



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

BACHELOR OF COMMERCE HONOURS DEGREE IN LOGISTICS AND
SUPPLY CHAIN MANAGEMENT

FINANCIAL AND ACCOUNTING MANAGEMENT FOR BUSINESS

HLSM 120

PART 1 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: JULY 2022

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

Question 1

- a) Distinguish between Financial accounting and management accounting highlighting the key areas in each accounting aspect. (10)
- b) Identify and explain any three users of Financial accounting information and three users of management accounting information clearly highlighting why they would need the information. (10)
- c) Identify any three limitations of financial accounting and two limitations of management accounting. (5)

Question 2

- a) Explain the following with clear examples where necessary:
 - i) Absorption or total costing (5)
 - ii) Job or batch costing (5)
 - iii) Process costing (5)
 - iv) Marginal costing (5)
 - v) Prime-costs (5)

Question 3

The following information was extracted from the books of Jaymay Football Club 31 December 2020.

Receipts and payments account

December 31	Subscriptions	\$ 12 600	2020 Jan 1	Balance	b/d	\$ 3 000
	Donations	800	Dec 31	Stationery		600
	Sales of refreshments	18 000		New Equipment		8 000
	Sales of calendars	1 400		Motor fuel		400
	Rent received	1 200		Cost of refreshments		4 000
				Calendar production		500
				Salaries		1 500
				Motor vehicle		2 900
				Balance	c/d	16 000
		36 900				36 900

The following information was also available:

1 Jan

31 Dec

	\$	\$
Stock of refreshments	2 400	1 600
Subscriptions paid in advance	300	200
Subscriptions in arrears	1 800	1 000
Stock of unused stationery		100
Rent due	240	
Equipment at valuation	2 000	7 800
Salaries owing		120
Owings to suppliers for refreshments	60	

Required

- (a) The refreshment Trading account for the year ended 31 December 2020 (4)
- (b) Income and expenditure account for the year ended 31 December 2020 (8)
- (c) Statement of financial position as at 31 December 2020 (13)

QUESTION 4

Compare and contrast Financial Management to Management Accounting

(25)

QUESTION 5

- a) Suppose you invest \$1000 in Blessed investments account and it pays 6% interest, compounded annually. How much will you have in the account at the end of 5 years if you make no withdrawals. (5)
- b) Suppose you borrow \$1000 with terms that you will repay in a lump sum of \$1750 at the end of three years. What is the effective interest rate on this loan? (8)
- c) Suppose you place \$1000 in a savings account that pays 10% compounded interest rate per year. How long would it take for that savings account balance to reach \$5000? (8)
- d) Explain the concept of time value of money. (3)

QUESTION 6

Munashe Holdings is considering the production of two products, Biscuits and Zapnax with estimated returns under different scenarios and their associated probabilities.

Biscuits

Scenario	Probability of Outcome	Outcome
Success	25%	24%
Moderate success	50%	10%
Failure	25%	-4%

Zapnax

Scenario	Probability of Outcome	Outcome
Success	10%	40%
Moderate success	30%	30%
Failure	60%	-5%

Required

- Calculate the expected return for both products Biscuits and Zapnax (10 Marks)
- Calculate the risk of each product and advise the management on the product worth for production. (15 marks)

End of paper