TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN BUSINESS MANAGEMENT

DIPLOMA IN ACCOUNTANCY

BAC 2210: MANAGEMENT ACCOUNTING II

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: FEBRUARY 2015

TIME: 2 HOURS

INSTRUCTIONS:

– This paper consists of **FIVE** questions.
– Answer question **ONE (Compulsory)** and any other **TWO** questions.
– Electronics are **NOT** allowed except for calculators.

This paper consists of Four printed pages.

QUESTION 1 (Compulsory)

a) Kuba manufacturers three products: X, Y and Z using the information given below, prepare budgets for the month of June for:
  i) Sales in quantity and value
  ii) Production in quantities
  iii) Material usage in quantities
  iv) Material purchases in quantity and value.

The information below is given:

Sales product	Quantity	Price
A	1,000	100
B	2,000	120
C	1,500	140

Materials used:	M1	M2	M3
Unit cost	Sh. 4	Sh. 6	Sh. 9

Quantities used:

	M1 Units	M2 Units	M3 Units
Product A	4	4	0
B	3	3	2
C	2	2	1

Finished goods:

	A	B	C
1st June	1,000	1,500	500
31st June	1,000	1,650	550

Materials stocks:

	M1 Units	M2 Units	M3 Units
1st June	26,000	20,000	12,000
31st June	31,200	24,000	14,400

(20 marks)

b) Write short notes on the following:
  i) Budget period
  ii) The key factor
  iii) Master budget
  iv) Budget committee
  v) Functional budget

(10 marks)

QUESTION 2

Hakuna Matata Co. sells goods to FOUR territories A, B, C and D and also have salesmen whose costs per month is as follows: (in '000')

Assign sales territories to salesmen so as to minimize operations costs:

Salesmen/Territories	A	B	C	D
1	10	25	5	4
2	12	23	9	2
3	14	20	8	1
4	13	20	7	3

(20 marks)

QUESTION 3

a) Baraza's children Joshua, Ken and Titus want to earn some money for a school trip. Baraza has chosen 3 tasks for his children:
   − Slashing the compound
   − Painting the kitchen
   − Washing the car

Baraza asks them to submit secret bids for what they feel is a fair pay for each of the tasks. The following table summarizes the bids received.

	Slash	Paint	Wash
Joshua	£15	£10	£9
Ken	£9	£15	£10
Titus	£10	£12	£8

Based on the information, how should Baraza assign the tasks? **(10 marks)**

b) Differentiate between Management Accounting and Financial Accounting. **(10 marks)**

QUESTION 4

a) Write brief notes on the various responsibility centres in an organization. **(12 marks)**

b) Discuss the limitations of standard costing to an organization. **(8 marks)**

QUESTION 5

Determine the initial basic feasible solution to the following transportation problem using North West Corner method and Vogel Approximation Method.

	Store 1	Store 2	Store 3	Store 4	Supply
Silo 1	10 Y11	Y12	Y13	Y14	15
Silo 2	12 Y21	7 Y22	9 Y23	20 Y24	25
Silo 3	4 31	14 Y32	16 Y33	18 Y34	10
Demand	5	15		15	

(20 marks)