



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS 2020/2021 ACADEMIC YEAR

SECOND YEAR 2ND SEMESTER SPECIAL/SUPPLEMENTARY EXAMINATION

**FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURE
ECONOMICS AND RESOURCE MANAGEMENT**

COURSE CODE: AEC 226/IAE 286

COURSE TITLE: INTRODUCTION TO MANAGERIAL ACCOUNTING

DATE: 14TH JANUARY 2022

TIME: 2 – 4 PM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

QUESTION ONE**(30 MARKS)**

- (a) Distinguish between the following cost concepts. **(12 Marks)**
- Opportunity cost and outlay cost
 - Explicit Cost and Implicit costs
 - Historical cost and replacement cost
- (b) Compare and contrast Budgetary control and standard control **(12Marks)**
- (c) What are the three methods used in transfer Pricing **(6Marks)**

QUESTION TWO**(20 MARKS)**

- a) State the objectives of Management Accounting. **(14 Marks)**
- b) Give three main limitations of management accounting? **(6 marks)**

QUESTION THREE**(20 MARKS)**

- (a) Outline the steps you would follow to prepare a cash budget **(10 Marks)**
- (b) Given the information below prepare a Material purchase budget for Mwisho Bakery for next year **(10Marks)**
- Mwisho enterprises produces buns. It projects to sell 50,000 buns next year. Each Bun requires 2 units of Margarine and 3 units of Baking Flour. The estimated opening balances at the commencement of the next year and the desirable closing balances at the end of the next year are given in the table below

	estimated opening balances at the commencement of the next year	desirable closing balances at the end of the next year
Buns	10,000 units	14,000 units
Margarine	12,000 units	13,000 units
Baking Flour	15,000 units	16,000 units

QUESTION FOUR**(20 MARKS)**

- (a) Define the term Budget and state its key elements **(5Marks)**
- (b) Discuss the different types of budgets organizations should prepare **(15 marks)**

QUESTION FIVE**(20 MARKS)**

- a) Discuss how management uses marginal costing techniques. **(10 Marks)**
- b) From the data below provided by Malimali Ltd. Calculate the breakeven point. **(10Marks)**

	Year 1	Year 2
Sales	80000	90000
Profit	10000	14000