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GABA CAMPUS – ELDORET

MAIN EXAMINATION

MAY – AUGUST 2022 TRIMESTER

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

CAC 610: MANAGERIAL ACCOUNTING

Date: July 2022	**Duration:** 3 Hours
Instructions: Answer Question **ONE** and any other **THREE** Questions	

QUESTION ONE

a) Discuss the characteristic of strategic management accounting . **(5 Marks)**
b) A Company produces paints The standard direct cost per crate containing 10 cans of one litre paint

Raw materials

8 litres of cream @ shs 5per litre

5 litres of black @ shs8 per litre

Labor

10 hours @ shs3 per hour

Parking materials

1 crate @ shs 3

10 cans @ shs 1 each

The company budget is 500 crates. The overhead expenses which are all fixed are budgeted at shs 20000 and the standard selling price per 1litre can is shs13 .During the period 600 crates were produced and sold

Sales 600 cratess	shs 275,000
Raw Materials	
Cream 5,500 litres	shs 62,000
black6, 400 litres	shs 100,000
Labor	
13000 hours	shs 70,000
Fixed overhead	shs 25,000

Compute the relevant variances . **(10 Marks)**

c) Discuss the perspective created ,focused and translated by balance score card on organization vision and strategy **(5 Marks)**

d) Budget making is very easy for it does not follow any. process .
Do you agree ? **(5 Marks)**

e) Discuss the cost that are applicable for decion making **(5 Marks)**

QUESTION TWO

a) Apart from cash, functional,capital and master ,describe other budgets that you are familiar with. **(5 Marks)**

b) Assume that the manager of GABA LTD is concerned about the apparent fluctuations in efficiency and therefore work done by employees which are related to volume .A 10 week research came with the following data.

Machine hours X	Machine cost Y
300	860
200	800
1 80	700
400	1100
320	900
240	740
100	560
420	1000
220	680
150	400

You are required to;

i) Calculate the least squares regression line relating machine hours costs to direct costs. **(3 Marks)**

ii) Provide the manufacturer with an estimate of costs to machine hours 250. **(2 Marks)**

QUESTION THREE

a) Discuss the benefit and purpose of a budget **(5 Marks)**

b) Distinguish between management and financial accounting **(5 Marks)**

QUESTION FOUR

a) Discuss what just in time system seeks to attain . **(5 Marks)**

b) The following data was extracted from the books of Jamba LTD January 2018

Month	sales Kshs	purchases kshs	production overhead kshs	wages kshs	administration kshs
January	45,000	20,000	6,000	1,100	1,500
February	42,000	10,500	4,000	1500	1,000
March	55,000	18,000	4,500	2,500	1,700
April	40,000	12,000	5,200	2,000	2,100
May	30,000	15,000	3,300	3,400	2,200
June	50,000	11,000	4,400	2,000	1, 200

Additional information;

a) Cash balance on 1/1/2018khs 25,000

b) 60% of sales is in cash 30% is received the following month and the balance the third month.

c) Depreciation charge is 1% equivalent of sales .

d) Sales commission is 2% equivalent of sales and which is paid every month .

e) Purchases ,production overhead, wages, administration costs are paid for the following month after they are incurred .

f) Fixed assets will be acquired in April and June for khs 10,000 and 18,000 respectively.

g) Corporation tax khs 10,000 for year 2017 will be paid in 2April 2018

h) Divided payable in month of may 2018 khs4,000

i) Loan to be received from a bank in February 2018 shs 8,000 .

Required;

Prepare cash budget for period January –June 2018 **(5 Marks)**

QUESTION FIVE

a) Discuss the limitation of using charts for CVP analysis **(5 Marks)**

b) A company makes and sells three products PIZZA, MANDAZI, CHAPO during a period budgeted and actual results are as follows

Budgeted

Product	**volume in units**	**prices per unit**	**margin per unit shs**
Pizza	1,800	60	14
Mandazi	2,700	50	12
chapo	3,000	48	10
	7,500		

ACTUAL

Product	Volume in units	Actual Price	Margin in Shs
pizza	1,950	80	16
mandazi	3,300	48	10
chapo	3,750	45	12
	9,000		

Required;

Compute the relevant Variances **(5 Marks)**

END