CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2024 SEMESTER

COURSE CODE	:	EAB21003
COURSE NAME	:	MANAGEMENT ACCOUNTING 2
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	8 FEBRUARY 2025
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

AdamHawa Restaurant is open 24 hours a day and serves breakfast, lunch, and dinner. The owner has determined that fixed costs are RM24,000 per month. Variable costs are estimated at RM9.60 per meal. The average total bill (excluding tax and tip) is RM12 per customer.

Required:

(a) Compute the break-even point in meals.

(4 marks)

(b) Compute the break-even volume in value.

(3 marks)

(c) Compute the number of meals that must be served if AdamHawa Restaurant wishes to earn a profit of RM6,000.

(5 marks)

(d) Assume that fixed costs increase to RM30,000. How many additional meals must be served if the restaurant wishes to earn the same profit?

(5 marks)

(e) State any **THREE (3)** assumptions of cost-volume-profits analysis.

(3 marks)

[20 marks]

Question 2

AidilFitri Sdn. Bhd. request you to prepare the cash budget for the company. The following information available to you.

1. Cash balance on 1 April is RM15,000.

2. Total sales for April and May are as follows:
   April RM55,000
   May RM45,000

   60% of the sales are expected to be in cash whilst the other 40% is on credit. The credit sales will be collected one (1) month after sales.

3. Purchases of materials will be made on credit. 50% of the credit purchases will be paid in the month of purchase and another 50% one month after the purchases. Estimated purchases are as follows:
   March RM20,000
   April RM23,000
   May RM30,000

4. Selling and administrative expenses are budgeted to be RM18,000 for April and May. From that amount 30% is depreciation cost.

5. Proceed from the sale of used equipment in May is RM2,000.

6. Rent is RM19,000 per month.

7. The company received a 5% dividend from unit trust investment of RM150,000 in April.

8. The company wishes to maintain a minimum cash balance of RM1,000 at the end of each month. The company borrows money from the bank at 10% interest if necessary to maintain this minimum cash balance. It is assumed that borrowed money in this case is for a period of one month.

Required:

(a) Prepare a cash budget for April and May.

(16 marks)

(b) Discuss **TWO (2)** purposes of preparing cash budget.

(4 marks)

[20 marks]

Question 3

Supermarket JayJay opened near a residential area around 12 months back. He has four departments, namely clothing, toiletries, wet market and dry foodstuffs. The financial statement prepared by the bookkeeper shows that the dry foodstuffs department has incurred a loss of RM8,000. Ahmad Albab is now considering shutting down the dry foodstuffs department due to the losses incurred.

The following information relates to the first 12 months of operations:

	Clothing	Toiletries	Wet Market	Dry Foodstuff
	RM	**RM**	**RM**	**RM**
Sales	20,000	65,000	52,000	60,000
Less: Total Cost	(18,000)	(42,000)	(25,000)	(68,000)
Net Profits / Loss	**2,000**	**23,000**	**27,000**	**(8,000)**

Total fixed costs amount to RM30,000 which is apportioned equally to the departments.

Required:

(a) Advise Supermarket JayJay whether the Dry Foodstuffs department should be dropped from the line departments.

(9 marks)

(b) Discuss **THREE (3)** factors that need to be considered before dropping the line department.

(6 marks)

(c) Short-term decisions are usually undertaken by lower-level managers, while strategic decisions are executed by top management. Short-term decision making is usually

focused on operational decision that normally covers a duration of usually one year or less. State **FIVE (5)** types of short-term decision making.

(5 marks)
[20 marks]

Question 4

Intelligent Berhad makes three main products using the same production methods and equipment for each product. A traditional costing method is used at present, although an activity-based costing (ABC) method is being considered. Details of the three products for a typical period are given below:

Product	Labour Hour/unit	Machine Hour/unit	Material/unit	Volumes
X	0.5 hours	1.5 hours	RM 20	750
Y	1.5 hours	1 hour	RM 12	1,250
Z	1 hour	3 hours	RM 25	7,000

Direct labour costs are RM6 per hour and production overheads are absorbed on a machine hour basis. The rate for the period is RM28 per machine hour. Further analysis shows that the total production overheads can be divided as follows:

Costs relating to set-ups	35%
Costs relating to machinery	20%
Costs relating to materials handling	15%
Costs relating to inspection	30%
Total production overhead	**100%**

The following activity volumes are associated with the product line for the period as a whole. Total activities for the period:

Product	Number of set-ups	Number of material handling	Number of inspections
X	75	12	150
Y	115	21	180
Z	480	87	670
	670	**120**	**1,000**

Required:

(a) Determine the cost per unit for each product using traditional costing method.

(5 marks)

(b) Determine the cost per unit for each product using activity-based costing method.

Note: Round - off all figures.

(15 marks)

[20 marks]

Question 5

EasyCarry Sdn. Bhd. manufactures travel luggage bags and has established a standard costing system in the production department. The analysis of variances is made every month for the purpose of control. During the month of December, the standard cost card for each bag is as follows:

	RM
Direct materials (5 kg at RM 5 per kg)	25
Direct labour (4 hours at RM 5 per hour)	20
Variable overheads (5 hours at RM 5 per hour)	25
Fixed overheads (5 hours at RM 5 per hour)	25
Standard cost per product	**95**

Budgeted Results:

Production	12,000 units
Sales	8,000 units
Selling Price	RM180 per unit

Actual Results:

Production	10,000 units
Sales	9,000 units
Materials	70,000 kgs at the cost of RM900,000
Labour	30,000 hours at the cost of RM150,000
Variable Overheads	30,000 hours at RM300,000

Fixed overheads	RM500,000
Selling Price	RM190 per unit

Required:

Calculate the following variances:

(a) Material Total Variances.

(5 marks)

(b) Labour Total Variances.

(5 marks)

(c) Variable Overheads Total Variances.

(5 marks)

(d) Fixed Overheads Total Variances.

(5 marks)

[20 marks]

END OF EXAMINATION PAPER