



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE
MASTERS IN BUSINESS ADMINISTRATION
FINANCIAL ACCOUNTING FOR MANAGERS

MBA 109

PART 1 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: DECEMBER 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

Question 1

Korriddo Ltd manufacture a single product and they had recently introduced a system of budgeting and variance analysis. The following information is available for the month of July 2020:

1	Budget	Actual
	\$	\$
Direct materials	200,000	201,285
Direct labour	313,625	337,500
Variable manufacturing overhead	141,400	143,000
Fixed manufacturing overhead	64,400	69,500
Variable sales overhead	75,000	71,000
Administration costs	150,000	148,650

2. Standard costs were:

Direct labour 48,250 hours at \$6.50 per hour.

Direct materials 20,000 kilograms at \$10 a kilogram.

3. Actual manufacturing costs were:

Direct labour 50,000 hours at \$6.75 per hour.

Direct materials 18,900 kilograms at \$10.65 a kilogram.

4. Budgeted sales were 20,000 units at \$50 a unit.

Actual sales were

15,000 units at \$52 a unit

5,200 units at \$56 a unit

5. There was no work in progress or stock of finished goods.

Required:

(a) Prepare an accounting statement showing the budgeted and actual gross and net profits or losses for July 2020. (10)

(b) Calculate following variances for July 2020.

(i) Direct materials cost variance, direct materials price variance and direct materials usage variance. (5))

(ii) Direct labour cost variance, direct labour rate variance and direct labour efficiency variance.

(5)

(c) What use can the management of Korrido Ltd make of the variances calculated in (b) above?

(5)

Question 2

Examine the importance of Standard costing method in an organization of your choice (25)

Question 3

Compare and contrast Financial Accounting to Strategic Management Accounting (25)

Question 4

Explain the financial accounting process in any organization of your choice (25)

Question 5

Examine the managerial uses of ratio analysis in an organization of your choice (25)

Question 6

The following data has been given in respect of two general insurance firms.

	Company X	Company Y
Total Current Assets	2,80,000	1,30,000
Total Current Liabilities	2,20,000	1,10,000

Calculate their Net Working Capital and comment upon the liquidity position.(15)

Explain the setbacks of ratio analysis (10)

END OF PAPER