1803/303 1804/303 1806/303 COST ACCOUNTING March/April 2025 Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

CRAFT CERTIFICATE IN SUPPLIES MANAGEMENT CRAFT CERTIFICATE IN ACCOUNTANCY CRAFT CERTIFICATE IN BUSINESS ADMINISTRATION

COST ACCOUNTING

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of 14 questions in TWO sections; A and B.

Answer ALL the questions in BOTH sections in the answer booklet provided.

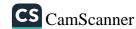
Candidates should answer the questions in English.

This paper consists of 5 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

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Turn over



SECTION A: (32 marks)

Answer ALL the questions in this section.

1.	Classify each of the following costs according to function:					
	(i) office re	nt;				
	(ii) factory a	and rent;				
	(iii) commiss	sion of sales persons	s.		(3 marks)	
2.	List three types	s of stock taking.			(3 marks)	
3.	The following are the estimates of Twapa Enterprises for the year 2025.					
	Sales Inventory (1 January 2025)			14,00,000 units		
				250,000 units		
	31 December 2025 160,000 ur		160,000 units			
	Prepare a produ	uction budget.			(4 marks)	
4.	List three elements of process costing.				(3 marks)	
5.	The following information relates to Pamal, an employee of Kamata Enterprises for the montof January 2025.					
	Time allowed		80 hours			
	Time taken		60 hours			
	Basic rate		Ksh. 200 per hours			
	Determine the gross wage using the Rowan Bonus Scheme. (4 r			(4 marks)		
6.	List three bas	es that may be used	to absorb overheads.		(3 marks)	
7.	State three us	es of cost accounting	g in an a manufacturing org	ganisation.	(3 marks)	
8.	The following information relates to Material P used by Waito Enterprises.					
	2025					
	February	1 Balance b/d 600	kg valued at Ksh 18,000			
		4 Received 400 uni	its at Ksh. 40 each			
	1	0 Issued 500 units				
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Determine the value of the issued units using the Last in First Out (LIFO) method. (3 marks)

- 9. State three advantages of time rate method of labour remuneration. (3 marks)
- Tomak Enterprises has three departments A, B and C. Whose floor area is about 40 m²,
 25 m² and 35 m² respectively. During the year 2024, the total rent amounted to Ksh 420,000.
 Determine the amount of rent charged to each department. (3 marks)

SECTION B: (68 marks)

Answer ALL the questions in this section.

- 11. (a) Explain each of the following terms as used in labour remuneration.
 - (i) bonus;
 - (ii) overtime bonus;
 - (iii) gross pay;
 - (v) net pay.

(8 marks)

(b) The following information relates to Material B10 used by Wendo Enterprises in its production for the month of December 2024.

2024	
December 1	Balance b/d; 400 units valued at ksh 16,000
4	Issued 100 units
8	Received 250 units at Ksh. 50 each.
12	Issued 200 units.
16	Received 460 units at Ksh. 60 each.
20	Issued 120 units.
26	Issued 300 units.
30	Received 160 units at Ksh 42 each.

Prepare a stores ledger account using simple average method.

(9 marks)

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- 12. (a) Explain four characteristics of an effective cost accounting system. (8 marks)
 - (b) The following information relates to three employees of Rappo Traders for the month of January 2025.

Name	Units produced	Rates per unit	
		Ksh	
Allan	400	90	
Ben	260	120	
Tevoh	310	70	

Additional information:

- (i) NSSF contribution is 4% of gross pay.
- (ii) SHIF contribution is Ksh. 500 per month.
- (iii) Union levy 2% of gross pay.

Prepare a payroll for the month of January 2025.

(9 marks)

13. (a) Explain four factors that may determine the choice of overhead absorption rate.

(8 marks)

(b) The following information relates to Nyamad Enterprises for the year 2024.

Ksh

18,000 150,000
30,000
310,000
720,000
000,000
10,000
140,000
110,000

Prepare a production cost statement.

(9 marks)

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14. (a) Explain four functions of a budget in an organisation.

(8 marks)

(b) Alpha Manufacturers produces a single product that passes through three processes I, II and III. During the month of February 2025, the following costs were incurred:

	Pro		
	I	II	III
	Ksh.	Ksh	Ksh
Direct materials	30,000	22,000	
Direct labour	25,000	22,000	28,000
Direct expenses	6,000		10,000

Additional information:

- Production overheads amounted to Ksh 150,000.
- II. Production overheads are absorbed by the processes based on direct labour.
- III. The output from processes III is transferred to finished goods account.

Prepare:

- (i) process I account.
- (ii) process II account.
- (iii) process III account.

(9 marks)

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