



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE BACHELOR OF LOGISTICS AND
SUPPLY CHAIN MANAGEMENT
3rd YEAR 2ND SEMESTER 2016/2017 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE: BBM 3322

COURSE TITLE: MANAGERIAL ACCOUNTING

EXAM VENUE;

STREAM: LOGISTICS

DATE;

EXAM SESSION:

TIME: 3 HOURS

Instructions:

- 1. Answer any THREE questions. Question ONE is Compulsory**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Question one.

- (a)** As a management accountant of a big industrial enterprise producing goods for export, show with the help of suitable examples how you would assist the management in exercising effective control over the business **(10 Marks)**
- (b)** Budgeting is the principal tool of planning and control offered to management by accounting function” Discuss **(10 Marks)**

(c) Explain in detail the objectives of pricing decision to any business organisation (10 Marks)

Question Two

The following data relate to the working of a factory for the year 2004:

Capacity worked at 50%

Fixed Costs:	Sh	Sh
Salaries	84000	
Rent and rates	56000	
Depreciation	70000	
Other Admin Expenses	<u>80000</u>	290000
Variable Costs:		
Materials	240000	
Labour	256000	
Other Expenses	<u>38000</u>	543000

Possible sales at various level of working are:

Capacity	Sales Sh.
60%	950000
75%	1150000
90%	1375000
100%	1525000

Required: Prepare a flexible budget and show the forecast of profit at 60%, 75%, 90% and 100% capacity operations (20 Marks)

Question Three

(a). The capital budgeting department of a company has suggested three investment proposals. The after tax cash flows for each are tabulated below. If the company's cost of capital is 12%, rank them in order of profitability. (16 Marks)

Year	After tax cash flows		
	project A Sh	Project B Sh	Project C Sh
0	-20000	-60000	-36000
1	5600	12000	13000
2	6000	20000	13000
3	8000	24000	13000
4	8000	32000	13000

P.V.F at 12@:

Year	:	1	2	3	4
P.V.F	:	0.893	0.797	0.712	0.636

(b) Distinguish between ARR and IRR (4mks)

Question Four

(a) The following data relate to Momonyoko Company Ltd. For the year 2014:

	<i>First six months</i>	<i>Last six months</i>
	Sh.	Sh.
Sales	405,000	450,000
Total Cost	360,000	387,000

Required: Calculate the following for the year 2014 assuming the fixed expenses incurred were uniform in both half years:

- (i) Profit –Volume ratio (3 Marks)
- (ii) Break – even point (3 Marks)
- (iii) Margin of Safety (3 Marks)
- (iv) Sales to earn a profit of Sh.50,000 (3 Marks)
- (v) Profits when sales are Sh.1,140,000 (4 Marks)

(b) Distinguish between marginal costing and absorption costing (4mks)

Question five

(a) “It is the capital expenditure decision that spells the difference between the business success and the business failure.” Do you agree with this statement? Substantiate your views with reasons (10 Marks).

(b) State the reasons for each of the following variances

- i) Material price variance (2 Marks)
- ii) Price usage variance (2 Marks)

(c) Distinguish between Management accounting and Financial Accounting (6 Marks)