

MANAGEMENT ACCOUNTING

MA 001

10/07/2025 8:30 AM – 11:30 AM



ADVANCED LEVEL NATIONAL EXAMINATIONS, 2024-2025

SUBJECT: MANAGEMENT ACCOUNTING

OPTION: ACCOUNTING PROFESSION

DURATION: 3 HOURS

Instructions to candidates:

- 1) Write your names and index number on the answer booklet as written on your registration form.
- 2) Do not open this question paper until you are told to do so.
- 3) This paper consists of **THREE** sections: **A, B** and **C**.

Section A: Attempt ALL questions.	(40 marks)
Section B: Attempt any THREE questions.	(30 marks)
Section C: Attempt any TWO questions.	(30 marks)
- 4) Calculators may be used where necessary.
- 5) Show clearly all the working. **No marks will be given for answers which do not have all working steps.**
- 6) Use only a **blue** or **black** pen
- 7) For multiple choice questions, circle the correct answer (key)

Section A. Attempt all questions in this section (40 marks)

For all multiple choice questions, circle the letter corresponding to the correct answer.

1) Which of the following is the primary purpose of management accounting? **(2 marks)**

- A) To prepare financial statements for external stakeholders
- B) To assist management in decision making and operational control
- C) To ensure compliance with tax regulations
- D) To conduct audits of financial records

2) Which of the following is NOT the reason for labour/employee’s turnover? **(2 marks)**

- A) Requiring employees to work sociable hours
- B) Poor relationships between management and staff
- C) Lack of opportunity for career enhancement
- D) Unhealthy work environment

3) Which of the following is NOT an advantage of a costing method? **(2 marks)**

- A) Minimization of production cost
- B) Enhanced employee satisfaction
- C) Control of costs
- D) Basis for decision-making in purchases or manufacturing

4) Fill in the missing figures in this invoice: **(2 marks)**

Description	Quantity	U.P	Tot
Rice	200 Kg	800
Oil	300 L	900
s/total			430,000
Discount 10%		
Total value payable		

5) Match the following services with their typical cost units. **(5 marks)**

Service	Cost unit
i) Hotels/Guest houses	a) Passenger-kilometer, tonne-kilometre
ii) Education	b) Patient –Day
iii) Hospital	c) Meal Served
iv) Catering organization	d) Full-time students
v) Road, rail and air transport services	e) Occupied bed -night

6) Fill in Column **B** with the behaviour of the costs listed in Column **A** **(4 marks)**

Column A: Cost	Column B: Behaviour
A) Raw materials used	-----
B) Hourly wages	-----
C) Rent for office space	-----
D) Utility costs that vary with consumption	-----

7) What is a potential financial limitation that can impact budgeting decisions within an organization? **(2 marks)**

- A) Surplus of materials
- B) Shortage of labor
- C) Lack of finance
- D) High market demand

8) Which of the following best describes centralized stores? **(2 marks)**

- A) They are located in every department or branch.
- B) They are a single central warehouse where materials are stored and issued.
- C) They operate on an imprest system for materials.
- D) They are temporary storage facilities used for overstock.

9) State whether each of the following statement is **True** or **False**.

Income can contribute to a company's equity by increasing inflows, improving assets, or reducing liabilities..... **(2 marks)**

10) Match the following coding principles with their definitions.

(5 marks)

Coding principle	Definition
i) Exclusivity	a) It means the code number should be arranged in such a way that it must be possible to include new items if need arises.
ii) Certainty	b) It means that each item should have only one code and this code should not be used for any other item.
iii) Elasticity	c) Code numbers used for different types of material should be certain and there should be no possibility of confusion.
iv) Brevity	d) It should be easy and possible to remember and understand the code numbers.
v) Memorization	e) Code should be as brief as possible.

11) State whether each of the following statements is **True** or **False**.

(3 marks)

- A) The bin card shows the details of all receipts, issues and stock in hand.....
- B) Goods or materials are never stored in shelves.....
- C) The monetary value of store items is recorded on the bin card.....

12) Match elements in column **A** with their meanings in column **B**. **(3 marks)**

Column A	Column B
I. Overtime	A) It is the physical or mental effort expended on manufacturing product
II. Basic salary	B) It is any monetary benefit offered by the employer to his/her employees for meeting expenditures, over and above the basic salary
III. Gross salary	C) It is a period of time associated with employees waiting
IV. Allowance	D) It is the amount of time someone works beyond normal working hours. The term is also used for the pay received for this time.
V. Idle time	E) It refers to the amount of money that an employee receives prior to any extra being added or payments deducted
VI. Labor	F) It is the term used to describe all the money an employee has made working for the company. It is the one which is without any deductions like income tax, medical insurance

13) What is the definition of "Budgeting"? **(2 marks)**

- A) The total amount of money an organization expects to earn and spend over a specific period.
- B) The process of preparing and using budgets to achieve management objectives.
- C) A rule book outlining the budgeting procedures and responsibilities.
- D) A specific period for which a budget is prepared.

14) From the following, which one is the primary reason for creating a sales budget in a business? **(2 marks)**

- A) To determine employee salaries
- B) To forecast future sales and plan for expenditure
- C) To evaluate employee performance
- D) To develop marketing strategies

15) As method for forecasting, the following are examples of time series, except:

(2 marks)

- A) Output at a factory each day for the last month
- B) Monthly sales over the last 2 years
- C) Total annual costs for the last 10 years
- D) Retail Prices Index each month for the last 10 years
- E) How many often the fire destroyed the store for the last 20 years.

Section B: Attempt any THREE questions (30 marks)

16) The planner of “ICYEREKEZO Plc” producing and selling of cassava breads is about to increase the quality of products through the good management of budget. The sales manager wants to sell certain units of kg of cassava breads for getting 1,000,000 Frw.

a. How much kg of cassava will be bought at 20 Frw if using 10kg of cassava, production process provides 25kg of cassava bread and selling price is 500Frw/kg?

(6 marks)

b. How much is the budgeted production cost if the total overhead for production process is 14,000 Frw.

(4 marks)

17) Given the following data:

Standard production	:100 units
Standard hours	:500 hours
Wages rate per hour	:2 Frw
Actual production	:85 units
Actual time taken	:450 hours
Actual wages rate paid	:2.10 Frw per hour

What is the Labour Cost Variance calculated from the given data? **(10 marks)**

- 18) The manager of a shoe factory wishes to develop a method of forecasting the total costs in any period. The following past costs have been recorded at different levels of activity:

Period	Number of pairs of shoes	Total cost (Amount in Frw)
Period 1	11,000	11,150,000
Period 2	12,300	11,995,000

- a) Calculate the variable cost per pair of shoes and show Fixed and Variable costs. **(5 marks)**
- b) What would be the total costs if the current year's estimate of 12,800 pairs of shoes were actually produced? **(5 marks)**
- 19) The following information is extracted from MUGIRANEZA's books on 31 March 2011:
- Opening stock of material : 250,000 Frw
 - Closing stock of materials : 300,000 Frw
 - Purchases of materials : 1,200,000 Frw
 - Return to supplier : 200,000 Frw
 - Indirect materials issued : 120,000 Frw
 - Direct wages : 260,000 Frw
 - Indirect wages : 80,000 Frw
 - Factory expenses : 110,000 Frw
 - Production overheads recovered: FRW 300,000 (The producer used interlocking cost account system)
- A) Determine the value of direct materials issued to production department. **(5 marks)**
- B) Determine the amount of production overhead account over or under charged **(5 marks)**

Section C: Attempt any two (2) questions (30 marks)

20) Given the following data:

- i) Opening stock: 300 units at 200 Frw per unit
- ii) Purchase: 2,000 units for 450,000 Frw
- iii) Closing stock: 100 units for 24,000 Frw

Required:

- A) Cost of goods sold **(5 marks)**
- B) Stock turnover ratio **(5 marks)**
- C) Inventory conversion period **(5 marks)**

21) Alex Mugabo is a Budget manager of MG factory, a company based in Kigali that produces and sales furniture to households. The following table shows the actual units sold from 2010 to 2016 by MG factory.

Years	Sales Units
2010	390
2011	380
2012	460
2013	450
2014	470
2015	440
2016	500

Required:

a) Take a moving average of the annual sales over a period of three years. **(10 marks)**

b) Based on calculated moving value in, advice Alex on future sales. **(5 marks)**

22) The following information is extracted from the accounting of MANU Company Ltd:

- labour hour for the period: 5,000
- direct wages for the period: 1,000,000 Frw
- direct material: 3,000,000 Frw
- machine hours for the period: 1,600
- Units produced during the period: 500
- Total overheads of the department: 1,000,000 Frw

Elaborate the following overheads absorption rates:

- a) Labour hour OAR **(3 marks)**
- b) Machine hour OAR **(3 marks)**
- c) Direct material OAR **(3 marks)**
- d) Direct wages OAR **(3 marks)**
- e) Prime cost percentage OAR **(3 marks)**

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