31.21.12.25

TEVETA
Technical Education, Vocational and Entrepreneurship Training Authority

DIPLOMA IN PRODUCTION AND OPERATIONS MANAGEMENT

LEVEL 6 YEAR II EXAMINATIONS

FINAL INTEGRATED SUMMATIVE EXAMINATIONS

SITTING: NOVEMBER/DECEMBER 2025

SUBJECT: COST AND MANAGEMENT ACCOUNTING

TIME ALLOWED: 3 HOURS **TOTAL MARKS: 100**

PASS MARK: 50

INSTRUCTIONS TO THE CANDIDATE:

1. Write your examination number and National Registration Card number on the answer booklet provided. Ensure to append your signature in the answer space provided on the answer booklet.
2. Write your answer **SCRIPT SERIAL NUMBER** on the examination register and on the entry slip provided.
3. There are Seven (7) question in this paper.
4. Question One (1) is COMPULSORY.
5. Attempt any other Four (4) questions of your choice from the remaining Six (6) questions.
6. Programmable calculators and cellular phones are not allowed in the examination room.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

QUESTION 1 (COMPULSORY)

a) Explain the procedure followed when a customer whose debt has been written off as bad, subsequently pays the amount originally owing (5 marks)

b) The following trail balance was extracted from the books of M. Chisenga as at 31st March 2025

Trial Balance

	K	K
Bank	24,000	
Drawings	30,000	
Electricity	+ 40,000 <5000	
Wages and Salaries	60,000	
Discount Received		25,000
Bad debts	16,000	
Provisions for doubtful and bad debts at 1st April 2024		10,000
Rent	100,000	
Miscellaneous expenses	50,000	
Carriage inwards	5,000	
Motor vehicles	200,000	
Trade receivables and payables	220,000	175,000
Inventory at 1st April,2024	45,000	
Purchases and sales	345,000	480,000
Fixtures	195,000	
Capital		300,000
5% Loan		340,000
Totals	**1,330,000**	**1,330,000**

Take account of the following information:

i) Inventory at 31st March 2025 was K50,000

ii) Bad debts written off as bad at 31st March 2025 was K5,000

iii) Provisions for bad debts to be adjusted to K8,500

iv) Amount for wages and Salaries included K4000 for stationary

v) Amount of K5,000 for electricity was accrued at 31 March 2025

vi)

31.21.12.25

vii) Provide for motor vehicle depreciation at 20%

viii)Loan interest was due but unpaid as at 31st March, 2025.

Required

Prepare an Income statement for the year ended 31st March 2025. (15 marks)

Total (20 marks)

QUESTION 2

Explain the following accounting concepts:

a) Prudence concept (4 marks)

b) Duality Concept (4 marks)

c) Matching Concept (4 marks)

d) Going concern concept (4 marks)

e) Money measurement concept (4 marks)

Total (20 marks)

QUESTION 3

A company makes a single product with a sales price of K10 and marginal cost of K6. Fixed costs are K60,000 per year.

Required

Calculate:

a) Contribution per unit (4 marks)

b) Number of units to break-even point. (6 marks)

c) Sales at break-even point (5 marks)

d) Number of units needed to be sold in order to achieve a profit of K20,000 per year. (5 marks)

Total (20 marks)

QUESTION 4

Continuous stocktaking is a system of daily checking of fast-moving items when a firm is using a perpetual inventory system.

Required:

a) Distinguish between Periodic stock verification and Perpetual verification. (5 marks)

b) State **five (5)** costs of being without stock (stock out costs) to a firm. (5 marks)

31.21.12.25

c) Explain **five (5)** causes of discrepancies between actual stocks and recorded stocks. (10 marks)

Total (20 marks)

QUESTION 5

In a factory, guaranteed wages at the rate of K18.00 per hour are paid in a 48-hour week. By time and motion study, it is estimated that, to manufacture one unit of a particular product 20 minutes are taken. The time allowed is increased by 25%. During one week, John Lemelani produced 180 units of the product.

Required:

Calculate his wages under each of the following methods:

a) Time rate. (6 marks)

b) Piece-rate with a guaranteed weekly wage, (7 marks)

c) Halsey premium bonus (7 marks)

Total (20 marks)

QUESTION 6

Job costing may be defined as a system of costing in which the elements of cost are accumulated separately for each job or work order undertaken by an organisation.

Required:

a) State **five (5)** advantages of job costing to a job order industry (5 marks)

b) PamGate Designer Limited manufactures suit binders, which are embossed with the customers' own logo. A customer has ordered a batch of 600 binders. The following illustrate the cost for a typical batch of 100 binders.

	K
Direct materials	60
Direct labour	20
Machine set up	6
Design and art work	30
Prime cost	116

Direct employees are paid on a piecework basis.

PamGate Designer Limited absorbs production overheads at a rate of 20% of direct wages cost. 5 % is added to the total production cost of each batch to allow for selling, distribution and administration overheads.

PamGate Designer Limited requires a profit margin of 25% of sales value.

Calculate the selling price for 600 suit binders (to the nearest Kwacha)

(15 marks)

Total (20 marks)

QUESTION 7

a) Define the balance sheet. (1 marks)

b) State the importance of the Financial Position Statement (balance sheet) in accounting (1 mark)

c) Every transaction affects **two (2)** items in the balance sheet. Complete the table below to show the effect of each transaction on assets and Liabilities. The first one has been done for you.

TRANSACTION	EFFECT ON ASSET	EFFECT ON LIABILITIES
1) Owner pays capital into the bank	Increase asset cash at bank	increase liability – capital or Owners' equity
2) Buy goods by cheque		
3) Buy goods on credit		
4) Sale of goods on credit		
5) Sale of goods for cash (cheque)		
6) Pay creditor		
7) Debtor pays money owing by cheque		

(18 marks)

Total (20 marks)