



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN BUSINESS ADMINISTRATION
DIPLOMA IN ACCOUNTANCY

BAC 2210: MANAGEMENT ACCOUNTING II

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2015

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Four printed pages.

QUESTION 1 (Compulsory)

a) A cash budget for the six months ended 30th June 2003 is to be drafted from the following information

- i) Opening cash balance at 1st January 2003 Ksh. 3,200
- ii) Sales at Ksh. 120 per unit, cash received three months after sales in units:

<u>2002</u>			<u>2003</u>					
<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>
800	900	700	1,000	600	1,200	1,500	1,400	1,300
			<u>July</u>	<u>Aug.</u>	<u>Sept.</u>			
			1,100	1,000	1,600			

iii) Production in units

<u>2002</u>			<u>2003</u>						
<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>
700	800	900	1,000	1,100	1,300	1,400	1,500	1,200	1,600
			<u>Aug.</u>	<u>Sept.</u>					
			1,700	1,800					

- iv) Raw materials used in production cost Ksh. 40 per unit of production. They are paid for two months before being used in production.
- v) Direct labour Ksh. 30 per unit paid for in the same month as the units produced.
- vi) Other variable expenses Ksh. 20 per unit; $\frac{3}{4}$ of the cost being paid for in the same month as production and the other $\frac{1}{4}$ paid if in the month after production.
- vii) Fixed expenses of Ksh. 1,000 paid monthly.
- viii) An equipment is to be bought and paid for in April Ksh. 8,000.

(20 marks)

b) Using a diagram outline the steps to be followed in decision making, planning and control process.

(10 marks)

QUESTION 2

a)

To \ From	A	B	C	Factory capacity
D	sh. 50	sh. 40	sh. 30	100
E	sh. 80	sh. 40	sh. 30	300
F	sh. 90	sh. 70	sh. 50	300
Warehouse Requirement	300	200	200	700

Determine the feasible solution for the above transportation model using Northwest corner rule.

(10 marks)

b) Discuss the role of budgeting to a business.

(10 marks)

QUESTION 3

a) Write brief notes on the various responsibility centres in organizations.

(10 marks)

b) Calculate the labour cost variances from the following information:

Standard rate per hour sh. 100

Standard time per unit 2 hours

Time worked 4,250 hours

Time paid (4,326 hours) sh. 425,000

Production achieved 2,180 units

(10 marks)

QUESTION 4

a)

Salesmen/Territories	Sifa	Baraza	Selina
GPO	Sh. 1,500	Sh. 1,000	Sh. 900
TUDOR	Sh. 900	Sh. 1,500	Sh. 1,000
DOCKS	Sh. 1,000	Sh. 12,00	Sh. 800

Required:

Determine the most efficient assignment of the salespeople to the territories.

(12 marks)

b) Write short notes on the following:

- i) Key factor
- ii) Master budget
- iii) Functional budget
- iv) Budget period.

(8 marks)

QUESTION 5

a) Differentiate between Financial Accounting and Management Accounting.

(10 marks)

b) Kubz & Sons Co. manufactures two types of products. The budgeted sales for these products for 2010 are:

Product	Qty	Price
A	10,000	95
B	12,500	60

The stocks for the products were as follows:

Product	Opening stock	Closing stock
B	2,200	1,600
A	1,900	2,500

Required:

From the above information, prepare a sales budget and production budget.

(10 marks)