



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER

SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCA 423

COURSE TITLE: ADVANCED MANAGEMENT ACCOUNTING

DATE: 25th NOV, 2022

TIME: 2.00PM - 4.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question One and any other TWO (2) Questions

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question **one** carries **30**marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

- a) Discuss five tools and techniques used in management accounting (10mks)
- b) Briefly explain the features of relevant costs for non-routine decisions (10mks)

QUESTION THREE (20MKS)

In the context of the above statement, discuss whether a company should make quantities of a component used in a manufacture of a product or buy in the component from an outside supplier or outsource (10mks)

- b) Discuss two types of control system in a firm (10mks)

Required:

- i) The cost classifications which the management accountant should use or ignore and Factors which may affect the behavior of costs and hence the accuracy of the cost analysis and the relevance of the decision making
- ii) Decision-making situations under short-term conditions require consideration of;
 - 1) The cost classifications which the management accountant should use or ignore and
 - 2) Factors which may affect the behavior of costs and hence the accuracy of the cost analysis and the relevance of the decision making

QUESTION TWO (20MKS)

SECTION B

- a) Discuss two attributes of good information (2mk)
- b) Outline five advantages of management accounting (10mks)
- c) Briefly describe four prospects of human behaviour that affects budgetary control (8mks)
- d) Advise the company (10mks)

Required:

Assembly costs = sh. 20 per unit
 Only 24,000 machine hours will be available during the next year.

Component	Variable costs	Machine required	Subcontractor's price
A	Kshs. 20	3hrs	Kshs. 29
B	Kshs. 36	2hrs	Kshs. 40
C	Kshs. 24	4hrs	Kshs. 34

a) ABC ltd manufactures three components, A, B and C using the same machine. The components are assembled into units of product X. One unit of this product requires one component of A, B and C each. The budget for next year requires production of 4000 units of X at the following costs.

QUESTION ONE (30MKS)

SECTION A

QUESTION FOUR (20MKS)

- a) Mitambani manufacturers Ltd are in the initial process of adopting a Just-in-Time (JIT) inventory control system

Required:

- i) Highlight four objectives of a JIT inventory control system (4mks)
- ii) Describe four benefits that would accrue to the company from using JIT inventory control system (4mks)
- b) Summarize two limitations of high-low method as a method of cost estimation (2mks)
- c) Describe five factors to be considered by an organization when undertaking performance measurements (10mks)

QUESTION FIVE (20MKS)

- a) Describe five skills that a management accountant should possess (10mks)
- b) Highlight six assumptions of cost volume profit (CVP) analysis (6mks)
- c) Describe four advantages of budgetary control in an organization (4mks)