TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR

MASTERS OF BUSINESS ADMINISTRATION

BAC 5102: MANAGERIAL ACCOUNTING

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2013

TIME: 3 HOURS

INSTRUCTIONS:

– Answer any **FOUR** questions.

This paper consists of Five printed pages

QUESTION 1

a) Mbuka ltd manufactures a water sealant at the Mombasa County. The sealant is used to stop leaks in basement retainer wall. In 2006 the company sold in basement retainer wall. In 2006, the company sold 1,600,000 gallons at sh.30 per gallon whose variable production costs more sh 15. The fixed manufacturing of costs were sh.1,550,000. In 2007, new automated equipment was used in production which increased fixed manufacturing costs for the gallon was reduced by sh.2. The sales value increased by 12.5% in 2007.
The board of directors has asked your determine the effects of these changes on the company's profit after tax the tax rate was 40%.

Required:

i) Income statement for manufacturing operations for both 2004 and 2005. **(5marks)**
ii) For 2004 compute the breaqk-even point in gallons & reviews. **(2marks)**
iii) For 2005, compute the break-even point in gallons & renews. **(2marks)**
iv) Using the cost & revenue data for 2004, consider each of the following situations independently.

v) What effect on the break-even point in gallons for the decrease of variable cost by sh. 2.00`

vi) What is the effect an the break-even point ingallons for the increase in fixed cost of by sh. 235,000. (3marks)

QUESTION 2

Baraza ltd produces a popular brand of biscuits which sells under the brand name 'usima' the biscuits are sold in packets of 100 grammes at sh.30 each. To reduce the distribution costs, the firm is only selling of its products through the supermarket at sh 20 per packet.
The budgeted standards for the year ended 31st Dec 2001 are as given below:

Annual fixed manufacturing costs	sh.560,000
Direct materials per packet	sh. 2.50
Direct labour cost per Gm	sh 200
Variable overhead cost per hour	sh. 275
Selling costs per unit (variable)	sh. 9.80
Output Number of packets per hour	100
Number of working hours per week	40

At the end of the year an analysis of the results revealed the following:

i) The actual selling of price was 12.75 per units.
ii) Direct material costs per packet reduced by 5%
iii) The actualproductionwas 98[packets per hour,although these was no idle time.
iv) All units produced was sold.
v) Actual fixed costs were sh.480,000
vi) There was no change in the sell & distribution costs per unit.
vii) Actual variable overheads amounted to sh. 55,000

Required:

i) Original (static) budgeted income statement for the year. **(6marks)**
ii) Actual income statement for the year. **(6marks)**

b) Briefly explain any three(3) Limitations of a budget. **(3marks)**

QUESTION 3

Producction of product'max'' passes through three process A,B and C. During the January,3,000 units of material were issued to process A at sh. 25 per unit.
The varos costs in the three processes were:

	A	B	C
Direct materials	15,000	6,000	54,000
Direct labour	90,000	6,000	30,000
Direct expenses	8,400	15,600	6,000

Process loss (normal)	5%	3%	2%
Units produced	2,800	2,726	2,600

Total overheads amounted to sh.270,000 for the period. The firm uses diet labour costs to apportion overheads to each department.

Required:

- **a)** Process accounts for A,B and C **(9marks)**
- **b)** Abnormal loss/gain account. **(4marks)**
- **c)** Finished Goods factory Account. **(2marks)**

QUESTION 4

a) The following information relates to cost estimates for production of product Zed.

	Sh.
Diect material	100,000
Diect labour	50,000
Diect expanses	35,000
Indirect factory costs	55,000
Administration costs	30,000
Distribution costs	30,000
Selling expenses	25,000

During the month ended 30th Novemebr 2009 prime costs increased by 15%, indirect factory increased by 10% while Administration costs Distribution & selling of expenses all increased by 5%.

The company loads a profit of 20% of the selling price.

Required:
A statement to show the selling price of product zed for the month of Novemebr 2009. **(10marks)**

b) Explain how management & financial accounting differ and discuss the distinguish of factors between them . **(5marks)**