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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF
BUSINESS AND INFORMATION TECHNOLOGY

Date: 13th December 2022
Time: 11.30am –1.30pm

KBA 2314 - MANAGERIAL ACCOUNTING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Differentiate between financial accounting and managerial accounting. (5 Marks)
- b) Differentiate between budgeting and budgetary control. (4 Marks)
- c) The material standard for one unit of product X is 2 tons at Shs150 per ton. 11000 units were used at a cost of Shs1760000 and 6000 units were produced. Calculate material cost variances. (6 Marks)
- d) You are provided with the following information relating to a company's stock transactions for the month of May 2021.
- 1st Received 250 units at Sh 40 each
 - 7th Received 150 units at Sh 44 each
 - 9th Issued 200 units
 - 14th Issued 100 units
 - 19th Received 300 units at Sh 50 each
 - 24th Issued 150 units
 - 26th Received 100 units at Sh 52 each
 - 30th issued 50 units
- REQUIRED: Determine the value of the closing stock using
- i) Last in first out (LIFO) (5 Marks)
 - ii) FIFO (5 Marks)
 - iii) Weighted average. (5 Marks)

QUESTION TWO (20 MARKS)

- a) Differentiate between a cost unit, cost centre and profit centre.

(8 Marks)

- b) The following details were extracted from the books of Sukari Ltd for the year 2021. The opening cash balance on 1st January was expected to be shs30, 000. The sales budgeted was as follows;

Month	Amount (Shs)
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November 2020	80,000
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December 2020	90,000
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January 2021	75,000
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February 2021	75,000
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March 2021	80,000
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Analysis of records shows that debtors settle according to the following pattern:

60% within the month of sale

25% the month following

15% the month following

Extracts from the Purchases budget were as follows:

Month	Amount (Shs)
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December 2020	70,000
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January 2021	55,000
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February 2021	45,000
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March 2021	75,000
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All purchases are on credit and past experience shows that 90% are settled in the month of purchase and the balance settled the month after. Wages are Shs 15,000 a month while overheads average 25% of the monthly turnover. Taxation of Shs. 8,000 is to be settled in February in addition to insurance claim the company must settle in March for Shs. 25,000.

Required: Cash budget for January, February and March

(12 Marks)

QUESTION THREE (20 MARKS)

- a) Differentiate between a budget and a standard.

(3 Marks)

- b) Explain the concept of a key factor in budgeting?

(3 Marks)

- c) Distinguish between sensitivity analysis and scenario analysis.

(4 Marks)

- d) The following observations were recorded over the past five months.

Month	Units (Labor Hrs)	Overheads (Sh)
January	150	400
December	250	600
November	100	300
October	160	425
September	50	200

Required

- i) Use the High-Low method to find a cost equation

(7 Marks)

- ii) Estimate overhead costs for the month of February if total units expected for the month are 300 units.

(3 Marks)

QUESTION FOUR (20 MARKS)

- a) Discuss any six weaknesses of financial accounting that lead to the development of cost/managerial accounting (12 Marks)

The following information is given in relation to the operations of Kirungii Enterprises Ltd

- Selling price per unit Shs100
- Variable cost per unit Shs50.
- Fixed costs Shs600, 000

Required;

- i) Calculate the break-even point. (5 Marks)
- ii) If a profit of shs1, 200, 000 is desired calculate the turnover that would have to be achieved to realize this. (3 Marks)

QUESTION FIVE (20 MARKS)

- a) Kahawa Ltd has three production departments and two service departments. The following is their budgeted factory overheads for the year ended 31st December 2021.

Production departments

A	220,000	
B	180,000	
C	175,000	575000

Service departments

X	45,000	
Y	35,000	80000

The service department costs are to be re-apportioned as per the following percentages:

	A	B	C	X	Y
X	20	30	35	-	15
Y	30	30	30	10	

Required:

Re-apportion the service department costs to the production departments using simultaneous equation method. (8 marks)

- b) Explain the main course of difference between the profit figure reported using marginal costing as opposed to using absorption costing. (3 marks)
- c) Differentiate between sensitivity analysis and scenario analysis. (6 marks)
- d) Discuss the concept of a key factor in budgeting.

(3 marks)