk
- High installation cost 1mk
- High maintenance cost 1mk
- Training cost required
- It requires skilled / experienced persons
- It depends on the availability
- It may cause illness for user
- It may lead to errors in manual accounts etc.

3/3

A	B
The Managing Director	Aged debtors analysis 1
Customers	Remittance advice 1
Credit Control dept.	Monthly sales figures 1
Suppliers	Statement of account 1

5/5

- b)
- Voluntary by the user himself 1mk
 - When it is known by unauthorized users
 - For security reason
 - The change of system
 - When the password is expired.

- 08 a) (i) - loss of data (Statement of A/C)
 - Damage of data (- u - u)
 - Theft of data (data stolen)
 - Disclosure of professional ethics (secret)
 - Delay in reporting of data.

- (ii) - Delay in use and report of data
 - Forget to back-up some details of lost data.
 - Backed-up data are out of use (out of date)

- (iii) - Confusion of data
 - Time consuming in locating data from the computer.
 - Data fraud
 - Loss of data.

5/5

- b) (i) False 1mk
 (ii) ~~False~~ 1mk

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Q9. Five Components of Computerized accounting System:

- **COMPUTER**: hardware where an accounting software is installed and all transactions data and reports are produced from. *1mk*
- **SOFTWARE**: written program/instruction in understandable language used to records transactions. *1mk*
- **USER**: accountant who records business transactions and produce reports. *1mk*
- **ECONOMIC ENVIRONMENT**: involves the organization and its materials and users who needs business report. *1mk*
- **SOURCE DOCUMENTS**: invoice, voucher, cheque, debit notes.
- **PRINTER**: hardware used to print out business reports and other report data. *1mk*

5/5

Alternative 2.

- Machine / Computer / laptop
- SAGE 50 / 100 / 300 / 500 / 1,000
- Tally, Globis T-24, oracle financials } All software
- Quick books
- * Accounting software
- Application " " (word, Excel etc.)
- Embedded software (Tailor-made)
- off-the-shelf software (anti-virus)
- * Chart of A/c: Customer, Supplier
- * Company files
- * Journal Code
- * S/P a/c, S/P chart
- * Sage toolbar; Pop, JOP, financials.
- User / Accountant / Manager / Human being / employee / Dal / Customer / person / teacher /