

TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

DIPLOMA IN BUSINESS ADMINISTRATION

DIPLOMA IN ACCOUNTANCY

BAC: 2210 MANAGEMENT ACCOUNTING II

END OF SEMESTER EXAMINATIONS

SERIES: MAY 2016

TIME :2 HOURS

INSTRUCTIONS TO CANDIDATES:

This paper consists of FIVE questions.

Answer question ONE (Compulsory) and any other TWO questions.

Do not write on this question paper.

Question 1 (Compulsory)

- a.) Alvin's Co. manufactures three products: X, Y and Z using the information given below, you are required to 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 following information is provided:]

Sales: Product	Qty	Price (sh)
X	1,050	100
Y	2,080	120
Z	1,600	140

Material used:

Material	M1	M2	M3
Unit Cost	SH 4	SH 6	SH 9

Quantities used:

	Units	units	units
Product X	4	2	1
Y	3	3	2
Z	2	1	1
Finished goods:	X	Y	Z

1 st June	1,000	1,500	500
31 st June	1,100	1,650	550
Material stocks:	M1	M2	M3
	Units	Units	Units
1 st June	26,050	20,500	12,200
31 st 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

a.)

From \ To	A	B	B	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 centers 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.)

Salesman/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 in 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
A	2,200	1,600
B	1,900	2,500

Required:

From the above information, prepare a sales budget and production budget.(10marks)