



SCHOOL OF BUSINESS AND ECONOMICS
Trimester 1, 2025

FINAL EXAMINATION PAPER



**MBA404: ACCOUNTING FOR MANAGERS/
MBA424 ACCOUNTING FOR HUMAN RESOURCE MANAGERS**

Important Instructions to Students:

1. Read the questions, instructions carefully and answer the questions.
2. You are allowed an **extra 10 minutes of reading time** (during this time, you are not allowed to write with pen) and **180 minutes (3 Hours) to complete this paper**.
3. Silent, non-programmable calculators are allowed, but not supplied.
4. Write all your answers in the answer booklet provided. If you need extra sheets, please ask the supervisor. Write your name, course code and student identification number in the answer booklet and the attendance sheet.
5. This paper contains two (2) sections, A and B. All questions are compulsory to answer **except** section A, which has choices.
6. Write all your answers legibly. The marker has the right to award zero for answers that are not legible.
7. This is a **Closed Book Examination**. The University views plagiarism, cheating and dishonest practice as serious offences and if found, offenders are penalized.

Examination Paper Content (Format):

<u>Section</u>	<u>Question</u>	<u>Content</u>	<u>Marks</u>	<u>Suggested Time</u>
A	1 – 5	Essay writing (Attempt any FOUR out of the FIVE given questions).	60	108 minutes
B	6-8	Practical Questions	40	72 minutes
	TOTAL		100	180 minutes

Attempt any four (4) questions out of the five (5) given.

1. In order to preserve the company's steady financial situation, an efficient cash flow management plan helps to boost earnings and guarantee the operational cycle's rhythm (Oriekhova and Golovko, 2022). Discuss how an organization may improve cash inflows and reduce cash outflows in light of cash management without affecting the financial and non-financial goals of the organization. Discuss any three strategies for each, cash inflows and outflows management, with examples. **[15 marks]**
2. A budget is an entity's plans expressed quantitatively (Hacohen, 2022). Discuss with examples six ways in which budgeting may assist in the decision-making process. **[15 marks]**
3. The owner-manager of a small business, Edwina Alexander, was pleased to see at the end of the previous fiscal year that her cash position was strong and had increased by a healthy 50%. She had closely monitored her cash position over the prior fiscal year. When the year's income statement was presented to her, she was shocked to find that last year's profit had drastically declined and had turned into a loss for the current year. In her frustration, she accuses you of accounting errors with the assumption that this situation could not be possible at all. How would you respond to Edwina? Discuss. **[15 marks]**
4. Organizations do promote workplace ethics, but employees, at times, are trapped in situations of ethical paradox (Raj et al., 2021). Discuss teleology, deontology, and virtue ethics theories with some hypothetical scenarios on how employees are faced with moral conundrums at work and how they may overcome the ethical dilemmas in light of the three ethical theories. You may choose a different scenario to explain the actions of the individual in each of the ethical theories mentioned above. **[15 marks]**
5. Budgeting is a management control mechanism (Rohma, 2022). Discuss authoritarian and participatory styles of budgeting, and what are some of the behavioral issues in each of these styles, with examples. **[15 marks]**

Required:

You are required to write an essay on any of the four (4) questions given above. The word limit of each essay is 400 to 450 words.

[60 marks]

Answer ALL questions from this section.

QUESTION 6 – BUDGETING (10 MARKS)

The following data is from the record of Kington's Services:

	Actual - 2024		Estimated - 2025		
	November	December	January	February	March
Credit sales	\$234,000	\$226,000	\$208,000	\$210,000	\$228,000

Credit sales are normally settled according to the following pattern: 50% in the month of sales, 30% in the month following the sales, and 12% in the second month following the sales. 8% of the accounts are never collected.

Required:

1. Prepare a receipt from the debtors' schedule for the three months ending 31st March 2025. [7 marks]
2. Briefly discuss any three strategies that the organisation may implement to decrease the percentage of doubtful debts. [3 marks]

QUESTION 7 – ANALYSIS AND INTERPRETATION (10 MARKS)

The following data is extracted from the financial statement of Jack and John Pty Limited, a consulting firm.

	2023 (\$)	2024 (\$)
Service revenue	870,000	862,500
Interest expense	34,500	39,750
Income tax expense	66,900	79,500
Profit	78,750	84,150
Preference dividends	4,200	4,200
Total assets	810,000	832,500
Total liabilities	450,000	495,000
Preference share capital	93,000	93,000
Ordinary share capital	165,000	150,000
Retain earnings	102,000	94,500

Required:

1. Calculate (a) return on total assets, and (b) return on ordinary equity ratios for the year 2024. [2 marks]
2. Calculate the following ratios for the years 2023 and 2024: (a) profit margin, (b) debt ratio, (c) times interest earned. [6 marks]
3. What do the above ratios indicate about the company's profitability and financial stability? Discuss in some detail. [2 marks]

QUESTION 8 – STATEMENT OF CASH FLOWS (20 MARKS)

The following data is from the record of Mary Mack, a music shop owner for the year ending 31st December, 2024. The profit for the period was \$35,000.

Items:	\$:
Repayment of Loan	28,000
Proceeds from the sale of property	80,000
Interest Received	2,000
Wages paid	50,000
Long-service leave paid	15,000
Receipts from customers	180,000
Finance cost paid	15,000
General expenses paid	25,000
Insurance paid on a delivery vehicle	5,000
Purchase of music equipment	24,000
Mary withdrew cash for her child's medical insurance and other commitments.	25,000
Payment to some suppliers	150,000
Income tax paid	3,000
Received a loan from a commercial bank	80,000
Beginning cash amount	8,000

Required:

1. With the following data as shown above, prepare a statement of cash flows of Mary's business for the year ending 31st December 2024. [12 marks]
2. Discuss in detail any five concerns you may have from the statement of cash flows prepared in requirement (1) above. Explain. [8 marks]

THE END!

Ratio Formulae:

Return on total assets = (Profit before income tax + finance cost)/ Average total assets

Return on ordinary equity = (Profit – preference dividends)/ Average ordinary equity

Profit margin = Profit after income tax/ Revenues

Debt ratio = Total liabilities/ Total assets

Times interest earned = (Profit before income tax + financed costs expensed)/ (financed costs expensed + financed costs capitalized)

