CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2024 SEMESTER

COURSE CODE	:	EAB10603
COURSE NAME	:	MANAGEMENT ACCOUNTING 1
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	7 FEBRUARY 2025
TIME	:	3.00 PM – 6.00 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 FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

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

Question 1

(a) Explain the concept of relevant costs and how they are used in decision-making.

(4 marks)

(b) Discuss the importance of opportunity cost in decision-making.

(4 marks)

(c) Define the following cost concepts and provide an example for each:

i. Direct Costs
ii. Indirect Costs
iii. Product Costs

(4 marks)

(d) Differentiates between the three Product Costing Systems, which are Job Order, Hybrid Costing and Process Costing. Give an example for each Product Costing system.

(6 marks)

[20 marks]

Question 2

Smart Sdn Bhd produces a vitamin named SmartIdea. One of the main ingredients in this product is zinc. Each bottle of SmartIdea requires 320 grams of zinc and the monthly production of this vitamin is between 46,000 to 60,000 bottles. The supplier usually takes 1 to 2 months to deliver the zinc after placing an order.

Currently, the price of the zinc in the market is RM85 per kg. Cost of ordering the zinc is RM30 per order and carriage expense is RM750 per order. While, total of insurance, security and storage costs for the zinc are at 30% of the cost of the inventory.

Required:

Compute the following for zinc:

(a) Economic order quantity

(7 marks)

(b) Reorder level

(1 mark)

(c) Maximum stock level

(2 marks)

[10 marks]

Question 3

Rizki Sdn. Bhd. was organised on January 1 of the current year. After six months of start-up losses, management had expected to earn a profit during June. However, management was disappointed, when the income statement for June also showed a loss. June's income statement is as follows:

Rizki Sdn. Bhd.
Income Statement
For the Month Ended June 30

	RM	RM
Sales		530, 000
Less operating expenses:		
Direct labour cost	85, 000	
Raw materials purchased	220, 000	
Manufacturing overhead	96, 000	
Selling and administrative expenses	153, 000	554, 000
Net operating loss		**(24, 000)**

Inventory balances at the beginning and end of June were:

	June 1	June 30
Raw materials	RM 12, 000	RM 25, 000
Work in process	RM 31, 000	RM 40,000
Finished goods	RM 48, 000	RM 52, 000

Required:

(a) Prepare a schedule of cost of goods manufactured for June.

(9 marks)

(b) Prepare a new income statement for June.

(7 marks)

(c) Briefly explain **TWO (2)** differences between process costing and job costing system.

(4 marks)

[20 marks]

Question 4

The following data relate to Gardian Sdn Bhd, a new company:

Planned and actual production	320,000 units
Ending finished good inventory	25,000 units
Sales at RM50 per unit	330,000 units
<u>Manufacturing cost:</u>	
Variable	RM22 per unit
Fixed	RM840,000
<u>Selling and administrative costs:</u>	
Variable	RM13 per unit
Fixed	RM974,000

Required:

(a) Determine the number of units in the opening finished-goods inventory.

(2 marks)

(b) Calculate the cost of the ending finished-goods inventory under

i. Variable costing

ii. Absorption costing

(7 marks)

(c) Determine the company's variable-costing income.

(8 marks)

(d) Determine the company's absorption-costing income.

(8 marks)

[25 marks]

Question 5

The following data have been compiled for Kokoo Assembly department for the month of March. Conversion activities occur uniformly throughout the production process.

Work in process, March 1 – 20,000 units:	**RM**
Direct materials: 90% complete, cost of	60,000
Conversion: 50% complete, cost of	30,000
Balance in work in process	119,750
Units started during March	70,000
Units completed during June and transferred out	80,000
Unit in work in process, March 31 is 50,000 units	
Work in process, March 31:	
Direct material: 70% complete	
Conversion: 40% complete	
Costs incurred during March:	
Direct material	320,500
Conversion costs:	90,400

The company uses weighted-average method for the process costing to accumulate product costs.

Required:

(a) Determine the equivalent units.

(6 marks)

(b) Compute the cost per equivalent unit.

(7 marks)

(c) Determine the total cost of ending work in process inventory and the total cost of unit transferred to the packaging department.

(12 marks)

[25 marks]

END OF EXAMINATION PAPER