CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
FEBRUARY 2025 SEMESTER

COURSE CODE	:	EAP00604
COURSE NAME	:	INTRODUCTION TO MANAGEMENT ACCOUNTING
PROGRAMME NAME	:	FOUNDATION IN BUSINESS (FIB)
DATE	:	20 JUNE 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 **THREE (3) Sections; Section A, Section B and Section C**.
4. Answer **ALL** questions in **Section A, Section B and Section C**.
5. Please write your answers on the OMR answer sheet and 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 SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 10 marks)

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

1. Employees are remunerated base on working hours worked in the factory. This remuneration method is commonly used where the output is difficult to measure. Which of the following answers refer to above remuneration method statement?
   A. Incentives Schemes
   B. Time based system
   C. Output based system
   D. Commission based system

2. Amirah has worked for 42 hours per week. The normal working hours per week are 40 hours. The fixed hourly payment is RM7.00 and overtime is calculated at 1½ from hourly payment rate. Calculate total payment received by Amirah.
   A. RM294
   B. RM301
   C. RM280
   D. RM350

3. Overhead can be simply defined as total of all indirect cost which required in the production process. Which answer below cannot classify as indirect cost of production.
   A. Factory supervisor's salary
   B. Button for the manufacture of clothing
   C. Electricity charge to light up the factory
   D. Utilities expenses paid for management office

4. Explain the reason why over absorb or under absorb occurred in determining of overhead cost under overhead absorption rate.

   A. Overhead absorption rate is based on the estimates. Thus, there will be a difference between the estimated overhead absorbed and actual overhead incurred.

   B. Overhead absorption rate calculated various large number of overheads cost in a factory. Thus, the large number of overheads calculated will lead to over absorb or under absorb.

   C. Overhead absorption rate was calculated throughout various departments in the factory. Thus, calculation of overhead from variety number of departments contribute to overhead over absorb or under absorb.

   D. Overhead absorption rate was wrongly calculated which lead to occurrence of overhead over absorb or under absorb.

5. How fixed production cost is treated under marginal costing and absorption costing?

   A. Marginal costing treats fixed production cost as period costs, while absorption costing includes fixed production cost in product costs.

   B. Marginal costing includes fixed production cost in product costs, while absorption costing treats fixed production cost as period costs.

   C. Both marginal costing and absorption costing includes fixed production cost in product costs

   D. Both marginal costing and absorption costing treats fixed production cost as period costs.

6. Red Syrup enterprise is an energy drink manufacturer. Below is information given for the production for March 2025.

	RM
Direct material per unit	2.00
Direct labour per unit	1.00
Variable overhead per unit	0.60
Fixed overhead for the month	18,000
Production unit	10,000 units

Calculate product cost per unit using absorption costing.

A. RM5.40 B. RM3.00
C. RM3.60 D. RM6.10

7. Cost-Volume-Profit (CVP) analysis relies on several key assumptions. Below are assumptions in cost volume profit analysis, which of the statement is true?

i. Selling price is constant
ii. Variable cost per unit and total fixed costs are constant
iii. Relationships between cost and revenue is linear
iv. Efficiency and productivity remain constant

A. i, ii and iii
B. i, iii and iv
C. ii, iii and iv
D. All above

8. Kerepek Bonda Enterprise sells traditional chips such as "kerepek pisang" and distributed the product locally. Below are information's given for the month of January 2025:

	RM
Selling price per unit	8.00
Variable cost per unit	3.00
Fixed cost in total	RM10,000

Calculate break-even-point in unit for production.

A. 909 units B. 1,250 units
B. 2,000 units D. 3,334 units

9. "This type of budget is prepared to shows how many units of finished goods need to be produced in order fulfill demand for sales and units needs for finished goods inventory". What type of budget that this statement is refer to?

A. Sales budget
B. Cash budget
C. Production budget
D. Overhead budget

10. A budget is a quantitative plan that describes how a resource is obtained and used over a certain period. The following are the purposes for which a budget is made, **EXCEPT**:

A. As a tool for planning
B. As a tool for communication and coordination
C. As a tool for control and performance evaluation
D. As a tool to obtaining funds

SECTION B (Total: 60 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Coco Boco Sdn. Bhd. which produce chocolate powder product to be distributed to whole Malaysia peninsular. The following are information's given for month of March 2025 for its products:

Selling price	RM32.50
Variable cost of goods sold	RM14
Fixed cost of goods sold	RM125,000
Variable distribution cost	RM3.90
Variable selling cost	RM2.10
Fixed distribution cost	RM60,000
Fixed selling cost	RM35,000
Units sold	25,000 units

Required:

(a) Compute the contribution margin.

(6 marks)

(b) Compute the break-even point in units and Ringgit Malaysia (RM)

(8 marks)

(c) Compute the safety margin in unit and Ringgit Malaysia (RM)

(6 marks)

(d) Compute unit need to be sold to gain a profit of RM200,000.

(4 marks)

(e) Explain THREE (3) benefits of Cost-Volume-Profit Analysis.

(6 marks)

Question 2

Segari Enterprise sells a mineral water called "Segari Alam". The company uses water from natural resources as the product main ingredient. The expected yearly production of "Segari Alam" for the year 2024 is 1,860,000 bottles. A bottle of "Segari Alam" uses 1 liter of mineral water per bottle.

Total processing and manufacturing cost of the product incurred for that particular year was RM72,000. Segari Enterprise has incurred handling cost of its inventory at RM1,250. It takes between one to two months for the mineral water from natural resources to be processed until its ready to be manufactured. The monthly production of "Segari Alam" was between 100,000 to 120,000 bottles. Cost of material consumed during a period was RM422,760

Required:

(a) Calculate the following:

i. Economic Order Quantity (EOQ) using formula method (4 marks)
ii. Reorder Stock Level (ROL) (3 marks)
iii. Maximum Stock Level (5 marks)
iv. Minimum Stock Level (4 marks)
v. Average stock level (4 marks)
vi. Stock turnover ratio (5 marks)

(b) Stock valuations are divided into 3 methods. State each one of them.

(3 marks)

(c) Explain briefly the effect of stock valuations methods used on profitability.

(2 marks)

SECTION C (Total: 30 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Real Techno Sdn. Bhd. is a semi-conductor manufacturer which operated at Selangor. The company's main production is producing high tech microchip for local and export market. In the year 2024, the company produced 100,000 units of microchip and managed to sales 70,000 units to both local and export market.

	RM
Selling price per unit	55
variable cost:	
- Direct Materials	10
- Direct Labour	5
- Manufacturing Overheads	3
- Selling and administration	5
Fixed cost:	
- Selling and administration	850,000
- Manufacturing overheads	900,000

Additional Information:

1. Beginning inventory was 10,000 units of microchip.
2. The selling price of microchip and operating costs was unchanged throughout the year.

Required:

Prepare an Income Statement for the year ended 31st December 2024 using the following methods *(round up your answer to the nearest decimal places):*

(a) Absorption Costing

(13 marks)

(b) Marginal Costing

(13 marks)

(c) Prepare net profit reconciliation statement to show difference in the net profit under both methods.

(4 marks)

END OF EXAMINATION PAPER

Formula Sheet

Costing for Material

1. **Re-order level (ROL)**
   Maximum usage x maximum re-order period (ROP)

2. **Maximum stock level**
   Re-order level - (minimum usage x minimum re-order period) + re-order quantity

3. **Minimum stock level**
   Re-order level - (average. usage x average. re-order period)

4. **Average stock level**
   (Maximum stock level + Minimum stock level) / 2

5. **Stock turnover ratio**

$$\frac{\text{Cost of material consumed during a period.}}{\text{(maximum stock level + minimum stock level) / 2}}$$

6. **Economic Order Quantity (EOQ)**

$$EOQ = \sqrt{\frac{2\,CoD}{Cs}}$$

Marginal & Absorption costing

Contribution per unit = Selling price per unit – Variable costs per unit

Contribution (total) = 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 $ 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