



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER

SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF COMMERCE

COURSE CODE: BCM 3103

**COURSE TITLE: INTRODUCTION TO
MANAGEMENT ACCOUNTING**

DATE:

TIME:

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

*This paper consists of **two** printed pages. Please turnover.*

Question One:

Campbell Company is a metal and wood cutting manufacturer, selling products to the home construction market. The following data has been provided for the year ending December 31, 2021.

	Kshs.
Sandpaper	200,000
Materials - handling costs	7,000,000
Lubricants and coolants	500,000
Miscellaneous indirect manufacturing Labour	4,000,000
Direct manufacturing labour	30,000,000
Direct materials, Jan 1, 2021	4,000,000
Direct materials, Dec 31, 2021	5,000,000
Finished goods, Jan 1, 2021	10,000,000
Finished goods, Dec 31, 2021	15,000,000
Work in process, Jan 1, 2021	1,000,000
Work in process, Dec 31, 2021	1,400,000
Plant leasing costs	5,400,000
Depreciation - Plant equipment	3,600,000
Property taxes on plant equipment	400,000
Fire insurance on plant equipment	300,000
Direct materials purchased	46,000,000
Revenues	136,000,000

Marketing promotions	6,000,000
Marketing salaries	10,000,000
Distribution costs	7,000,000
Customer service costs	10,000,000

Required

Prepare the following:

- (a). Income statement for the year ending December 31, 2021, and **(15 Mks)**
 (b). A Schedule of cost of goods manufactured. **(10 Mks)**

Question Two:

The following transactions occurred in purchases and issues of material of Bamburi Company Limited, a manufacturing company based in Mombasa during October, 2021:

<i>Receipts dated</i>	<i>Quantity</i>	<i>Rate</i>
4.10.2021	200 Units	Kshs. 240.00 per unit
10.10.2021	150 Units	Kshs. 230.00 per unit
18.10.2021	100 Units	Kshs. 240.00 per unit
22.10.2021	100 Units	Kshs. 230.50 per unit
<i>Issues dated</i>	<i>Quantity</i>	
5.10.2021	250 Units	
12.10.2021	200 Units	
25.10.2021	250 Units	

The stock on 1.10.2021 was 200 units @ Kshs. 250.00 per unit.

Required:

Prepare the Stores Ledger Account by adopting the following methods of charging materials issued;

- (a). First In First Out (FIFO), and (8 Mks)
- (b). Last In Last Out (LIFO). (7 Mks)

Question Three:

In light of changes in today's management accounting environment, write about each of the following, giving relevant examples and illustrations;

- (a). Just In Time (JIT) (3 Mks)
- (b). Theory of Constraint (TOC) (3 Mks)
- (c). E-Commerce (3 Mks)
- (d). Process Re-engineering. (3 Mks)
- (e). Total Quality Management (TQM) (3 Mks)

Question Four:

Kamau & Sons Company undertook a contract for the construction of houses on 1st January, 2022. The contract price was Kshs. 2,250,000. The following details are available for 2022:

	<i>Kshs.</i>
Materials purchased	360,000
Materials issued from stores	45,000
Labour	135,000
Plant installed at site	180,000
Direct expenses	90,000
Establishment charges	22,500
Materials returned to stores	22,500
Materials on hand at the end	9,000
Plant in hand at the end	135,000

Wages outstanding	27,000
Direct expenses outstanding	36,000
Work uncertified	95,400
Cash received (80% of work certified)	900,000

Required:

Prepare

- (a). Contract Account. **(9 Mks)**
- (b). Statement of Affairs (Balance Sheet) extract. **(6 Mks)**

Question Five:

Write in details about each of the following;

- (a). Importance of Managerial Accounting **(4 Mks)**
- (b). Limitations of Managerial Accounting **(3 Mks)**
- (c). Distinctions between Managerial Accounting and Financial Accounting **(8 Mks)**