CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
FEBRUARY 2024 SEMESTER

COURSE CODE	:	EAP00604
COURSE NAME	:	INTRODUCTION TO MANAGEMENT ACCOUNTING
PROGRAMME NAME	:	FOUNDATION IN BUSINESS
DATE	:	25 JUNE 2024
TIME	:	09.00 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 consists of **THREE (3)** sections; **Section A, Section B** and **Section C.**
3. Answer **ALL** questions from **Section A, Section B** and **Section C.**
4. Please write your answers on the answer space provided.
5. All questions must be answered in **English** (any other language is not allowed).
6. **This question paper must not be removed from the examination hall.**
7. **Present and future values tables and formulas has been appended for your reference.**

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

SECTION A (Total: 20 marks)

INSTRUCTION: Answer ALL questions.
Please use the objective answer sheet provided.

1. Which of the following would be classed as indirect labour?
   A. Assembly workers in a company manufacturing television
   B. A stores assistant in a factory store
   C. Plasterers in a construction company
   D. A consultant in a firm of management consultants

2. A company makes chairs and tables. Which of the following items would be treated as an indirect cost?
   A. Wood used to make a chair
   B. Metal used for the legs of a chair
   C. Fabric to cover the seat of a chair
   D. The salary of the sales director of the company

3. Which of the following statements is true of absorption costing?
   A. It considers variable selling and administrative costs as product costs.
   B. It considers fixed selling and administrative costs as product costs.
   C. It considers fixed manufacturing overhead costs as product costs.
   D. It considers variable manufacturing overhead costs as period costs.

4. A company makes a single product and incurs fixed costs of RM12,000 per month. The variable cost per unit is RM 2 and each unit sells for RM 6. The monthly sales demand is 7,000 units. The breakeven point in terms of monthly sales units is:
   A. 2,000 units
   B. 3,000 units
   C. 4,000 units
   D. 6,000 units

5. Manager use cost-volume-profit (CVP) analysis to ________.
   A. forecast the cost of capital for a given period of time
   B. to study the behavior of and relationship among the elements such as total revenues, total costs, and income
   C. estimate the risks associated with a given job
   D. analyse a firm's profitability and help to decide wealth distribution among its stakeholders

6. The contribution-margin format is used for ________.
   - A. Variable costing income statement
   - B. Job-order costing income statement
   - C. Absorption costing income statement
   - D. Mixed costing income statement

7. Contribution margin is calculated by deducting ________ from sales revenue.
   - A. Total product costs
   - B. Total selling and administrative costs
   - C. Total fixed costs
   - D. Total variable costs

8. What is the economic batch quantity used to establish?
   - A. reorder quantity
   - C. order quantity
   - B. recorder level
   - D. inventory level for production.

9. Classifying costs based on how they respond to changes in activity is known as classification by:
   - A. Function
   - C. Type
   - B. Behaviour
   - D. Trend

10. One possible means of determining the difference between operating incomes for absorption costing and variable costing is by ________.
   - A. subtracting sales of the previous period from sales of this period
   - B. subtracting fixed manufacturing overhead in beginning inventory from fixed manufacturing overhead in ending inventory
   - C. multiplying the number of units produced by the budgeted fixed manufacturing cost rate
   - D. adding fixed manufacturing costs to the production-volume variance

SECTION B (Total: 50 Marks)

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

Question 1

Go Food Sdn. Bhd. (GFSB) is a distributor of a type of organic food and supplement. The company's director is planning the company's financial strategy for next year. He has compiled the following data sets for next year's operations.

Annual sales volume	400,000 boxes
Selling price per unit	RM12.80 / unit
Fixed cost	RM675,840
Variable cost: Supplement cost Sales and administration cost	 RM6.40/box 1.28/box

Required:

a) Calculate the contribution sales ratio.

(2 marks)

b) Calculate GFSB's break-even points (in units and in RM).

(4 marks)

c) How many units would GFSB have to sell to earn a net profit of RM200,000?

(4 marks)

d) Calculate GFSB's margin of safety (in units and in RM).

(4 marks)

e) After the data was collected, the new director realised that manufacturers had increased the supplement cost by 25% for the next year due to an increase in the price of a type of raw material for making supplements. Calculate the new break-even points in units.

(6 marks)

f) If the directors of the company intend to increase the annual sales volume to 500,000 boxes next year, how much is the net profit that the company can generate for that year?

(5 marks)

Question 2

Gemilang Sdn Bhd has skilled , semi-skilled and unskilled workers. They are paid as below:

Skilled workers	Hours worked. Normal working hours is 40 hours. Rate per hour is RM35. Overtime is paid at one and a half of the normal rate.
Semi-skilled workers	Unit produced with guaranteed minimum wages RM1,100. Rate for Product A is RM7 and RM6 for Product B

Below are the data for the four (4) workers of the company in the first week of September 2023.

Employee	Type	Hours worked	Units produced		Units rejected	
			Product A	Product B	Product A	Product B
Angeline	Skilled	48 hours	600	400	5	2
Ramona	Skilled	40 hours	500	200	8	6
Syahizi	Unskilled	40 hours	90	120	7	8
Hariz	Unskilled	38 hours	140	130	10	15

Required:

(a) Compute gross wages paid for each worker for the first week of September 2023.

(21 marks)

(b) State **TWO (2)** advantages of:

(i) Output based remuneration scheme

(ii) Time-based remuneration scheme

(4 marks)

SECTION C (Total: 30 Marks)

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

Question 1

Makmur Sdn Bhd (MSB) manufactures and sells a single product, ABC. MSB produce 950 units and their sales are at 900 units.

	RM
Selling price per unit	1,100
Variable costs per unit:	
- Direct Materials	450
- Direct Labour	200
- Manufacturing Overheads	150

Fixed overheads were as follows:

Fixed overheads:	Budgeted
- General and administration overheads	36,000
- Manufacturing overheads	90,000
- Selling and distribution overheads	45,000

Budgeted production for the month was 1,000 units. There were no opening stocks as at 1st March 2024.

Required:

Prepare a Statement of Comprehensive Income for the year ended 31st March 2024 using the following methods *(round up your answer to the nearest decimal places)*

(a) Absorption Costing

(10 marks)

(b) Marginal Costing

(10 marks)

(c) Contrast **FIVE (5)** differences between absorption costing and marginal costing.

(10 marks)

END OF QUESTION PAPER

Formula Sheet

Costing for Labour

Time work

Wages = Hours worked x Rate of pay per day

Total wages = (hours worked x basic rate of pay per hour) + (overtime hours worked x overtime premium per hour)

Piecework schemes

Wages = Units produced x Rate of pay per unit

Marginal & Absorption costing

Contribution per unit = Selling price – Variable costs per unit

Contribution (total) = Sales – Total variable costs

Cost Volume Profit relationship and Break Even Analysis

Break even point (in units)	=	Fixed Costs / Contribution per unit
Break even point (in RM sales)	=	Fixed Costs / C/S Ratio or P/V ratio
C/S Ratio or P/V ratio	=	Contribution / Sales = Contribution / Selling Price
Target Sales	=	Fixed Costs + Target Profit / Contribution per unit or C/S Ratio.
Profit	=	Margin of safety x C/S ratio
Margin of Safety *(in units)*	=	Sales units – Break even point units
Margin of Safety *(in RM sales)*	=	Sales units – Break even point units