

Adam Smith Business School

Subject of Accounting and Finance

Degree of MSc in Management, MSc in Management with Entrepreneurship & Business Growth, MSc in Management with Human Resources

Degree Exam

Financial Information Management, ACCFIN5240, ACCFIN 5241, ACCFIN 5242

Thursday 29 April 2021, 14:00 to Friday 30 April, 14:00

Degree exam duration: Two hours

Please include your course code (as above), your student ID, and the number of the question that you have attempted on your answer.

How to complete this exam:

Students should answer **TWO** questions. The word limit per question is **1500 words maximum**. Anything you write once you have reached the word limit will not be marked.

Materials supplied:

Wilkerson Case Study.

Instructions to students:

Read the exam student guidance on [Moodle](#).

For this exam, the required number of questions is **TWO**.

1. Advice on the contents of the exam and technical support

If you have questions about the contents of this paper, or you require technical assistance, please contact our virtual invigilation team at the University of Glasgow Helpdesk <https://www.gla.ac.uk/help> or on +44 (0)141 330 4800.

Questions relating to the contents of the paper should be raised within the first 3 hours of the assessment period, when an academic member of staff will be available to answer these. Technical support will be available 24 hours per day. To ensure timely responses, and that all students receive the same information, you should not contact academic staff directly but instead use the Helpdesk.

2. You are about to sit an online assessment

You have a 24-hour period in which to take and complete this exam. 24 hours is NOT the length of the exam.

It should take you no longer than **TWO HOURS** to complete this exam unless you are entitled to time adjustments (see Section 3. below), or you experience unavoidable disruption; and you should pay specific attention to guidance provided on the exam paper regarding the total word count.

You should be able to complete the exam in the time indicated and are unlikely to derive major benefits from taking longer. Note that spending longer often leads to

muddled answers which do not receive high grades. It is better to answer in a clear and concise fashion within the time limit given.

3. Time adjustments for students with disabilities

If you have in the past been granted adjustments to your exam time, e.g. through the University's Disability Service or at School or College, allowance is made for these since you have TWICE the normal time usually allowed in which to complete this exam (exam duration +100%).

4. Enlarging the text

If you need to enlarge the text of a PDF document: open Adobe Acrobat; click on the VIEW tab; click on ZOOM and then ZOOM TO; select the desired magnification level.

5. Planning your time

When planning your time, you should allocate time to download the exam paper and to upload your answers to Moodle at the end of the exam. For students instructed to do so, you should allow time to submit your exam script on Turnitin within the exam period.

Please report any technical difficulties experienced as soon as possible via <https://www.gla.ac.uk/help>.

6. Submitting your answers

Acceptable file types for submitting typed documents are: DOC/DOCX; RTF; PDF; XLS/XLSX.

Acceptable file types for submitting *high resolution* images are: JPG; PNG; TIF; PDF.

Please check that you have uploaded the CORRECT FILE, that it is readable and is the version that you want to be marked; if you use a word-processing package other than Word, you are advised to convert and upload as a pdf.

Lastly please ensure you upload files to the correct course Moodle assignment.

- Submit (at least) one file per question. You may submit up to 20 files. Subquestions may be submitted in one file according to question.
- Use the following naming convention: StudentID_CourseCode_QuestionNumber (e.g. 1234567_MGT1001_1). DO NOT include your name
- This exam has been configured to allow submission of answers for two hours beyond the scheduled exam time. Submissions made during this two-hour period will be treated as 'late' and will be graded 'H'.

7. Declaration of Academic Integrity

The following information is very important – your degree may be at risk if you do not adhere to these instructions:

- You must not communicate with any other person about these examination questions during the period in which you can submit your answers
- You must follow any instructions on your examination paper regarding use of resources such as internet sources, books, notes or any other material that would not normally be allowed in examinations on campus.
- The work you submit must be entirely your own effort and must demonstrate your understanding rather than reproduce text from notes, slides, books, or online sources (which is plagiarism)
- You must not submit answers you have discussed with or copied from others, and you must not copy from notes you have prepared with or shared with others. If your answers are similar to those of any other candidate(s) you will both/all be suspected of collusion and referred to Student Conduct
- This declaration incorporates the University's Declaration of Originality which applies to all academic work (see below).

8. Declaring that the work is your own

Before viewing the exam paper, you must check the box in the Exam Section on the Moodle Course page to agree to both this declaration and the University's Declaration of Originality.

You must answer TWO questions, using a separate document for each question (the weighting is noted against the question/sub question).

Question 1

Detailed below are the financial statements of Grange Ltd. (£000 indicates thousands of pounds)

Statement of Financial Position as at 31 December

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Non-current assets	7,952	7,586
Current assets		
Inventory	2,856	1,462
Trade receivables	2,220	1,344
Cash	<u>44</u>	<u>60</u>
	<u>5,120</u>	<u>2,866</u>
Total assets	13,072	10,452
Liabilities		
Current liabilities		
Trade payables	1,128	892
Other payables	<u>676</u>	<u>456</u>
	1,804	1,348
Non-current liabilities	<u>4,278</u>	<u>3,116</u>
Total liabilities	6,082	4,464
Net assets	<u>6,990</u>	<u>5,988</u>
Total equity	<u>6,990</u>	<u>5,988</u>

Statement of Profit or Loss for the year ended 31 December

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Revenue	12,466	8,916
Cost of sales	<u>8,228</u>	<u>5,616</u>
Gross profit	4,238	3,300
Selling & distribution expense	2,370	1,606
Administration expense	<u>746</u>	<u>534</u>
Operating profit	1,122	1,160
Interest expense	<u>52</u>	<u>106</u>
Profit before taxation	1,070	1,054
Taxation	<u>312</u>	<u>388</u>
Profit for the year	<u>758</u>	<u>666</u>

Required:

- (I) For each year calculate:
- Liquidity ratios (current ratio and acid ratio).
 - Efficiency ratios (trade receivables period, trade payables period, and inventory turnover period).
 - Profitability ratios (gross profit margin ratio and ROCE).

(21%)

- (II) Prepare a short report for the management of Grange Ltd. The report should
- Compare and highlight the main concerns regarding the company's performance based on the ratios from year 2019, and 2020 calculated in (a).
 - Advise the directors as to how to improve the company's performance.

(Word count: no more than 1,000 words)
(18%)

- (III) In your own words, discuss the benefits of ratio analysis.

(Word count: no more than 500 words)
(11%)

(Total 50%)

Question 2

Please use the Wilkerson case study and answer the following questions.

- (I) Illustrate whether and how managers at Wilkerson were misled by traditional absorption costing.

(Word count: no more than 250 words)
(10%)

- (II) Using the calculations and the situation faced by Wilkerson, discuss how ABC calculations can lead the management to expand the costing practice to a management practice.

(Word count: no more than 1250 words)
(40%)

(Total 50%)

Question 3

List **four potential users of financial accounting information** and explain what their needs for information may be. Discuss why there might be a conflict between the needs of users. (Word count: no more than 1500 words)

(Total 50%)

Question 4

Critically discuss the management accounting techniques that can be used for long-term capital investment decisions. (Word count: no more than 1500 words)

(Total 50%)

END OF PAPER

Before you upload your exam answers:

Please ensure that you have added the course code (on the front of this exam paper), your student ID and the question number that you have attempted on your answer.