

**ZU/WI/7/EXM/6**

**ZETECH UNIVERSITY**

**ACADEMIC YEAR 2016/2017**

**SPECIAL / SUPPLEMENTARY EXAMINATION FOR THE BACHELOR OF BUSINESS ADMINISTRATION AND MANAGEMENT**

**ACCT 222: MANAGEMENT ACCOUNTING 1**

**DATE: NOVEMBER 2016 TIME: 2 Hours**

**INSTRUCTIONS:**

**Answer Question One and Any Other Two Questions from Section B**

**SECTION A (COMPULSORY)**

**QUESTION ONE**

1. Differentiate between relevant costs and sunk costs (6mks)
2. A business performance can be evaluated in terms of the manager or the business unit. Explain. ( 6mks)
3. The total maintenance costs and the machine hours for the past ten 4weekly accounting periods were as follows:

Period Machine hours Maintenance costs

1 400 960

2 240 880

3 80 480

4 400 1200

5 320 800

6 240 640

7 160 560

8 480 1200

9 320 880

10 160 440

Required :

1. Find the least squares regression equation (10marks)
2. Find the amount of maintenance cost if machine hours are 140. (8marks)

**SECTION B:**

**QUESTION TWO:**

1. Describe the functions of a budget (12marks)
2. The budgeted sales for Adida shop are as follows:

Month sales ‘000

July 100

Aug 90

Sept 125

Oct 140

Nb : purchases are sold at cost plus 25%

* It is the management policy to hold inventory at the end of each month which is sufficient to meet sales demand in the next half month. Sales are budgeted to occur evenly during each month
* Creditors are paid one month after the purchase has been made

Required :

Obtain the entries for purchases for august, September and October (8marks)

**QUESTION THREE:**

1. Illustrate cost behavior (8marks)
2. Narrate the importance of MIS (6marks)
3. How can the arm-length principle be implemented (6marks)

**QUESTION FOUR:**

a) Discuss the methods of estimating variables and fixed costs (15mks)

b) Explain the advantages of graphical presentation of financial data to executives (5mks)