



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2024 SEMESTER**

COURSE CODE : EIB30503
COURSE NAME : MANAGEMENT ACCOUNTING
PROGRAMME NAME : BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE : 5 JULY 2024
TIME : 9.00 AM – 12.00 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **FIVE (5)** questions.
4. Answer **ALL** questions.
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 SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.**Please use the answer booklet provided.****Question 1**

- (a) Costs can be categorised according to whether or not they change when the amount of activity changes. You are required to explain the fixed cost, variable cost, mixed cost and step cost. Give **ONE (1)** example for each term.

(8 marks)

- (b) Maju Sdn. Bhd. is a company running a transportation business from Johor Bahru to Melaka. Currently, it has 8 workers where 4 of them are direct labour and the other 4 are indirect labour. It has 3 buses which operate 7 days per week. The following cost data is given for the year 2024 pertaining to Maju Sdn. Bhd. and you are required to determine the total operating cost for the year 2024.

Costs incurred per annum	RM
Administration costs	9,500
Depreciation of other equipment	7,000
Permit and license	12,500
Insurance costs	14,000
Costs incurred per bus:	
Petrol per month	3,000
Depreciation of bus per annum	2,500
Repairs & maintenance costs per annum	3,100
Costs incurred per worker:	
Wages per month – direct labour	1,500
Wages per month – indirect labour	1,200

(8 marks)

- (c) Classify the following cost as either administrative, marketing, finance, research and development or production cost.

- Depreciation of forklift at AFI's warehouse.
- Cost of test of new prototype at MH Sdn. Bhd.

- iii. Interest on long term loan paid by FAT Sdn. Bhd.
- iv. Cost of advertising expenses of new production.
- v. Audit fees paid by NL Sdn. Bhd.
- vi. Salary of mover workers at LOLO Move.
- vii. Cost of office rental.
- viii. Cost of chickens used at Delicious Fried Chicken.

(4 marks)

[20 marks]**Question 2**

Herba Berhad produces a product called Phyto Natal. One of the raw materials needed to produce this product is Zingiber, which can be purchased from the market. The production of Phyto Natal is between 600 to 800 bottles per week. The requirement of Zingiber is 90 grams for each bottle of Phyto Natal. Thus, the total maximum usage of Zingiber is 72 kilograms and the minimum usage of Zingiber is 54 kilograms. The company usually purchases 200 kilograms of Zingiber at a time and the lead time of purchase varies between 1 to 2 weeks.

Required:

- (a) Determine the reorder level (ROL) of Zingiber. (3 marks)
- (b) Determine the maximum stock level of Zingiber. (5 marks)
- (c) Determine the minimum stock level of Zingiber. (8 marks)
- (d) State any **TWO (2)** examples of the ordering cost and carrying cost. (4 marks)

[20 marks]

Question 3

Sufi Enterprise produces and sells "London Almond Cookies" that are packed in a jar. The following data is available for the month of May 2024.

	RM
Selling price per jar	40
Variable cost per jar:	
Direct materials	10
Direct labour	5
Production overhead	1
Selling overhead	2
Fixed administrative overhead	7,600
Depreciation expenses	10,000

Total cookies produced and sold in the month of May were 1,200 units.

Required:

- (a) Determine the contribution margin, the break - even point in unit and values for the month of May 2024.

(10 marks)

- (b) Determine the margin of safety in units and values for May 2024.

(4 marks)

- (c) Determine the net income for Sufi Enterprise for the month of May 2024.

(6 marks)

[20 marks]

Question 4

Dynamic Sdn Bhd (Dynamic) use a job-order costing system with a plantwide predetermined overhead rate based on machine hours. At the beginning of the year, Dynamic estimated that 50,000 machine hours would be required for the period's estimated level of production. It also estimated RM 910,000 of fixed manufacturing overhead cost for the coming period and variable manufacturing overhead of RM 1.80 per machine hour.

Because Dynamic has two manufacturing departments which are moulding and fabrication, they are considering replacing its plantwide overhead rate with departmental rates that would also be based on machine hours. Dynamic gathered the following information to enable calculating departmental overhead rates:

	Moulding	Fabrication	Total
Machine hours	20,000	30,000	50,000
Fixed manufacturing overhead cost	RM 700,000	RM 210,000	RM 910,000
Variable manufacturing overhead cost per machine hour	RM 3	RM 1	RM 4

During the year, Dynamic had no opening or closing inventories and it started, completed and sold only two jobs namely Job D-70 and Job C-200. It provided the following information related to those two jobs:

Job D-70	Moulding	Fabrication	Total
Direct material cost	RM 375,000	RM 325,000	RM 700,000
Direct labour cost	RM 200,000	RM 160,000	RM 360,000
Machine hours	14,000	6,000	20,000

Job C-200	Moulding	Fabrication	Total
Direct material cost	RM 300,000	RM 250,000	RM 550,000
Direct labour cost	RM 175,000	RM 225,000	RM 400,000
Machine hours	6,000	24,000	30,000

Dynamic had no underapplied or overapplied manufacturing overhead during the year.

Required:

- (a) Compute the plantwide predetermined overhead rate.
(4 marks)
- (b) Compute the total manufacturing cost assigned to Job D-70 and Job C-200.
(10 marks)
- (c) If Dynamic establishes total profit margins that are 150% of total manufacturing costs, determine the amount of profit margin in value for Job D-70 and Job C-200?
(6 marks)
- [20 marks]**

Question 5

Teguh Bhd plans to manufacture a new product next month. From the market research, the expected average monthly sales and production volumes are 30,000 units.

Budgeted cost per unit of a product based on the average monthly production volume is as follow:

	RM
Direct material	110
Direct labour (RM 16 per hour)	48
Factory overhead (RM 22 per hour)	<u>66</u>
Factory cost	224
Selling and administration overhead	<u>96</u>
Total cost	<u>320</u>

Additional Information:

- i. Profit mark-up 25% on cost.
- ii. Details of the factory overhead together with selling and administration overhead are as follows:

Variable factory overhead	RM 8 per labour hour
Variable selling and administration overhead	10% on selling price

- iii. Fixed selling and administration overhead is to be treated as period cost in the monthly income statement.

- iv. The budgeted production for the first month is 37,200 units but only 26,800 units are expected to be sold.

Required:

- (a) Prepare the income statement for the first month by using marginal costing approach and absorption costing approach.

(16 marks)

- (b) State **TWO (2)** situations where the profit will be same under both costing approaches.

(4 marks)

[20 marks]

END OF EXAMINATION PAPER