



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : MSTM524  
COURSE TITLE : STRATEGIC MARKETING FINANCE  
DURATION : 3 Hours  
LEVEL : 1.2

29 JUL 2025

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed
3. Answer question number **one (1)** in Section A (Compulsory) and any other **three (3)** questions in Section B.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets [ ]
6. Show all workings, where applicable.

### Section A (Compulsory)

Cosmas Ltd makes three products, Gilo, Grox and Patx. The budgeted production for three months is as follows:

	<b>Gilo</b>	<b>Grox</b>	<b>Patx</b>
Number of Units	1000	2000	800
Selling price per unit	US\$14	US\$25	US\$20
Direct materials per unit (litres)	2.5	3.25	4
Direct labour per unit (hours)	0.5	1.4	0.6

Direct materials cost US\$2/ litre. Direct labour is paid at US\$2/litre. Direct labour is paid at US\$10/ hour. Fixed expenses are US\$10 000.

Cosmas Ltd has been informed that only 10 757 units of materials are available.

#### Required:

- Calculate the contribution per unit per product [6 marks]
- Calculate contribution per limiting factor per product [3 marks]
- Prepare a revised production budget that will produce the most profit from the available materials [10 marks]
- Prepare a marginal costing income statement based on optimum budget [ 6 marks]

[Total: 25 marks]

### SECTION B

#### Question 2:

Describe the following price strategies, giving numerical examples:

- Marginal cost pricing [5 marks]
  - Full cost pricing [5 marks]
  - Mark up pricing [5 marks]
  - Target pricing [5 marks]
  - Destroyer pricing [5 marks]
- [Total: 25 marks]

**Question 3:**

a) Highlight five benefits of retained earnings as a source of marketing finance [9 marks]

b) Highlight four dangers of holding excess working capital in a business [8 marks]

c) Explain four limitations of using ratios in analysing financial statements [8 marks]

[Total: 25 marks]

**Question 4**

Alberta Limited produces one product, plates, for which the following information is available:

	US\$ per unit
Selling price	12.00
Direct materials	5.00
Direct Labour	2.80
Variable Overheads	2.20
Total fixed costs (per annum)	240 000
Sales per annum (units)	400 000

**Required:**

- a) Using the information above, calculate the following:
- i. Break even point in units and sales value; [4 marks]
  - ii. Profit for one year, clearly showing the contribution per unit; [4 marks]
  - iii. Margin of safety in units and as a percentage of sales [2 marks]

Alberta Ltd. Is now considering extending the product range by adding two products, cups and saucers. The fixed costs will double to US\$480 000 if any new product was introduced.

The following information is available for the additional products:

	Cups	Saucers
	US\$ per unit	US\$ per unit
Selling price	18.00	26.00
Direct materials	7.20	14.00
Direct labour	4.80	4.20
Variable Overheads	3.00	1.80
Sales per annum (units)	100 000	60 000

The current workforce is operating at full capacity in the production of the plates. There is, however, machine capacity available to undertake the production of both cups and saucers.

Alberta Ltd extended their product range by adding both products.

**Required:**

b) Calculate the maximum profit for one year that Alberta Ltd. Could achieve if it was to produce plates, cups and saucers. Show the contribution per unit and total contribution for each product. [10 marks]

c) Explain the implications for the local community if Alberta Ltd decides to extend its product range [5 marks]

**Question 5**

Discuss the pricing strategies of Multinationals for global markets considerations and initiatives [25 marks]

**THE END**

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