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KENYA UNIVERSITIES STAFF UNION

25 AUG 2021

KIBABII UNIVERSITY

KIBABII UNIVERSITY BRANCH
P. O. Box 1699-50200, BUNGOMA

UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCA 208

COURSE TITLE: MANAGEMENT ACCOUNTING

DATE: TIME:

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 HOURS

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 5 Printed Pages. Please Turn Over.



SECTION A

QUESTION ONE (COMPULSORY)

- a) Explain any five ways of distinguishing Financial Accounting and Management Accounting (10marks)
- b) Explain five important conditions for effective costing system (5marks)
- c) Differentiate between
- i. Period costs and product costs (2marks)
 - ii. Direct product costs and indirect product costs (2marks)
 - iii. Fixed costs and variable costs (2marks)
- d) Highlight five features of process costing (5marks)
- e) Define standard costing and highlight any three advantages of standard costing (4marks)

SECTION B

QUESTION TWO

Kanga Ltd has three production departments A,B,C and two service departments X and Y. The following is their budgeted factory overheads for the year ended 30 September 2015.

	Shs.	Shs.
Production departments		
A	240,000	
B	180,000	
C	220,000	640,000
Service departments		
X	86,000	
Y	44,000	130,000
		770,000

The service department costs are to be re-apportioned as per the following percentages

	A	B	C	X	Y
X	20	30	35	-	15
Y	30	30	30	10	-

Required:

Re-apportion the service departments' costs to the production departments using the simultaneous equation method. (20marks)

QUESTION THREE

XYZ Limited produces a range of products which includes a soft drink which passes through three processes before completion and transfer to finished stocks store. During the Month of October 2012, the following data was obtained from the records of the company.

	PROCESS			TOTAL
	X	Y	Z	
	Sh.	Sh.	Sh.	Sh.
Basic raw materials (60,000 units)	36,000	-	-	36,000
Direct material added in process	53,100	57,000	33,000	143,100
Direct wages	24,000	36,000	72,000	132,000
Direct expenses	7,200	1,440	13,080	21,720
Production overheads				99,000
Output (units)	55,200	52,200	47,400	
Normal loss in process of input	10%	5%	10%	
Scrap value per unit (Shs.)	1.2	3.0	6.0	

Additional information:

- i. Production overheads is absorbed as a percentage of direct wages
- ii. There was no stock at the beginning or closing of any processes

Required:

- i. Prepare separate process X, Y and Z accounts (15marks)
- ii. Prepare the Abnormal loss and Abnormal gain accounts (5marks)

QUESTION FOUR

- a) Assume that the product manager of XYZ Limited is concerned about their current fluctuations in the efficiency and therefore want to determine how labour cost is related to volume of units produced. The results of the 12 most recent weeks are shown below.

Week number	Number of units (X)	Labour cost (Y)
1	34	340
2	44	346
3	31	287
4	36	262
5	30	220
6	49	416
7	39	337
8	21	180
9	41	376
10	47	295
11	34	215
12	24	275

