

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY



FACULTY OF ENGINEERING

DEPARTMENT OF INDUSTRIAL AND MANUFACTURING ENGINEERING

EXAMINATION

COURSE: FINANCIAL AND MANAGEMENT ACCOUNTING

CODE: EMBA 503

DATE: MAY 2025

DURATION: 3HOURS

LECTURER: MR T KUSUWANI

INSTRUCTIONS AND INFORMATION FOR THE CANDIDATES

1. Answer ALL questions.
2. This paper contains 4 questions.
3. Show all workings.
4. Marks will be awarded for clear presentation
5. There are 5 printed pages.

QUESTION 1

Jurikayi Manufacturer is a company based in Bulawayo Zimbabwe. Its products have faced fierce competition from other local suppliers, who supply substandard products and imports from China. The company's estimated production costs are as follows:

Product costs	\$
Direct materials	90.00
Direct labour	50.00
Direct expenses	30.00
Fixed overheads	40.00

Faced with the above stated conditions and the economic challenges in Zimbabwe, the company management is considering various survival strategies. The company is considering to stop production of its products and buy the product from China. The total cost of the finished product from China delivered at Jurikayi Manufacturers is \$220.00.

The production of each component will utilize scarce machine capacity which could be put to alternative use that would yield a contribution of \$20.00.

Required:

Should the company buy the component or continue to make it? (15Marks)

(B) ABC Ltd company incurs the following costs at various activity levels:

Month/2025	Activity level(units)	Total cost(\$)
January	14000	220,000.00
February	9000	172,000.00
March	8000	160,000.00
April	12000	204,000.00

Required:

Using the high -low method what is the variable cost per unit? (10Marks)

QUESTION 2

The following list of balances as at 31 December 2024 has been extracted from the books of T and E Manufacturers who commenced business on 1 January 2024 as a designer and manufacturer of kitchen furniture:

	\$
Plant and Machinery at cost on 1/1/2024	60,000.00
Motor vehicles at cost on 1/1/2024	30,000.00
Raw materials purchased	43,000.00
Sales	170,000.00
Direct factory wages	39,000.00
Light and power	5,000.00
Indirect factory wages	8,000.00
Machinery repairs	1,600.00
Motor vehicle running expenses	12,000.00
Rent and insurances	11,600.00
Administrative staff salaries	31,000.00
Administrative expenses	9,000.00
Sales and distribution staff salaries	13,000.00
Capital 1/1/2024	122,000.00
Sundry debtors	16,500.00
Sundry creditors	11,200.00
Balance at bank	8,500.00
Drawings	6,000.00
Railage on Raw materials purchased	2,000.00
Royalties	4,000.00

Additional information for the year ended 31 December 2024:

1. It is estimated that the plant and machinery will be used in the business for 10 years and the motor vehicles used for 4 years: in both cases it is estimated that the residual value will be nil. The straight- line method of providing for depreciation is to be used.
2. Light and power accrued due at 31 December 2024 amounted to \$1000.00 and insurance prepaid at 31 December 2024 totalled \$800.00
3. Stocks were valued at cost at 31 December 2024 as follow:

Raw materials	\$7,000.00
Finished goods	\$10,000.00
4. The valuation of work in progress at 31 December 2024 included variable and fixed factory overheads and amounted to \$12,300.00
5. Two thirds of the light and power and rent and insurances costs are to be allocated to the factory costs, and one third to general administration costs.
6. Motor vehicle costs are to be allocated equally to factory costs and general administration costs.

Required:

Prepare the Manufacturing account for T and E Manufacturers for the year ended 31 December 2024. (20Marks)

(B) state possible reasons why goods are returned to the suppliers? (5Marks)

QUESTION 3

The following list of balances has been extracted from Tabengwa's ledger as at 30 April 2025, the end of the most recent financial year.

	\$
Capital	83,887.00
Sales	259,870.00
Returns out	13,407.00
Provision for bad debts	512.00
Discount allowed	2,306.00
Trade creditors	19,840.00
Discount received	1,750.00
Purchases	135,680.00
Returns inwards	5,624.00
Carriage outwards	4,562.00
Drawings	18,440.00
Carriage inwards	11,830.00
Rent, rates and insurance	25,973.00
Heating and lighting	11,010.00
Postage, stationery and telephone	2,410.00
Advertising	5,980.00
Salaries and wages	38,521.00
Bad debts	2,008.00
Cash on hand	534.00
Cash at bank	4,440.00
Stock 1/05/24	15,654.00
Trade debtors	24,500.00
Fixtures and fittings at cost	120,740.00
Provision for depreciation on fixtures and fittings-as at 01/05/24	50,946.00

The following additional information as at 30 April 2025 is available:

(a) Stock at the close of business was valued at \$17,750.00

- (b) Insurances have been prepaid by \$1,120.00
- (c) Heating and lighting is accrued by \$1,360.00
- (d) Rates have been prepaid by \$5,435.00
- (e) The provision for bad debts is to be adjusted so that it is 3% of trade debtors.
- (f) Fixtures and fittings are to be depreciated at 10% per annum using the straight- line method.

Required:

Prepare Tabengwa's Trading, profit and loss account for the year ended 30 April 2025 and a Balance sheet as at that date. (25 Marks)

QUESTION 4

- (A) Johns ltd has just completed its first financial year and is about to value stock at cost price. It has dealt in only one type of goods. A record of the transaction is as below:

BOUGHT			\$
January		20 at \$20each	400.00
April		10 at \$25each	250.00
September		20 at \$40each	800.00

SOLD/ISSUED			\$
March		10 at \$50each	500.00
May		12 at \$60each	720.00
October		15 at \$65each	975.00

Required: calculate the closing stock using FIFO and LIFO method? (10Marks)

- (B) Draw a break- even chart and clearly show the following:

- (i) The break-even point
- (ii) Break-even value and volume
- (iii) The profit and loss sections

(10Marks)

(C) What are the advantages that will accrue to a firm operating with a budget? (5Marks)