



*"Investing in Africa's Future"*

## **COLLEGE OF BUSINESS PEACE LEADERSHIP AND GOVERNANCE**

**MANAGEMENT ACCOUNTING MAC 301**

**END OF SECOND SEMESTER EXAMINATIONS**

**MAY/ JUNE 2020**

**LECTURER: N. E CHIRIMA**

---

### ***INSTRUCTIONS***

ANSWER ONE QUESTION IN MICRO SOFT WORD 97 – 2003  
Document.

EACH QUESTION IS WORTH 100 MARKS

---

CLEAR AND NEATLY PRESENTED WORK WILL BE AWARDED  
MARKS FOR PRESENTATION

---

## QUESTION 1

A toy manufacturing company which has been in operation for the past 10 years has been affected by the lockdown as a result of the corona epidemic since the demand for its products has dropped significantly to below break - even point. In a discussion concerning a new strategy to be adopted by the company, the directors have engaged in a heated discussion on whether it is still necessary for the company to continue employing a financial accountant, a finance manager, a management accountant and a cost accountant. The majority of the directors are of the view that one accountant is capable of performing all the finance and accounting related tasks – thus advocating for the employment of one accounting professional with a few accounting clerks to assist. The Finance Director is of the view that although they are all accountants, they belong to different disciplines with differing specializations; each serving a different purpose for the organization and are all necessary for the company to effectively implement and achieve its strategic goals.

1. Prepare a report to the Board:

[100 marks]

- a. Clearly outlining the need for management accounting
- b. Distinguishing management accounting from the other accounting disciplines
- c. Illustrating (with reference to a manufacturing business you are familiar with) the role of management accounting in the company's value addition chain
- d. Explaining management accounting issues to be dealt with should the company choose
  - i. A cost leadership strategy
  - ii. A product differentiation strategy
  - iii. A price differentiation strategy

- e. Explain management accounting models/ tools used in decision making as well as each of the key management functions: planning, coordination, organizing, leading and controlling.
- f. Propose new management accounting systems and techniques that can be used by the company in response to the volatile, uncertain, complex and ambiguous environment.

## QUESTION 2

- 1. Compare and contrast budgeting methods, noting the type of operations/ circumstances which best suit each budgeting method. [25 marks]
- 2. With reference to specific businesses of your choice, outline challenges faced by companies in Zimbabwe in the implementation of a budgetary control system. [25 marks]
- 3. To what extent does the “Beyond Budgeting” system being advocated for by modern theorists address the challenges you referred to in 2 above. [25 marks]
- 4. With reference to examples, critically analyse the use of standard costing variances in departmental performance appraisals. [25 marks]

## QUESTION 3

Decisions made based on a comparative analysis of relevant information pertaining to available alternatives.

1. In your opinion, to what extent can accounting information be relied upon for decision making by managers? [10 marks]
2. With reference to specific, practical examples and scenarios, illustrate decision making based on relevant information in management accounting. [15 marks for each scenario = total of 75 marks]
3. What are the short comings of the Cost Volume Profit Model when being used for decision making purposes. [15 marks]

END OF PAPER