



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION  
JANUARY 2016 SEMESTER

**SUBJECT CODE** : EIB 30503  
**SUBJECT TITLE** : MANAGEMENT ACCOUNTING  
**LEVEL** : BACHELOR  
**TIME / DURATION** : 9.00 AM- 12.00 P.M / 3 HOURS  
**DATE** : 26th MAY 2016

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of **TWO (2)** sections. Section A and Section B.
2. Answer **ALL** questions from the BOTH Sections.
3. Please read the instructions given in the question paper **CAREFULLY**.
4. This question paper is printed on both sides of the paper.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in English (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

**THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.**

**SECTION A (Total: 20 marks)**

**INSTRUCTION: Answer ALL questions.**

**Please use the answer booklet provided.**

**Question 1**

Differentiate between Management Accounting and Financial Accounting according to the features or characteristics. Provide **FIVE (5)** differences.

**(10 marks)**

**Question 2**

Below is a list of costs and expenses usually incurred by Chan and Chin Furniture. You are required to classify the items either direct materials, direct labour and manufacturing overhead.

- A. Wages to the factory supervisor
- B. Depreciation of the machine
- C. Salaries to the general workers
- D. Wood used to manufacture the furniture
- E. Repairs and maintenance of the factory
- F. Electricity expenses of the factory
- G. Glue, nails, paint and other small parts used in production
- H. Woods and steel used to produce the furniture
- I. Insurance on factory machines
- J. Advertising expenses of the furniture

**(10 marks)**

**[Total: 20 marks]**

**SECTION B (Total: 80 marks)**

**INSTRUCTION: Answer ALL questions.**

**Please use the answer booklet provided.**

**Question 1**

Happy and Enjoy Sdn Bhd has gathered the following information.

Units in the beginning work in process	20,000
Units started into production	164,000
Units in ending work in process	24,000
Percent completed in ending work in process:	
Conversion cost	60%
Materials	100%
Cost incurred:	
Direct materials	RM 101,200
Direct labor	RM 164,800
Overhead	RM 184,000

**Required:**

- A. Compute the equivalent units of production for materials and conversion cost (12 marks)
  - B. Determine the unit costs of production (4 marks)
  - C. Show the assignment of costs to units transferred out and in process (4 marks)
- [20 marks]**

**Question 2**

MyBookstore is a local bookstore which has been selling teenage novel for few years. The store manager plans to achieve a minimum profit of RM 3, 000 per month. The store has to pay for rental, utilities and staff salary amounted to RM 2, 000 per month. The cost of a novel is expected to increase by 10% due to inflation from the previous cost of RM 4.50 per novel. The selling price is RM 9.00 per novel.

**Required**

- A. Compute the contribution margin per unit of the novel and why is it important to compute the contribution margin (6 marks)
- B. Calculate the break-even point in number of novel and in Ringgit Malaysia (4 marks)
- C. Calculate the quantity of sales in order to achieve monthly profit of RM 3,000 per month (3 marks)

D. If competitors sell the same novel at RM 8.00 each, how many units should MyBookstore has to sell to get the same monthly profit if the sale price is to follow the competitor's price? All other costs remain the same

**(3 marks)**

E. How much the selling price of a novel if the manager feels that he can sell 1,800 novel next month due to school holiday season and maintaining the same monthly profit?

**(4 marks)**

**[20 marks]**

**Question 3**

A. Based on information below, you are required to **prepare a schedule of expected Cash Collections from Customer for the Year Ended December 31.**

- a. The total balance of account receivable was RM 48, 000 at the beginning of the budget year which is the company expects to collect RM 38, 000 of that amount in the first quarter and the remaining RM 10, 000 in the second quarter.
- b. The cash sales for each quarter are RM 10,000, RM 30,000, RM 10,000 and RM 40,000 respectively.
- c. Total collection of credit sales from each quarters as follow:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Credit Sales Quarter 1	RM 24,000	RM 12,000	RM 4,000	RM 0
Credit Sales Quarter 2	RM 0	RM 72,000	RM 36,000	RM 12,000
Credit Sales Quarter 3	RM 0	RM 0	RM 24,000	RM 12,000
Credit Sales Quarter 4	RM 0	RM 0	RM 0	RM 96,000

**(10 marks)**

B. Selamat Wang Company's sales are 50% in cash and 50% on credit. 70% of the credit sales are collected in the month of sales, 20% in the month following sales, and 5% in the second month following sales. The remainders are uncollectible. The following are budgeted sales (RM) data and you are **required to calculate the total cash receipts in December.**

	September (RM)	October (RM)	November (RM)	December (RM)
Total sales	100,000	140,000	120,000	160,000

(10 marks)

[20 marks]

**Question 4**

A. In the daily operation, managers are supplied with thousands of data and information. However, sometimes only small amount of data and information are relevant for the decision making. Discuss what is meant by the following terms (provide example if necessary):

- a. Relevant data
- b. Sunk Costs
- c. Opportunity costs

(6 marks)

B. Danso Air Compressor Sdn Bhd making air compressors for a local market. The company has the following pricing and costs structure.

Selling price	RM 200 per unit
Direct Material	RM 100 per unit
Direct Labor	RM 25 per unit
Manufacturing Overhead	RM 25 per unit
Fixed Costs	RM 50 per unit

The regular production is 10,000 units per month. The maximum production is 15,000 units per month.

**Required**

A. If a foreign company place an order for 5,000 units of compressor at a price of RM200 per unit, should Danso Air Compressor Sdn Bhd accept the special order? How much additional income would be received by taking the special order?

(10 marks)

B. What are others factors to be considered when making special order decision?

(4 marks)

[20 marks]

[Total: 80 marks]

END OF QUESTION PAPER

