

INTRODUCTION TO MANAGEMENT ACCOUNTING– PAPER 9

1.0 General Performance

- There was an improvement in performance from 18.18% the December examinations diet to 45.76% in this examination.
- Candidates were fairly prepared for the examination which accounts for the improvement.

2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS

2.1 Question 1

- This was a set of 20 multiple-choice questions.
- Performance in this section was very impressive. About 80% of the candidates did score more than 50% of the allocated marks.
- Most candidates, however, found it difficult to answer numbers (iii), (iv), (v), (xii) and) xiv) which tested on the common element of total cost that prime and conversion costs share, the definition of economic order quantity, materials pricing methods, process costing and break-even analysis respectively.

2.2 Question 2

- This question tested candidates' knowledge on inventory and wage administration. It specifically required candidates to: (a) calculate (i) economic order quantity, (ii) re-order level, total inventory costs, and total cost of inventory given a 5% discount; (b) calculate total wages earned on piece work basis under: bonus rate and standard rate; (c) tested the benefits of store keeping.
- About 38% of the candidates attempted the question. In part (a) only 32.6% managed to score more than half of the allocated marks. Responses to this question showed a general lack of computational skills.
- Responses to part (b) to this question showed a general lack of understanding of wages computation.
- Responses to part (c) of this question was very impressive.

2.3 Question 3

- This question tested candidates' knowledge on process accounts and break-even analysis. It specifically required candidates to : (a) prepare processes 1 and 2 accounts, (b) compute break-even points, and (c) outline six assumptions of break-even analysis.
- Responses to part (a) of the question showed that the majority of the candidates lacked the basics of process accounting despite its being one of the core aspects of management accounting.
- Responses to part (b) showed general lack of understanding of the concept of break-even analysis, and the majority of candidates never scored a single mark.
- Responses to part (c) were not any different either.
- Candidates' answers led to a conclusion that candidates had not covered this area of the syllabus.

2.4 Question 4

- This question tested candidates' knowledge on marginal costing and absorption costing and specifically required candidates to: (a) prepare an income statements using marginal and absorption costing techniques, (b) show how profits differ under the above two methods given: production equals to sales, production is more than sales and production less than sales
- Responses to part (a) showed that the question was popularly attempted albeit knowledge insufficiency.
- In part (b) the majority of the candidates showed total ignorance in this area of the subject.

2.5 Question 5

- This was an unpopular question.
- It required candidates to: (a) define the terms: basic standards, current standards, and ideal standards; (b) outline the limitations of standard costing; and (c) identify and explain the stages involved in the decision making process.
- Responses to part (a) showed that only few candidates had grasped these concepts.
- Responses to part (b) showed that the majority of the candidates had not internalised these limitations.
- All candidates who attempted part (c) of this question did not bring out stages involved in the decision making process fully.

2.6 Question 6

- Required candidates to: (a) distinguish between cost allocation, cost apportionment and cost absorption; (b) state the special features of contract costing; and (c) (i) outline the role of a management accountant and (ii) explain how income from a by-product is accounted for.
- Responses to part (a) showed that most candidates did not satisfactorily understand these concepts.
- In part (b) the majority of the candidates failed to score full marks.
- Part (c) responses showed that while many candidates were conversant with the role of a management accountant, they had no idea on accounting for by-products.
- This question was very popular though.

2.7 Question 7

- This question was also popular. It required candidates to: (a) draw sketch graphs for (i) unit fixed cost (ii) total variable costs (iii) semi variable costs and (iv) step costs; (b) outline the advantages and disadvantages of activity-based costing; and (c) state the functions of a budget committee.
- Part (a) responses showed that some candidates could not comprehend these cost concepts.
- Part (b) responses were generally good.
- Part (c) responses were impressive.