JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE DIPLOMA IN BUSINESS ADMINISTRATION

2NDYEAR 1ST SEMESTER 2016/2017 ACADEMIC YEAR

KISII CAMPUS-PART TIME

COURSE CODE: BBM 2215

COURSE TITLE: MANAGERIAL ACCOUNTING AND CONTROL

EXAM VENUE: LR 18 **STREAM: (DBM)**

DATE: 14/12/16 **EXAM SESSION: 9.00 – 10.30 AM**

TIME: 1 ½ HOURS

<u>Instructions:</u>

1. **Answer Question ONE (COMPULSORY) and ANY other 2 questions**
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. Distinguish between Management accounting and Financial accounting (5mks)
b. What are overhead costs(2mks)
c. Explain the limitations of Budgeting(4mks)
d. Distinguish between marginal and absorption costing(4mks)
e. Name and explain the assumptions of cost, volume &profit analysis(4mks)
f. Define standard cost and name types of standard costs(4mks)
g. Define variance analysis and state why perform variance analysis(5mks)
h. State any two roles of a management accountant(2mks)

Question Two

A company has budgeted to produce 1,325 articles in 11,000 hours, with fixed overheads of Sh 44,000 and variable overheads of Sh 27,500. The company's production during the period of the budget was 1,350 articles in 10,750 working hours with fixed overheads costing Sh 45,000 and variable overheads Sh 29,000.

Required:
Calculate the following variances:

a) Overhead variance (4 marks)
b) Fixed production overhead variance. (4 marks)
c) Variable production overhead variance (4 marks)
d) Fixed production overhead expenditure variance. (4 marks)
e) Fixed production overhead volume variance. (4 marks)

Question Three

a. Explain the term budgetary control and state its importance to the firm(10mks)

b. Distinguish between direct and indirect costs giving examples of each (10 mks)

Question Four

The following information related to the proposed budget for joust ltd for the months ending 31 December 2015.

Month	Sales	Material Purchases	Wages	Production Overheads	Administration Overheads
	Sh.	Sh.			Sh.
July	72000	250000	10000	6000	55000
August	97000	31000	12100	6300	6700
September	86000	25500	10600	6000	7500
October	88600	30600	25000	6500	8900
November	102500	37000	22000	8000	11000
December	108700	38800	23000	18200	11500

Additional Information

I. Depreciation expenses are expected to be 0.5%of sales.
II. Expected cash balance in hand on 1 July 2015 is Sh. 72,500,000
III. 50% of total sales are cash sales
IV. Assets are to be acquired in the months of August and October at Shs. 13,000,000 and Shs. 30,000,000 respectively
V. An application has been made to the bank for the grant of a loan of Shs. 35,000,000 and it is hoped that it will be received in the month of November
VI. It is anticipated that a dividend of Shs. 40,000,000 will be paid in December
VII. Debtors are allowed one month's credit
VIII. Sales commission at 2% on sales is paid to the salesmen each month

Required

A cash budget for the six months ending 31 st December (20 mks)

Question five

a. State and explain five assumptions that underlie the cost volume profit analysis (10mks)

b. Explain the meaning of the following (10 mks)

   i. Margin of safety
   ii. Contribution margin
   iii. Contribution sales ratio
   iv. Overheads
   v. Cost Accounting