



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

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**FINAL EXAMINATION  
MARCH 2024 SEMESTER**

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|-----------------------|----------------------------------------|
| <b>COURSE CODE</b>    | <b>: EAB21003</b>                      |
| <b>COURSE NAME</b>    | <b>: MANAGEMENT ACCOUNTING 2</b>       |
| <b>PROGRAMME NAME</b> | <b>: BACHELOR IN ACCOUNTING (HONS)</b> |
| <b>DATE</b>           | <b>: 11 JULY 2024</b>                  |
| <b>TIME</b>           | <b>: 09.00 AM – 12.00 PM</b>           |
| <b>DURATION</b>       | <b>: 3 HOURS</b>                       |

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**INSTRUCTIONS TO CANDIDATES**

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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.

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**THERE ARE SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.**

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**TOTAL: 100 Marks****INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 1**

Swipe Corporation is considering entering the online digital lockbox business by renting server space to customers to store any type of computer file. The company's managers believe this business has a large potential market as more individuals and small business are moving their file backups to secure online servers that can be accessed around the clock. Below is summary of data projection for this business:

|                                    | RM      |
|------------------------------------|---------|
| Selling price per customer account | 95      |
| Direct supplies                    | 23      |
| Direct labour                      | 8       |
| Variable overhead                  | 6       |
| Variable selling expenses          | 5       |
| Annual fixed overhead              | 195,000 |
| Annual advertising                 | 55,000  |
| Annual administrative expenses     | 68,000  |

Sales manager has projected sales of customer accounts for the next year will be 6,500 units.

**Required:**

- (a) Calculate the annual breakeven point in units and value. (2 marks)
- (b) Calculate how much profit will the company realise if the projection is accurate. (4 marks)
- (c) Calculate the number of digital lockbox units that must be sold to generate a targeted profit of RM95,400. Assume that costs and selling price remain constant. (2 marks)
- (d) Calculate the operating income if the company increases the projected number of units sold by 30 percent and cuts the selling price by RM5 per account. (6 marks)

- (e) Determine the number of units that must be sold to break even if advertising costs increase by RM47,700.

(2 marks)

- (f) Find the number of units that must be sold to generate a targeted profit of RM120,000 if variable costs decrease by 10 percent.

(4 marks)

**[20 marks]****Question 2**

Steady Berhad manufactures two products C22 and S99. Product C22 and S99 used two types of material A1 and A2. The following projected data for the month of March 2023 are as follows:

|                                      | Product |       |
|--------------------------------------|---------|-------|
|                                      | C22     | S99   |
| Production cost per unit (RM)        | 500     | 650   |
| Sales (unit)                         | 2,000   | 3,000 |
| Standard selling price per unit (RM) | 1,200   | 900   |

The stock of the products and materials are:

|                        | Product |          | Material |         |
|------------------------|---------|----------|----------|---------|
|                        | C22(RM) | S99 (RM) | A1 (RM)  | A2 (RM) |
| Stock at standard cost |         |          |          |         |
| 28 February            | 200,000 | 520,000  | 120,000  | 250,000 |
| 31 March               | 250,000 | 715,000  | 144,000  | 272,000 |

Additional information for each unit of product C22 and S99 is as follows:

|                                |               | Product   |         |
|--------------------------------|---------------|-----------|---------|
|                                | Price / Rate  | C22       | S99     |
| <b><u>Direct material:</u></b> |               |           |         |
|                                | RM6 per meter | 24 meters | 30      |
| A1                             | RM8 per unit  | 10 units  | meters  |
| A2                             |               |           | 8 units |
| <b><u>Direct wages:</u></b>    |               |           |         |
| Unskilled                      | RM5 per hour  | 10 hours  | 7       |
| Skilled                        | RM9 per hour  | 6 hours   | hours   |
|                                |               |           | 5       |
|                                |               |           | hours   |

Further information regarding the production overhead costs are expected to be as follows:

Variable overhead : RM5 per total direct labour hour  
 Fixed overhead : RM139,392 absorbed based on budgeted production units

**Required:**

Using the information given above, you are required to prepare the following budgets for the month of March 2023:

- (a) Sales budget. (2 marks)
- (b) Production budget (unit). (3 marks)
- (c) Direct material usage and purchase budget. (8 marks)
- (d) Direct labour budget. (7 marks)
- [20 marks]**

**Question 3**

Fantastic Sdn. Bhd. manufactures four (4) products; Anggun, Bestari, Chantique and Dynamique. The products use a series of different machines but there is a common machine, M, which causes a bottleneck.

The upcoming year's standard selling price and standard cost per unit are provided for each product.

|                    | Anggun | Bestari | Chantique | Dynamique |
|--------------------|--------|---------|-----------|-----------|
|                    | RM     | RM      | RM        | RM        |
| Selling price      | 1,400  | 1,500   | 1,250     | 1,250     |
| <b>Cost:</b>       |        |         |           |           |
| Direct materials   | 360    | 370     | 150       | 280       |
| Labour             | 220    | 280     | 150       | 300       |
| Variable overheads | 135    | 210     | 150       | 280       |
| Fixed overheads    | 310    | 300     | 280       | 165       |
| Profit             | 375    | 340     | 520       | 225       |

|                              |       |       |     |       |
|------------------------------|-------|-------|-----|-------|
| Machine M (minutes per unit) | 55    | 60    | 50  | 35    |
| Demand (units)               | 1,600 | 1,100 | 900 | 1,300 |

The available hours for machine M are 3,600 hours for the next period.

**Required:**

- (a) Determine the optimal production levels for the four (4) products to maximize profitability. (14 marks)
- (b) Briefly describe **THREE (3)** approaches Fantastic Sdn. Bhd. applied to overcome the limitations of machine M and fulfil demand requirements.

(6 marks)

**(20 marks)**

**Question 4**

VegaTron Sdn. Bhd. produces three products: Xtrail, Ysel, and Zgand serve as the foundation, embodying the company's dedication to quality and innovation. The data for the most recent period provides insights into their manufacturing performance.

|                                                           | <b>Xtrail</b> | <b>Ysel</b> | <b>Zgand</b> |
|-----------------------------------------------------------|---------------|-------------|--------------|
| Production (units)                                        | 20,000        | 25,000      | 2,000        |
| Sales price (per unit)                                    | RM350         | RM270       | RM300        |
| Material cost                                             | RM85          | RM65        | RM90         |
| Labour hour (Labour is paid at the rate of RM50 per hour) | 2 hours       | 1 hour      | 1 hour       |

During the reporting period, the overhead expenses incurred in manufacturing operations are detailed as follows.

|              |                    |
|--------------|--------------------|
| Set-up costs | RM900,000          |
| Receiving    | RM300,000          |
| Despatch     | RM150,000          |
| Machining    | RM550,000          |
| <b>Total</b> | <b>RM1,900,000</b> |

The data on cost drivers below provides insights into the factors influencing expenses during the manufacturing process.

|                               | <b>Xtrail</b> | <b>Ysel</b> | <b>Zgand</b> | <b>Total</b> |
|-------------------------------|---------------|-------------|--------------|--------------|
| Number of set-ups             | 100           | 130         | 120          | <b>350</b>   |
| Number of deliveries received | 150           | 120         | 300          | <b>570</b>   |
| Number of orders despatched   | 200           | 180         | 250          | <b>630</b>   |
| Machine hours                 | 2,000         | 2,500       | 2,200        | <b>6,700</b> |

**Required:**

- (a) Calculate the cost per unit, absorbing all the overheads based on labour hours.

(6 marks)

- (b) Calculate the overhead cost per unit using an Activity-Based Costing approach for each product.

(14 marks)

**[20 marks]**

### Question 5

NK Company manufactures special electrical equipment and parts. NK Company employs a standard cost accounting system with separate standards established for each product. A special gadget is manufactured in the Factory Department. Production volume is measured by direct labour hours in this department and a flexible budget system is used to plan and control department overhead. Standard costs for the special gadget are determined annually in September for the coming year.

The standard cost of a gadget was computed at RM57.00 as shown below.

|                                             | RM               |
|---------------------------------------------|------------------|
| Direct materials (3 spools @ RM3 per spool) | 9                |
| Direct labour (4 hours @ RM7 per hour)      | 28               |
| Variable overheads (4 hours @ RM3 per hour) | 12               |
| Fixed overheads (4 hours @ RM2 per hour)    | <u>8</u>         |
| <b>Total</b>                                | <b><u>57</u></b> |

Overhead rates were based upon normal and expected monthly capacity, both of which were 4,000 direct labour hours. Practical capacity for this department is 5,000 direct labour hours per month. Variable overhead costs are expected to vary with the number of direct labour hours actually used.

During October, 900 gadgets were produced. This was below expectations because a work stoppage occurred during contract negotiations with the labour force. Once the contract was settled, the wage rate was increased to RM7.25 per hour and overtime was scheduled in an attempt to catch up to expected production levels.

The following costs were incurred in October:

**Direct materials:**

Copper:

Purchased 2,600 spools @ RM3.08/spool

**Direct labour:**

Regular time 2,000 hours @ RM7.00

Overtime 1,400 hours @ RM7.25

600 of the 1,400 hours were subject to overtime premium. The total overtime premium is included in variable overhead in accordance with company accounting practices.

Variable overheads RM16,670

Fixed overheads RM8,800

**Required:**

Calculate the following variances:

- i. Material price variance (2 marks)
  - ii. Material usage variance. (2 marks)
  - iii. Labour rate variance. (4 marks)
  - iv. Labour efficiency variance. (3 marks)
  - v. Variable overhead expenditure variance. (3 marks)
  - vi. Variable overhead efficiency variance. (3 marks)
  - vii. Fixed overhead expenditure variance. (3 marks)
- [20 marks]**

**END OF EXAMINATION PAPER**