



MURANG'A UNIVERSITY COLLEGE

(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
SPECIAL/SUPPLEMENTARY
2014/2015 ACADEMIC YEAR**

YEAR TWO SEMESTER ONE EXAMINATIONS

DIPLOMA IN BUSINESS MANAGEMENT (DBM)

COURSE CODE: DAB 1212

COURSE TITLE: MANAGERIAL ACCOUNTING

DATE: 5TH AUGUST 2015

TIME: 9.00AM-11.00AM

INSTRUCTIONS TO THE CANDIDATES

THIS PAPER CONSIST OF FOUR QUESTIONS

Question one (1) is Compulsory

Answer Any Other Two (2) Questions

MRUC observes ZERO tolerance to examination irregularities

This paper consists of 3 printed pages. Please turn over. ⇨

QUESTION ONE

- a) Management accounting is closely related to Financial Accounting in that they share the sources of information. Explain five similarities. (5marks)
- b) Highlight 7 basic steps in decision making process. (7marks)
- c) Managers are found in all functional areas of an organization. Discuss the functional areas of management also referred to us as roles of management. (6marks)
- d) Shahada Ltd a manufactured company is in the process of preparing its budget for the upcoming production period. The following data relate to the company for the last six months of 2014.

Year	Month	Activity Level	Electricity expenses (Ksh. '000')
2014	July	800	2,100
2014	August	1200	3,400
2014	September	1100	3,200
2014	October	1600	4,200
2014	November	1500	4,000
2014	December	1800	4,600

- i) Estimate the fixed and variable elements of the electricity expense using the least squares method; (10marks)
- ii) Determine the electricity expense for January 2015 if the activity level is expected to be 1,900 hours. (2marks)

QUESTION TWO

- a) Nzewani Ltd has the following data in respect of its major raw materials.

	Units per week
Maximum consumption	4,800
Normal consumption	3,600
Minimum consumption	2,400
Re-order period	4-6 weeks
Re-order quantity	24,000 units

- Calculate the;
- i) Re-order level (4marks)
 - ii) Minimum stock level (4marks)

- b) The following details relate to a product manufactured and sold by Mwito Ltd.

Variable cost per unit Ksh 30

Selling price per unit Ksh 40

For the forthcoming year the budgeted fixed costs are expected to be Ksh. 70,000 while the budgeted sales are 8,000 units.

Determine;

- i) Break-even point in units and in shillings. (4marks)
- ii) Margin of safety in units and in shillings (4marks)
- iii) Units to be produced and sold to realize a profit of Ksh.30,000 (4marks)

QUESTION THREE

- a) Kuweka wholesalers Ltd has a cost of capital of 15% and has a limit of Ksh 100,000 available for investment in the current period. It is expected that capital will be freely available in the future. The investment required, the NPV at 15% and the EVPI for each of the six (6) projects currently being considered are shown below.

Projects	outlay	NPV@15%	EVPI
A	20,000	8,000	0.4
B	40,000	28,000	0.7
C	35,000	37,000	1.07
D	50,000	31,500	0.63
E	15,000	3,500	0.23
F	45,000	-5,000	-0.11

Assuming that projects B and D are mutually exclusive, what projects should be initiated.

(20marks)

QUESTION FOUR

- a) Discuss five assumptions of linear programming.
- b) (10marks)
- c) Explain five assumptions of C.V.P analysis. (10marks)



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SPECIAL/SUPPLEMENTARY
2014/2015 ACADEMIC YEAR**

YEAR TWO SEMESTER TWO EXAMINATIONS

DIPLOMA IN COOPERATIVE MANAGEMENT (DCM)

COURSE CODE: BS 1106

COURSE TITLE: FINANCIAL ACCOUNTING

DATE: 5TH AUGUST 2015

TIME: 9.00-11.00AM

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QUESTION ONE

Pentland Limited complies its financial statements for the year to 30 June each year.
At 1 July 1999 the company's balance sheet included the following figures:

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	Cost	Accumulated Depreciation	Net book Value
	£000	£000	£000
Land	4,000	Nil	4,000
Buildings	2,200	800	1,400
Plant and machinery	1,600	600	1,000
Motor vehicles	600	200	400

Depreciation is charged at the following annual rates (all straight line):

Land	Nil
Buildings	2%
Plant and machinery	15%
Motor vehicles	20%

Appropriate depreciation charge is made in the year of purchase, sale or revaluation of an asset

During the year ended 30 June 2000 the following transactions took place:

- 1 January 2000 The company decided to adopt a policy of revaluing its buildings; and they were revalued to £3.4m.
- 1 January 2000 Plant which has cost £300,000 was sold for £50,000. Accumulated depreciation on this plant at 30 June 1999 amounted to £230,000. New plant was purchased at a cost of £400,000.
- 1 April 2000 A new motor vehicle was purchased for £30,000. part of the purchase price was settled by part exchanging another motor vehicle, which had cost £20,000, at an agreed value of £12,000. the balance of £18,000 was paid in cash.
- 4 The motor vehicle given in part-exchange had a net book value (cost less depreciation) at 30 June 1999 of £10,000

Required:

Prepare ledger accounts to record these transactions in the records of Pentland Limited.

(20marks)

QUESTION TWO

James Mbuvi started a taxi business in Nairobi March 1990 under the firm name Mbuvi Taxis. The firm had two vehicles KA and KB, which had been purchased for Sh.560, 000, and Sh.720, 000 respectively earlier in the year.

In February 1992 vehicle KB was involved in an accident and was written off. The insurance company paid the firm Sh.160, 000 for the vehicle. In the same year the firm purchased two vehicles, KC and KD for Sh.800, 000 each.

In November 1993 vehicle KC was sold for Sh.716, 000. In January 1994 vehicle KE was purchased for Sh.840,000. In March 1994 another vehicle KF was purchased for Sh.960, 000.

The firm's policy is to depreciate vehicles at the rate of 25 per cent on cost on vehicles on hand at the end of the year irrespective of the date of purchase. Depreciation is not provided for vehicle disposed of during the year. The firm's year ends on 31 December.

Required:

- a) Calculate the amount of depreciation charged in the profit and loss account for each of the five years. (7 marks)
- b) Prepare the motor vehicle account (at cost). (8 marks)
- c) Calculate the profit and loss on disposal of each of the vehicles disposed of by the company. (5 marks)

(Total: 20 marks)

QUESTION THREE

A company depreciates its plant at the rate of 20 per cent per annum, straight line method, for each month of ownership. From the following details draw up the plant account and the provision for depreciation account for each of the years 1999, 2000, 2001 and 2002.

- 1999 Bought plant costing £900 on 1 January.
Bought plant costing £600 on 1 October.
- 2001 Bought plant costing £550 on 1 July.
- 2002 Sold plant which had been bought for £900 on 1 January 1999 for the sum of £275 on 30 September 2002.

You are also required to draw up ;

- i) The plant disposal account, and
- ii) The extracts from the balance sheet as at the end of each year.

(20marks)

QUESTION FOUR

A company starts in business on 1 January 1999, the financial year end being 31 December.
You are to show:

- a) The plant account.
- b) The provision for depreciation account.
- c) The balance sheet extracts for each of the years 1999, 2000, 2001, 2002.

The machinery bought was:

1999	1 January	1 plant costing £8,000
2000	1 July	2 plant costing £5,000 each
	1 October	1 plant costing £6,000
2002	1 April	1 plant costing £2,000

Depreciation is at the rate of 10 per cent per annum, using the straight-line method, plant being depreciated for each proportion of a year. (20marks)

THE END.....