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CERTIFIED ACCOUNTING TECHNICIAN

STAGE 3 EXAMINATIONS

S3.2: MANAGEMENT ACCOUNTING

DATE: THURSDAY 27, FEBRUARY 2025

INSTRUCTIONS:

1. Time allowed: **3 hours**.
2. This examination has **three** sections: **A, B and C**.
3. Section **A** has **10 multiple choice questions** equal to 2 marks each.
4. Section **B** has **2 questions** equal to 10 marks each.
5. Section **C** has **3 questions** equal to 20 marks each.
6. All questions are compulsory.
7. The question paper should not be taken out of the examination room.

SECTION A

QUESTION ONE

Which one of the following is not a step in the Planning and Control cycle?

- A Responding to variances
- B Evaluating courses of Action
- C Ascertaining the costs of products
- D Identifying potential strategies

(2 Marks)

QUESTION TWO

Data can be defined as the raw material for processing information. **Demographic data, as a fundamental resource for generating insights, is most effectively utilized in which functional area(s) of an organization?**

- A Finance and Administration
- B Marketing
- C IT Department
- D All of the above

(2 Marks)

QUESTION THREE

A standard is determined by the management through making estimates on the following.

- i) The expected prices of materials, labor and expenses
- ii) Efficiency levels in the use of materials and labor
- iii) Budgeted overhead costs and budgeted volumes of activities
- iv) The expected tax levels

Which of the above statements is or are correct?

- A (iii) and (iv)
- B (i), (ii) and (iii)
- C (iv)
- D All of the above

(2 Marks)

QUESTION FOUR

Dodoma Ltd wants to start a new production line. Machine time is a budget factor. In order for the management to make a correct decision on how much of each of the three products to make, they heard you say that there are a series of analysis that should be made:

- Divide the contribution margin per unit of the limiting resource
- Start producing from the product that gives the highest result per contribution margin
- Rank the result of the contribution per limiting factor
- Calculate the contribution margin per unit

Which of the following shows the correct order of the above events?

- (iv), (ii), (i) then (iii)
- (i), (ii), (iii) then (iv)
- (i), (iii) then (ii)
- (iii), (ii), (i) then (iv)

(2 Marks)

QUESTION FIVE

- Total material cost variance = Material price variance + Material usage variance
- Total labor cost variance = Labor rate variance + Labour efficiency variance + Labour idle time variance
- Material usage variance = Material mix variance + Material yield variance

Which of the above formulas on variances is or are incorrect?

- (ii) and (iii)
- (i) and (ii)
- (i), (ii) and (iii)
- None of the above

(2 Marks)

QUESTION SIX

The following issues relates to a favorable material usage variance.

- Use of a higher grade of material which leads to less wastage
- Use of more skilled labor leading to less wastage than normal usage
- Use of solar power as so as to cut energy costs.
- New machinery which provides greater efficiency

Which of the above comprises direct consequences of poor or lack of quality control measures during production?

- A (i), (ii) and (iii)
- B (ii), (iii) and (iv)
- C (iii), (iv) and (i)
- D (iv), (i) and (ii)

(2 Marks)

QUESTION SEVEN

XYZ Ltd manufactures baby clothes. There are many groups of people who may have an interest in it. Among them are customers, banks, government, directors, shareholders, and auditors.

Which of the following stakeholders has a role in detecting and preventing fraud in an organization?

- A Auditors
- B Directors
- C Shareholders
- D Government

(2 Marks)

QUESTION EIGHT

SWOT is an acronym of a framework used to evaluate a company's competitive position and develop strategic planning.

- i) Strength
- ii) Weakness
- iii) Opportunity
- iv) Threats

Which of the following are external factors in SWOT analysis?

- A (iii) and (i)
- B (iii), (ii) and (iv)
- C (iii) and (iv)
- D (i) and (ii)

(2 Marks)

QUESTION NINE

A change that is made in small steps without interfering with business operations well describes.....

- A Transformative change
- B Incremental change
- C Life cycle change
- D None of the above

(2 Marks)

QUESTION 10

The following are descriptions of costing methods

- i) Tends to absorb too great a proportion of overhead to high-volume products
- ii) It is an alternative to activity-based costing
- iii) It gives a more accurate cost analysis as compared to activity-based costing.
- iv) Tends to absorb too low a proportion of overheads to low-volume products

Which of the above best describes the traditional absorption costing method?

- A (i), (ii), (iii) and (iv)
- B (i), (ii) and (iv)
- C (i), (iii) and (iv)
- D None of the above

SECTION B

QUESTION 11

NYAMAGABE Construction Ltd manufactures building blocks called B11. Recently they introduced a new version of the building block called B22. The following financial data has been provided in regard to the two versions of the building blocks for the year ended 31st December 2023.

	FRW	FRW
Non-current assets		
Land	51,500,000	
Buildings	50,000,000	
Machines	120,000,000	
Total non-current assets		221,500,000
Current assets		
Cash at bank	20,000,000	
Stock	10,000,000	
Debtors	30,000,000	
Total Current assets		60,000,000
Total assets		281,500,000
Equity and Liabilities		
Retained profit	45,000,000	
Ordinary share capital	135,000,000	
Total Equity		180,000,000
Non-current Liabilities		
Long term loan	50,000,000	
Debentures	16,000,000	
Total Non-Current Liabilities		66,000,000
Current Liabilities		
Trade payables	10,000,000	
Bank Overdraft	5,500,000	
Proposed dividends	7,000,000	
Tax payable	13,000,000	
Total Current Liabilities		35,500,000
Total equity and Liabilities		281,500,000

	B11	B22
Cost of units produced (FRW)	450,000,000	85,000,000
Sales revenue (FRW)	700,000,000	140,000,000
Labor hours per unit	0.1 Hrs.	0.15 Hrs.
Units produced	50,000	10,000
The development cost incurred is FRW 50,000,000		

Required:

Based on your knowledge of a balanced scorecard, calculate one performance measure of each perspective and give your comment on the results (Total: 10 Marks)

QUESTION 12

The following information was presented to the management committee of IGABE Co Ltd for the year 2023.

IGABE Co Ltd Statement of profit or loss for the year ended 31st December 2023

Details	FRW	FRW
Turnover		700,000,000
Less cost of sales		
Opening stock	40,000,000	
Add: purchases	345,000,000	
Less closing stock	(10,000,000)	
Cost of sales		(375,000,000)
Gross profit		374,300,000
Less: Expenses		
Rent Cost	40,000,000	
Salaries	80,000,000	
Other operation costs	180,000,000	
Total expenses		(300,000,000)
Profit before tax		74,300,000

The following data relates to the extract Statement of Financial Position for IGABE Co Ltd as at 31/12/2023

1. Total Assets: FRW 281,500,000
2. Total Non-Current Liabilities: FRW 66,000,000
3. Total Current Liabilities: FRW 35,500,000
4. Total Current Assets: FRW 60,000,000

Required:

Calculate the following ratios: Gross profit margin, operating profit margin, return on capital employed, current ratio, and quick ratio. (Total: 10 Marks)

SECTION C

QUESTION 13

GASANA Limited manufactures two products namely GENX and GENZ. The management accountant provided the following information about the two products.

	P-GENX	P-GENZ
Units sold	1,000	1,500
Selling price per unit (FRW)	3,000	4,000
Labor time per unit (Minutes)	30	45
Labor rate per hour	1,200	1,300
Variable overhead rate per hour (FRW)	200	250
Opening stock	150	200
Closing stock	250	350

Production of the two products requires two kinds of materials. Material X and Y. The quantities of material required for each product are as follows:

	P-GENX	P-GENZ
Material X	2kgs	3kg
Material Y	1kgs	2kgs
Opening stock of X	500kgs	700kgs
Closing stock of X	185kg	175 Kgs
Opening stock of Y	80Kgs	75Kgs
Closing stock of Y	200kgs	150kgs

The price per Kg is FRW250 for material X and FRW270 for material Y respectively.

Required:

- Prepare a sales budget (2 Marks)
- Prepare a production budget (4 Marks)
- Prepare a material usage budget in units and value (4 Marks)
- Material purchase budget in units and value (4 Marks)
- Prepare a labor cost budget (4 Marks)
- Prepare variable overhead cost budget (2 Marks)

(Total: 20 Marks)

QUESTION 14

CYUMUHIRE Ltd provided the following details about the production of one of its two products P-GENX in a ten-week production cycle.

Week	Machine hours	Total cost (FRW '000')
1	2,550	15,000
2	2,850	22,800
3	2,700	25,050
4	2,400	21,450
5	2,250	21,050
6	1,950	21,300
7	1,650	19,200
8	2,100	19,000
9	1,800	18,000
10	1,550	21,000

- a) Discuss the main benefit of getting knowledge of the cost behavior pattern (4 Marks)
- b) Using regression analysis, calculate the variable cost per unit, the fixed cost and the cost equation of CYUMUHIRE Ltd. (10 Marks)
- c) The following details were provided about product P-GENX and PGENZ.

P-GENX is produced in Department A. While P-GENZ is produced in department B.

	Department A	Department B	
Selling price (FRW)	7,000	6,000	
Units produced and sold	1000	1,500	
	Department A FRW	Department B FRW	TOTAL (FRW) Overheads Cost
Rent	-	-	790,000
Lighting	-	-	300,000
Heating	-	-	1,750,000
Total (FRW)			2,840,000

Additional information:

	DEPT A	DEPT B	Total
Floor area (Meter squared)	2000	2000	4000
Volume (Meter cubic)	8,000	12,000	20000
Number of staff	40	80	120

If the labor cost is 150% of overhead costs and the material cost per unit is FRW 1,200 for product P-GENZ, calculate the cost per unit of product P-GENZ and its relevant profit. (6 Marks)

(Total: 20 Marks)

QUESTION 15

- a) Using a well-illustrated diagram, show the stages of a product life cycle. For each Stage, indicate what can be done in order to increase sales. (5.5Marks)
- b) Briefly outline the benefits of preparing the following functional budgets: Sales, production, material usage and variable overhead cost budgets. (7 Marks)
- c) Explain any two approaches to budgeting (3 Marks)
- d) Define the differences between cost units, cost objects and responsibility centers (4.5 Marks)

(Total: 20 Marks)

End of Question Paper



