

LAIKIPIA



UNIVERSITY

UNIVERSITY EXAMINATIONS

1ST SEMESTER 2023/2024 ACADEMIC YEAR

SECOND YEAR EXAMINATION FOR DIPLOMA IN
PROCUREMENT AND LOGISTICS

DIBM 0223: MANAGEMENT ACCOUNTING

STREAM: R

TIME: 2 HRS

DAY: THURSDAY [8.30-10.30 A.M] DATE: 11/04/2024

THIS QUESTION PAPER CONSISTS OF FOUR (4) PAGES

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INSTRUCTIONS TO CANDIDATES:

This paper contains four questions

Answer question one and any other two questions in the answer booklets provided

Question One

- a). Discuss five functions of a management accountant in an organization. **(10 marks)**
 b). Explain four assumptions underlying the cost-volume-profit (CVP) analysis. **(8marks)**

c). The following information relates to Rolex Ltd for the year ended 31December 2020

Sales	Shs. 10,000,000
Variable Costs	Shs. 6,000,000
Fixed costs	Shs. 3,000,000

Required:

Calculate the following

- i) Contribution **(2 marks)**
 ii) P / V ratio **(2 marks)**
 iii) Breakeven point in Shillings **(2 marks)**
 iv) Margin of Safety **(2 marks)**
- d). Enumerate four characteristics of good management accounting information **(8marks)**

Question Two

- a). Explain the advantages of centralized system of maintaining stores. **(8 marks)**
 b). The following information is given for material Y-20.

Consumption:

Annual	360,000 units
Maximum	1,200 units/day
Minimum	800 units/day
Normal	900 units/day
Re-order period	12 – 24 days
Re-order quantity	32,000 units

Required:

- i). Re-order level. **(4 marks)**
 ii). Minimum stock level. **(4 marks)**



iii). Maximum stock level

(4 marks)

Question Three

The following information has been extracted from the books of Express way Ltd for the year to 31 March 2020:

	Units
Production	30,000
Sales	24,000
	Sh
Production cost incurred:	
Direct material	7,200,000
Direct labour	1,800,000
Variable overheads	1,500,000
Fixed overheads	2,700,000
Selling and administrations costs:	
Sales and salaries	450,000
Variable sales commission	300,000
Promotion and advertising	480,000
Other fixed costs	720,000

The company's unit selling price is Sh 550.

Required:

- i). Profit and loss statement under direct costing approach. **(10 marks)**
 ii). Profit and loss statement under indirect costing approach. **(10 marks)**

Question Four

- a). Enumerate four features of contract accounting **(8marks)**
- b) Mengo Builders has been engaged to construct a building to serve as the head office of Posta Sacco Kenya. Construction work commenced on 1st July 2002 and the following information was extracted from Mengo Builders accounting books for the year ended 30 June 2003:

	Shs.
Contract price	1,500,000
Payment for direct wages	240,000
Accrued wages: 30 th June	101,000
Materials issued	275,000
Materials returned to store	2,500
Plant and equipment on 1 st July	150,000
Installation costs	125,000
Payment for direct expenses	75,000
Direct expenses accrued: 30 June	5,000
Materials on site: 30th June	100,000

Value of work certified	27,500
Cost of work not yet certified	800,000
Cash received	750,000

Required:

The contract account as it appears in the books of Mengo Builders.

(12marks)

