

# UGANDA MARTYRS UNIVERSITY

FACULTY OF BUSINESS AND MANAGEMENT

DEPARTMENT OF ACCOUNTING AND FINANCE

YEAR III SEMESTER ONE EXAMINATIONS 2022/2023

BACHELOR OF BUSINESS ADMINISTRATION AND MANAGEMENT-NKOZI

COURSE CODE: 3104

COURSE NAME: MANAGEMENT ACCOUNTING

Date: Friday 16<sup>th</sup> December, 2022

Time: 9:30AM – 12:30AM

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## **INSTRUCTIONS:**

1. Time allowed: **3 hours**
  2. The Examination paper consists of six Questions
  3. Attempt any **four** questions.
  4. All questions carry equal marks.
  5. Your work must be neat and show all relevant workings
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**Required:**

- a) Compute the following items, to the extent that the information allows it;
  - i. Material cost variances (7 marks)
  - ii. Labour Cost Variances (6 marks)
- b) Give an explanation of the various kinds of variance that are familiar to you. (5 marks)
- c) Explain any four advantages as well as any four disadvantages of using Standard costing (8 marks)

**Question Four**

- a) Identify the key differences between management accounting and financial accounting. (15marks)
- b) Examine the roles that a management accountant plays in the overall management process (10 marks)

**Question Five**

- a) Explain the most significant benefits that proper budgeting can provide on an organization (7 marks)
- b) Provide an outline of the fundamental steps involved in the preparation of the operational budget? (8 markings)
- c) Ugachick Company limited is responsible for the production of vitamin-enhanced chicken feeds, which are then distributed throughout Uganda and the countries that border it. The company expects sales to be;

Month	Number of Bags
January	12,600,000
February	14,500,000
March	19,000,000

**Additional Information**

- i. As of the beginning of January, there are 1,260,000 bags available for use.
- ii. Ugachick has the goal of keeping the monthly ending inventory at a level that is equivalent to 10% of the anticipated sales for the next month.

Required: Prepare the production budget for Ugachick for the months of January and February. (10 marks)

**Question Six**

Makmot Limited is a prosperous company proposing to introduce an activity based costing (ABC) system as a basis for much of its management accounting information.

- a) Explain which characteristics of Makmot Limited such as its structure, product range or environment may make the use of activity based techniques particularly useful

**(10 marks)**

- b) Describe the advantages and limitations of this approach based on activities for management accounting information in the context of:

- i. Preparing plans and budgets
- ii. Monitoring and controlling operations
- iii. Decision making for example deletion decisions.

**(15 marks)**

**THE END**