

Candidate Name

Candidate Number

Centre Name

Centre Number


**Paper 3: Accounting**

**Exam Series: May/June 2024**

(1 Hour 45 Minutes)

It is necessary to respond on the answer sheets provided alongside this question paper. Additionally, you must have a soft pencil (preferably of type B or HB), a clean eraser and a dark blue or black pen.

**INSTRUCTIONS:**

- You must write your name, candidate number, centre name and centre number on the answer sheets in the designated spaces.
- Attempt all the questions required using a dark blue or black pen.
- It is important to follow the instructions provided on the answer sheets.
- Do not use correction fluid.
- Avoid writing on any bar codes.

**INFORMATION:**

The total number of **marks for this paper is 80**. The number of marks assigned for every question or its parts is indicated within brackets [ ]

## Case Study

BrightStar is a retail chain specialising in electronics and home appliances with multiple locations across the country. Recently, the company's management has been struggling with various operational and financial challenges. In terms of management, the company is facing issues related to workforce management and productivity. With an expanding network of stores, there's a growing need for effective leadership and coordination among store managers. However, inconsistent performance across locations has highlighted the need for standardised processes and training programs to ensure uniformity in operations.

Cost accounting poses another significant challenge for the business. The company struggles with accurately allocating overhead costs to its products and stores. Without precise cost data, it becomes difficult for the management team to make informed decisions regarding pricing strategies and product offerings. Moreover, the lack of visibility into cost drivers impedes efforts to control expenses and maximise profitability. Financial accounting concerns revolve around maintaining profitability amidst increasing competition and fluctuating consumer demand. Despite steady revenue growth, BrightStar's profit margins have been shrinking due to rising operating costs and promotional expenses. Additionally, the company's cash flow position has been strained by inventory management issues and delayed payments from suppliers.

To address these challenges, BrightStar is considering implementing a comprehensive management training program to empower store managers and improve performance consistency across locations. In terms of cost accounting, the company is exploring advanced costing methodologies to enhance cost accuracy and better allocate resources. Financially, BrightStar aims to optimise its inventory management practices and negotiate favourable terms with suppliers to improve cash flow and overall profitability.

Through strategic management initiatives, refined cost accounting practices, and prudent financial management, BrightStar Retail Solutions aims to navigate the complexities of the retail industry and position itself for sustainable growth and success.

## Brief

Use information located in the case study above, wherever possible, to respond to the following questions. Learners are advised to tailor their answers, as much as possible, to align with the information provided within the case study. However, learners can also include information which has been studied, and which may not appear in the case study, but can be used to amplify or contextualise their responses further, when responding to their questions.

**1a)** Explain the significance of management accounting in aiding decision-making processes within BrightStar.

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**(4 marks)**

**2a)** Evaluate the advantages and disadvantages of budgeting as a planning and control tool for BrightStar.

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**(8 marks)**

**3a)** Assess the impact of ethical behaviour on the budgeting and budgetary control system at BrightStar.

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**(6 marks)**

**4a)** Discuss the objective of investment appraisal and its relevance to BrightStar.

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**(4 marks)**

**5a)** Evaluate capital investment appraisal techniques and their applicability to the investment decisions of BrightStar.

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**(6 marks)**

[illegible]

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**7a)** Outline the components of a production budget which would be applicable for BrightStar.

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**(6 marks)**

[illegible]

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**9a)** Analyse the financial data of BrightStar and recommend strategic business decisions using management accounting tools such as budgeting, investment appraisal, and cost analysis.

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**(8 marks)**

**10a)** Explain how BrightStar can distinguish between fixed and variable costs in its operations.

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**(4 marks)**

**11a)** Explore the advantages and disadvantages of absorption costing for BrightStar.

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**(8 marks)**

**12a)** Analyse the causes of overhead expenditure at BrightStar.

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**(6 marks)**

**13a)** Assess the advantages and disadvantages of breakeven charts.

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**(6 marks)**