



JARAMOGI OGINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATION

UNIVERSITY EXAMINATION FOR BACHELOR OF SCIENCE IN AGRIBUSINESS

3RD YEAR 1ST SEMESTER 2024/2025 ACADEMIC YEAR

SIAYA CAMPUS

COURSE CODE: BAB9401

COURSE TITLE: Management Accounting

DATE:

TIME: 2.00 HOURS

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 answer booklets to the invigilator while in the examination room**
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QUESTION ONE (30 MARKS)

- a) Distinguish between full cost plus and Marginal cost plus. What are their strengths and weaknesses? (6 marks)
- b) Discuss the role of management accountants in environmental management accounting (6 marks)
- c) Identify and explain three types of decision making environments. (6 marks)
- d) A company is considering investing in one of three investment opportunities A, B and C under certain economic conditions. The payoff matrix for this situation is economic condition.

Investment opportunities	1 £	2 £	3 £
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A	5,000	7,000	3,000
B	-2,000	10,000	6,000
C	4,000	4,000	4,000

Determine the best investment opportunity using the following criteria.

- i) Maximin
- ii) Maximax
- iii) Minimax
- iv) Hurwicz (Alpha = 0.3) (12 marks)

QUESTION TWO (20 MARKS)

a) Discuss the advantages and disadvantages of the following cost estimation methods:

- i) Engineering method
- ii) High low method
- iii) Account analysis
- iv) Visual fit method
- v) Regression analysis (10 marks)

b) Deco Chemicals Ltd manufactures a single type of liquid chemicals. The company's production overheads vary with volume of production in litres. Volume of production and the amount of overheads for 10 months that ended 31st October 2004 are presented below.

Month	Volume of production overheads (litres '000')	Production overheads (shs '000')
January	150	1800
February	120	1400
March	200	2300
April	170	1900
May	120	1600
June	250	3000
July	220	2700
August	90	1100
September	180	2400
October	300	3200

Required:

- i) Use the high-low method to determine an equation in the form $y = a + bx$ (8 marks)
- ii) Using the equation in (i) above determine the overheads for production of 350,000,000 units. (2 marks)

QUESTION THREE (20 MARKS)

- a) Distinguish between fixed and flexible budgets and enumerate the steps that an organization will most likely adhere to in its budgeting process (10 marks)
- b) Ethics in accounting is of utmost importance to accounting professionals and those who rely on their services. Discuss (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss sensitivity analysis in the context of CVP analysis (8 marks)
- e) Discuss the Rules and limitations of Game Theory (12 marks)

QUESTION FIVE (20 MARKS)

- c) Discuss the applications of the learning curve theory in managerial accounting (4 marks)
- d) Examine the various methods used in the evaluation of the Regression Models (6 marks)
- e) In the year 2012 VIP incurred the following expenses to maintain 1500 lecturers.

	Sh.
Administration expenses (40% variable)	4,000,000
Lecturing pay (60% variable)	8,000,000
Airtime allowance (fixed)	1,000,000
Sundry expenses (50% fixed)	500,000
Soda allowance (variable)	300,000

Required;-

- a) Using accounts analysis method, express an equation in form $y = a + bx$ (8 marks)
- b) Using the equation expressed above, estimate the total cost of 2000 lecturers incurred to be employed in 2013. (2 marks)