

KABARAK



UNIVERSITY

**UNIVERSITY EXAMINATIONS
2009/2010 ACADEMIC YEAR**

**FOR THE DEGREE OF BACHELOR OF
COMMERCE**

COURSE CODE: ACCT: 323

COURSE TITLE: MANAGERIAL ACCOUNTING

STREAM: Y3S2

DAY: FRIDAY

TIME: 9:00 – 11:00 A.M.

DATE: 19/03/2010

INSTRUCTIONS:

1. Answer questions **ONE** and any other **TWO** questions.

PLEASE TURNOVER

QUESTION 1 (COMPULSORY)

- a) Write short on the following terms:
- (i) Semi-variable cost.
 - (ii) Break even point (BEP)
 - (iii) Fixed cost
 - (iv) Balance score card. ((6 marks)
- b) Identify five advantages that management would have when they prepare their budget every year. (5marks)
- c) Differentiate between management accounting and financial accounting. (4 marks)
- d) Identify any three methods used in transfer pricing by the management. (3 marks)
- e) The following information were given by the cost accountant on the of product 'X'

Units of out –put	cost (shs)
24	2,000
27	2,200
30	2,400
33	2,450
36	2,500

Required:

Use least square method to determine fixed and variable cost.(12 marks)

QUESTION 2

1. Identify three causes of material variance. (3 marks)
2. The material standard for one unit of product Z is 3 kg at sh. 5 per Kg. 14000 Kg were used at a cost of sh. 84,000 and 4,000 units were produced.

Required:

- (i) Calculate material price Variance. (4 marks)
- (ii) Calculate material usage Variance. (4 marks)
- (iii) Determine the Material Cost Variance and comment on it as a Managerial Accountant. (9 marks)

QUESTION 3

Mbezi Company limited purchased salt and processes it into product such as caustic soda, chlorine and chloride. In December, 2008, the company purchased salt for sh. 40,000. Conversion costs of sh. 60,000 were incurred up to the split-off point, at which time the two sellable products were produced: caustic soda and chlorine. Chloride can be further processed into chloride.

The December 2009 production and sales information is:

	Production (tons)	Sales	Selling price per (ton)
Caustic Soda	1,200	1,200 tons	sh. 50
Chlorine	800		
Chloride	500	500	200

All 800 tons of chloride was further processed, at an incremental cost of sh. 20,000 to yield 500 tons of chloride. There was no beginning or ending inventories of caustic soda, Chlorine or chloride in December. There is an active market for chlorine. Mbezi Company could have sold all of its December production of chlorine at sh. 75 a ton.

Required:

1. Allocate the joint costs between caustic soda and chlorine using:
 - (i) Physical measures method. (4marks)
 - (ii) Sales value at split – off point method. (4 marks)
 - (iii) NRV method. (6 marks)
2. Calculate the Gross margin percentage of caustic soda and chloride under the three allocation methods. (6 marks)

QUESTION 4

The following was information extract from ABS Ltd company giving budgetary summaries for 2009, for 10,000 units produced in the ended Financial year.

	Budget for 10,000 units _____	Actual Results for December production 9,000 units _____
	Shs.	Shs.
Direct Material (Shs. 15 per units)	150,000	153,000
Direct Wages (shs.8 per unit)	80,000	63,000
Variable over heads (shs. 2 per unit)	20,000	22,500
Fixed overheads	30,000	30,000
	_____	_____
	280,000	280,000
	_____	_____

Required:

- (i) Prepare two bridgetary control statement for December 2007(Fixed and Flexible budget)
- (ii) Comment on the budgetary control as a managerial Accountant. (12 marks)

b) a manufacturing company can produce three products X,Y and Z on machine “P”. the following information is provided in respect of these three products for a specific period.

	PRODUCTS		
	X	Y	Z
	Shs.	Shs	Shs
Sales Variable cost	150,000	220,000	240,000
Material	50,000	120,000	150,000
Labour	25,000	40,000	30,000
Variable overhead	12,000	20,000	15,000
Fixed overheads are sh. 35,000			

Required:

Advice the company regarding the choice of the product. (8 marks)