



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER

**SCHOOL OF NATURAL RESOURCES, TOURISM
AND HOSPITALITY MANAGEMENT
BACHELOR OF TOURISM MANAGEMENT**

COURSE CODE: BTM 3106

**COURSE TITLE: MANAGERIAL ACCOUNTING
FOR DECISION MAKING**

DATE: 1ST APRIL, 2022

TIME: 1100-1300

INSTRUCTIONS TO CANDIDATES

Answer **ALL** questions in section **A** and any other **Two** in section **B**.

This paper consists of 2 printed pages. Please turn over

SECTION A: COMPULSORY (30 MARKS)

QUESTION ONE (30 MARKS)

- a) Differentiate between marginal costing and absorption costing **(6 Marks)**
- b) The management of XYZ processing company limited wishes to obtain better cost estimates to evaluate the company's operations more effectively. The following information is provided for analysis

Year 2018 Month	Equivalent production units ('000')	Overheads Sh.'000'
January	1425	12185
February	950	9875
March	1130	10450
April	1690	15280
May	1006	9915
June	834	9150
July	982	10133
August	1259	11981
September	1385	12045
October	1420	13180
November	1125	13180
December	980	10430

Required:

- i. Use the high –low method to estimate the overhead cost function **(3 Marks)**
- ii. Use the regression method to determine the overhead cost function **(6 Marks)**
- iii. Use the regression function formulated in (ii) above to estimate the overhead cost for the month of November **(2 Marks)**

- c) Discuss any four purposes of cost classification to an enterprise **(8 Marks)**
 d) Discuss any five assumptions of cost volume profit analysis **(5 Marks)**

SECTION B: ANSWER ANY TWO QUESTIONS

QUESTION TWO (20 MARKS)

- a) The following information is provided by John's Ice Cream Company for April

	Shs.	Shs
Sales (20,000 units)		180,000
Fixed manufacturing costs	22,000	
Fixed marketing costs	14,000	36,000
Total variable costs		120,000
Unit price		9
Unit variable manufacturing cost		5
Unit variable marketing costs		1

Required:

- i. Operating profit when sales are Shs.180,000 **(4 marks)**
 - ii. Break-even quantity in units **(3 marks)**
 - iii. Quantity of units that would produce an operating profit of Shs.30,000 **(3 marks)**
- b) Define budgetary control and explain any four purposes of budgeting in an enterprise **(10 Marks)**

QUESTION THREE (20 MARKS)

- a) Distinguish between non discounted cash flow techniques and discounted cash flow techniques **(4 Marks)**
 b) A company is considering the following investment projects:

Cash flows (sh)

Projects	C ₀	C ₁	C ₂	C ₃
W	(10,000)	10,000		
X	(10,000)	7,500	7,500	
Y	(10,000)	2000	4000	12,000
Z	(10,000)	10,000	3,000	3,000

- i. Rank the projects according to each of the following methods: Payback, ARR, IRR, NPV **(14 Marks)**
- ii. Assuming the projects are independent, which one should be accepted? If the projects are mutually exclusive which project is the best? **(2 marks)**

QUESTION FOUR (20 MARKS)

- a) Discuss any three assumptions of economic order quantity model (EOQ) **(6 Marks)**
- b) Distinguish between social responsibility and environmental accounting, giving there advantages **(5 Marks)**
- c) A company uses the material P34 and has the following information available

Re-order period	10 to 14 days
Maximum usage	2800Kg
Minimum usage	1900Kg
Normal usage	2500Kg
Re-order quantity	70,000Kg

Calculate;

- i. Re-order level **(3 Marks)**
- ii. Maximum stock level **(3 Marks)**
- iii. Minimum stock level **(3 Marks)**

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