



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE BACHER OF BUSINESS ADMINISTRATION
3RDYEAR 1ST SEMESTER 2024/2025 ACADEMIC YEAR
MAIN CAMPUS

COURSE TITLE: Managerial Accounting for Decision Making

COURSE CODE: BEB 8905

EXAM VENUE:

DATE:

TIME:

Instructions:

- 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 booklets to the invigilator while in the examination room**

QUESTION ONE

- a) Highlight five importance of management accounting 5 marks
- b) What do you understand by the term breakeven point 2marks
- c) Define the term reorder level 2 marks
- d) What are the main indicators of an inventory problem? 3 marks
- e) What are the main sources of working capital 5 marks
- f) State FIVE examples of what constitute
 - i. Cashflows from investing activities 5 marks
 - ii. Cashflows from financing activities 5marks

QUESTION TWO

a) In relation to management accounting, explain what you understand by the following terms

- i. Fixed cost 1 mark
- ii. Variable cost 1 mark
- iii. Semi fixed cost 1 mark

b) Management accounting provides information to management for decision making. Highlight the qualities necessary for the accounting information to satisfy the need. 4 marks

A manufacturing firm produces a single product whose selling price is shs.20 per unit and the variable cost per unit is shs.12. The annual fixed cost of the firm is estimated at 160,000 shillings. To break even, the firm's contribution from the sales of the units of product should be equal to the fixed costs of shs.160,000.

- i. How many units of the product should be sold to realize total contribution that is equal to shs.160,000? 4 marks
 - ii. What should be the sales volume if the company wants to make a profit of shs.40,000?
 - iii. Calculate the break-even point (BEP) or the company in shillings. 4 marks
- c) Briefly explain the assumption underlying cost volume profit analysis (CVP) 5 marks

QUESTION THREE

a) What do you understand by the term ratio analysis? 2 marks

You are given the following balance sheet of Ratiya Company Ltd for the year ending 31 December 2024

- ii. The profit margin.2 marks
 - iii. Return on total assets employed 2marks
 - iv. The current and acid test ratio. 2 marks
- b) Explain the uses and limitations of ratio analysis 10 marks

QUESTION FOUR

Discuss what factors should be considered in determining the average stock to hold under conditions of certainty and uncertainty? 10 MARKS

A company has an estimated its requirements for a particular component over the next twelve months to be 24, 000. The components are purchased from an outside supplier for sh. 2 each and the annual inventory holding cost are estimated to be 10% of the cost of the component. The ordering cost averages she 150.

REQUIRED

- i. Determine the economic order quantity EOQ 5 MARKS
- ii. What would be the total the total annual inventory cost. 5 MARKS

QUESTION FIVE

Chicken feed ltd specializes in whole selling of chicken feed. During the month of December 2024, the company had the following transactions.

PURCHASES			SALES		
2 nd Oct.	400	150 per bag	8 th	300	170 per bag
10 th Oct.	600	165 per bag	15 th	500	180 per bag
24 th Oct.	700	170 per bag	26 th	800	200 per bag
27 th Oct.	500	180 per bag	30 th	500	?

N.B there was an opening stock of 200 bags valued at sh. 28,000. Each bag had been bought at sh 140.

REQUIRED,

The value of closing stock using the following stock valuation methods,

- I. First in, first out FIFO and 10 marks
- II. Last in last out LIFO 10 marks