**QUESTION 6**

s

**QUESTION 7**

1. Fair Price Limited produces a single product "Zed': The store’s manager has provided the following information relating to the month of August 2010:

**Sales for the month of august 2010:**

|  |  |  |
| --- | --- | --- |
| **Date** | **Quantity (Kg)** | **Unit cost (Sh.)** |
| 13 | 600 | 10 |
| 20 | 720 | 8 |
| 25 | 960 | 7 |
| 30 | 300 | 11 |

**Purchase for the month of August 2010:**

|  |  |  |
| --- | --- | --- |
| **Date** | **Quantity (Kg)** | **Unit cost (Sh.)** |
| 3  4  9  16  24  26 | 210  300  240  1,540  700  345 | 20  18  21  17  19  21 |

**Additional information**

1. The closing balance for the month of July 2010 was a batch of 1,500 units received at a unit price of Sh. 16.
2. On August 14, a customer returned 45 units had been sold on 13 August 2010.
3. On August 22, the stores assistant found a shortage of 30 units.
4. The company uses the first-in-first-out (FIFO) system of stores issues.

**Required:**

A stores ledger card

1. Zalea Timber Company Limited manufactures hard fiber boards.

The following information relates to the period ended 30 September 2010:

1. Opening stock included 5,500 boards which were bought at Sh. 5,200 per unit

2. Sales during the period were 52,000 boards

3. The company produced 53,000 boards during the period and incurred the following costs:

|  |  |
| --- | --- |
| Direct materials (Sh.)  Direct labour (Sh.)  Factory overheads  Selling and distribution expenses  Administration expenses | 77,720,000  160,000,000  25% of direct labour costs  25% of sales  10% of total production cost |

4. The selling price per board is Sh. 10,000

5. The company uses the last-in-first-out (LIFO) method of inventory costing

**Required:**

(i) Value of costing inventory   
(ii) Income statement for the period ended 30 September 2010

***November 2010 Question Three***

**QUESTION 8**

The Luxury Hotels Ltd is used for conference bookings and private bookings. The conference bookings include bookings for rooms each week while the remaining rooms are used for private guest bookings.

The following data relate to private guest bookings for a ten-week period:

|  |  |  |  |
| --- | --- | --- | --- |
| **Week** | **Rooms available for**  **private guest bookings** | **Number of guests** | **Average stay per guest**  **(in nights)** |
| 1  2  3  4  5  6  7  8  9  10 | 55  60  72  80  44  62  80  54  80  24 | 198  170  462  381  83  164  348  205  442  84 | 2.1  2.6  1.4  3.2  5.6  3.4  2.6  1.7  1.8  3.2 |

**Additional information:**

1. Variable cost of accommodating each guest is Sh. 1,750
2. Variable cost per week per room available is Sh. 5,600
3. The general fixed cost for private bookings per week is Sh. 8,100
4. The hotel charges Sh. 3,000 per person per night for accommodation for private guest bookings.
5. The hotel has been experiencing a high rate of staff turnover over the last 12 months.
6. Some of the costs for private guest bookings vary with the number of guests, regardless of the length of their stay, while others vary with the number of rooms available in any week.

**Required:**

1. Total cost per guest per night for private guest bookings over the ten week period
2. Contribution and profit for private guest bookings for the ten week period
3. Highlight four possible reasons for the high rate of staff turnover in the hotel

***December 2009 Question Two***

**TOPIC 2**

**COST CLASSIFICATION**

**QUESTION 1**

1. Afya Bora Health Centre has a capacity of 20 beds. The following information relates to the centre's operations for the year ended 30 June 2014:

|  |  |
| --- | --- |
|  | **Sh.** |
| Repairs and maintenance (Fixed)  Rent per month  Food supplied to patients (variable)  Laundry charges (variable)  Medicines (variable)  Other expenses (Fixed)  Salaries per month: Supervisors  Nurses  Ward assistants | 150,000  225,000  1,080,000  540,000  900,000  1,080,000  30,000  30,000  15,000 |

**Additional information**:

1. The health centre operated for 300 days during the year. For 200 days, the bed occupancy accounted for 100% while the rest of the period accounted for 80% occupancy.
2. The health centre engaged external doctors to attend to the patients at an average fee of Sh.300, 000 per month. The doctors' fees were paid on the basis of number of patients attended by them.
3. During the year, 2 supervisors, 4 nurses and 2 ward assistants were engaged throughout.
4. Profit is loaded at a margin of 50%.

**Required**;-

1. Charge per day per patient.
2. Number of patient days required to break even.

***December 2014 Question One B***

**END**