ROBERT MUGABE SCHOOL OF EDUCATION

DEPARTMENT OF EDUCATION

BACHELOR OF EDUCATION

LEVEL 4 SEMESTER 2

EXAMINATION QUESTION PAPER

MODULE CODE	**TDSBS 421**
MODULE NARRATION	**COST & MANAGEMENT ACCOUNTING**
DATE	
DURATION	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Answer all questions
2. Start a new answer on a fresh page.
3. Silent non-programmable self-powered calculators may be used.

QUESTION 1

(a) Identify and describe the functions of a cost and management accounting system in organizations **(6 marks)**

(b) Explain the factors that have influenced the changes in the business competitive environment on management accounting

(19 marks)

[Total: 25 Marks]

QUESTION 2

Most business organizations in Masvingo do not prepare and use budgeting process in their business operations. A budget seminar is being done at Great Zimbabwe Hotel in Masvingo. As a Great Zimbabwe University student you were invited to give a presentation on the budgeting process.

YOU ARE REQUIRED TO:

(a) Define a budget **(2 marks)**

(b) Explain the importance of preparing and using budgets in organisations. Give examples to your explanation **(10 marks)**

(c) Define inventory management **(2 marks)**

(d) Discuss the advantages and disadvantages of holding inventory in organisation

(11 marks)

[Total: 25 Marks]

QUESTION 3

The following information is available for periods 1- 4 (2022) for the GTX Ltd

Unit selling price $82

Unit Variable cost......................$40

Fixed costs per period................$1560 000

The company produces only one product. Budgeted activity is expected to average 80 000 units per period, and production and sales for each period are as follows:

	Period 1	Period 2	Period 3	Period 4
Units sold	80 000	55 000	145 000	60 000
Units produced	80 000	80 000	140 000	68 000

There was no opening inventories at the start of period 1, and the actual manufacturing fixed overhead incurred was $1560 000 per period. Non –manufacturing overheads were $940 000 per period.

YOU ARE REQUIRED TO:

(a) Prepare, in columnar format, profit for each of the 4 periods of 2022 using Marginal costing and Absorption costing **(16 marks)**

(b) Explain the causes of difference between the marginal and absorption profits for period 2 which you have calculated in your answer to (a) above **(2 marks)**

(c) Which method do you recommend and why? **(2 marks)**

(d) Explain the following cost terms (i) Sunk cost (ii) unavoidable cost (iv) Periodic cost (v) committed cost (vi) Incremental cost **(5 marks).**

[Total: 25 Marks]

QUESTION 4

Albion Ltd manufactures a product that passes through two processes. The following information relates to the two processes.

	Process A	**Process B**

Opening work in progress	nil	nil
Units introduced into the process	20 000	15 000
Units completed and transferred to next process	15 000	13 000
Closing work in progress	6000	3000
Material cost added	$280 000	$ 140 000
Conversion cost	$166 000	$ 124 000

Materials are added at the start of process A and at the end of process B and conversion cost are applied uniformly throughout both processes. The closing work in progress is estimated to be 60% complete for both processes.

YOU ARE REQUIRED TO:

(a) Prepare process A and process B accounts. Show all your workings **(19 marks)**

(b) Explain the following terms (i) Abnormal Loss (ii) Abnormal gain (iii) Normal loss

(6 marks)

[Total: 25 Marks]

END OF PAPER