



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING**

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**DEPARTMENT OF ACCOUNTING AND FINANCE**

**EXAMINATION PAPER**

**COURSE CODE** : CAC111  
**COURSE TITLE** : MANAGEMENT ACCOUNTING FOR BUSINESS  
**SPECIAL REQUIREMENTS** : Non-programmable Calculators  
**DURATION** : 3 Hours  
**LEVEL** : 1.2  
**DATE** :

14 NOV 2019

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Answer all questions.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets [ ]

## SECTION A CARRIES

1. **Maximum usage is 280kgs per day, Minimum usage is 60kgs per day and lead time 20-26 days and EOQ is 4000kgs .What is the Re-order level?**
  - (a) 7280kgs
  - (b) 7400kgs
  - (c) 5600kgs
  - (d) 3640kgs
  
2. **From the information above in question 1 above, what is the Minimum level?**
  - (a) 1340kgs
  - (b) 3080kgs
  - (c) 3370kgs
  - (d) 5760kgs
  
3. **Using the information from question 1 above, what is the Maximum level?**
  - (a) 10080kgs
  - (b) 4000kgs
  - (c) 3370kgs
  - (d) 5600kgs
  
4. **When calculating the value of inventory using FIFO method, Issues are priced at;**
  - (a) Price of the most recent batch
  - (b) At the latest average price taking into consideration quantity and price.
  - (c) At the price of the oldest batch in stock until all units is issued out.
  - (d) At recalculated average price whenever new batch is received.
  
5. **When apportioning overheads, the basis of apportionment heating and lighting and Factory rent are;**
  - (a) Number of employees.
  - (b) Kwh
  - (c) Value of machinery.
  - (d) Floor area occupied.
  
6. **State any two methods used to re –apportion overheads of service departments**
  - (a) Elimination methods and continuous method
  - (b) Weighted average price method and simultaneous method.
  - (c) Continuous methods and dis-continuous methods.
  - (d) Simultaneous method and prudence concept method.
  
7. **Name any two types of cost which are associated with inventory.**
  - (a) Fixed and variable cost.
  - (b) Direct and indirect cost.
  - (c) Production and non –production cost.
  - (d) Ordering cost and carrying cost.

8. Calculate EOQ from the following information. Demand per annum 1000kgs, order cost per order \$50, 00, cost of kg per raw materials \$2, 00, storage cost 8% of raw materials cost per kg.

- (a) 2000kgs
- (b) 2500kgs
- (c) 1500kgs
- (d) 3000kgs

9. Using example in number 7 above, basing with your answer, state the number of orders to be placed per year.

- (a) 1
- (b) 2
- (c) 3
- (d) 4

10. From your broad understanding of cost and management accounting, identify ant three levels of inventory control;

- (a) EOQ, Re-Order level and average usage.
- (b) Re-order level, EOQ and Maximum level.
- (c) Re-order level, minimum level and EOQ.
- (d) Re-order level, level and maximum level.

11. ----- And ----- are examples of cost when it is classified according to cost behaviour.

- (a) Prime cost and product cost.
- (b) Fixed and variable cost.
- (c) Production and non-production cost.
- (d) Indirect and direct cost.

12. The following is a profit and loss for Muchena ltd

Sales	2400
Direct materials	700
Direct wages	400
Fixed price cost	200
Variable production cost	100
Selling and distribution cost	240
Production in units	2400

Determine the total Marginal cost

- (a) 1200
- (b) 600
- (c) 900
- (d) 2400

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13. Using information in question 17 above, calculate the marginal cost per unit

- (a) 4
- (b) 25
- (c) 1
- (d) 0, 5

14. ----- And ----- are examples of types of standards

- (a) Ideal and basic standards.
- (b) Basic and accounting standards.
- (c) Accounting standards and GAAP.
- (d) Current and international accounting standards.

15. State any two variances that are calculated in business

- (a) Direct material usage variance and direct labour efficiency variance
- (b) Direct materials price variance and cost.
- (c) Fixed overheads volume variance and standard cost.
- (d) Sales volume variance and standard cost.

{TOTAL 30 MARKS}

**SECTION B (ANSWER ALL QUESTIONS IN THIS SECTION)**

1. Dondo Ltd has 3 production departments and 2 service departments. The following has been provided;

	Milling	Assembly	Spraying	Stores	Maintenance
No of employees	30	75	25	6	14
Plant and machinery values	225000	75000	45000	22500	82500
Area occupied	8000	10000	4000	1000	2000
Kwh	300	70	50	10	170
Indirect materials	2500	1000	1500	300	1700
Indirect labour	5250	2500	2250	4250	11750

The following Overheads were incurred;

Power	\$4500
Machinery depreciation	\$8400
Heating	\$2000
Canteen cost	\$4250
Rent and rates	\$3600

**Required**

Prepare an Overhead analysis sheet for Dondo Ltd

**{TOTAL 25 MARKS}**

2 (a) State any five assumption associated with EOQ. **{5}**

(b) Outline the three basic standards in standard costing. **{3}**

(c) M limited has the following standard cost card.

Direct materials (0,7m @\$30 per metre)

Direct labour 2 hours @\$16 per hour.

Fixed overheads 2hours @16 per hour.

Budgeted production volume and sales was 640 units.

Actual results were as follows;

Sales (700 units)	63000
Direct materials (525m)	16800
Direct labour (1350 hours)	22275
Fixed overheads	8000

**Required**

(i) Calculate the standard cost of production per unit and determine the selling price if 1/3 mark up on cost is required **{10}**

(ii) Calculate relevant variance for M limited **{12}**

**{TOTAL 30 MARKS}**

3. (a) State and explain the purchasing procedures of materials **{9}**

(b) Identify any 3 (three) methods of calculating major control levels and their formulas **{6}**

**{TOTAL 15 MARKS}**

**{END OF PAPER}**