REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

DIPLOMA IN PROJECT MANAGEMENT

FINANCIAL ACCOUTING FOR PROJECT MANAGERS

DPMT 102

PART 1 SEMESTER 1 EXAMINATION

TOTAL MARKS   [100]

DATE: FEBRUARY 2023

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

1. Munashe Holdings is a successful biscuit manufacturer. Since it was established five years ago it has gradually increased its range of plain and cheese biscuits. The sales director has now come to the board with a proposal to expand the range further into chocolate coated biscuits. This will involve the purchase of new machinery; the initial outlay will be £135 000. The finance director and the sales director meet to discuss sales projections for the new range of chocolate biscuits. They forecast the following net cash inflows over the five year period until the machinery will need to be replaced:

Year 1   35 000
Year 2   47 000
Year 3   52 000
Year 4   55 000
Year 5   55 000

In addition to these inflows, it is expected that the machinery will be sold for scrap at the end of year five for £10 000. The company's policy is to depreciate machinery on the straight line basis over its estimated useful economic life.

Required:

    i)   calculate ARR for the investment project
    ii)   calculate the payback period for the project .   (25 Marks)

2. Discuss the role of Investment appraisal in managerial decision making in a project of your choice   (25 Marks)

3. 'Financial Accounting is concerned with accounting information which is useful to management' Comment.   (25 Marks)

4. Explain any five accounting concepts that are relevant to a project of your choice (25 Marks)

5 Explain any five errors that do not affect the trial balance   (25 Marks)

6) a) Explain the steps involved in the bank reconciliation statement   (10 Marks)

   b) Giving illustrations, Examine the importance of bank reconciliation statement (15 Marks)

*** End of Paper***