CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2025 SEMESTER

COURSE CODE	:	EAB21003
COURSE NAME	:	MANAGEMENT ACCOUNTING 2
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	28 JUNE 2025
TIME	:	2.00 – 5.00 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 SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

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

Question 1

Super Corporation Bhd. 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 businesses are moving their file backups to secure online servers that can be accessed around the clock. Below is a summary of the data projections for this business:

	RM
Selling price per customer account	190
Direct supplies	46
Direct labour	16
Variable overhead	12
Variable selling expenses	10
Annual fixed overhead	390,000
Annual advertising	110,000
Annual administrative expenses	136,000

Sales manager has projected sales of customer accounts for the next year will be 13,000 units.

Required:

(a) Determine the annual breakeven point in units and value.

(2 marks)

(b) 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 RM190,800. 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 RM10 per account.

(6 marks)

(e) Determine the number of units that must be sold to break even if advertising costs increase by RM95,400.

(2 marks)

(f) Identify the number of units that must be sold to generate a targeted profit of RM240,000 if variable costs decrease by 10 percent and the selling price remain unchanged.

(4 marks)

[20 marks]

Question 2

QMS Berhad manufactures two products AN and IN. Product AN and IN used two types of material Z10 and Z20. The following projected data for the month of March 2025 are as follows:

	Product	
	AN	**IN**
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**	
	AN	**IN**	**Z10**	**Z20**
1 March	400	800	20,000	31,250
31 March	500	1,100	24,000	34,000

Additional information for each unit of product AN and IN is as follows:

		Product	
	Price / Rate	**AN**	**IN**
<u>Direct material:</u>			
Z10	RM6 per meter	24 meters	30 meters
Z20	RM8 per unit	10 units	8 units
<u>Direct wages:</u>			
Unskilled	RM5 per hour	10 hours	7 hours
Skilled	RM9 per hour	6 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 2025:

(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

Quantum Sdn. Bhd. manufactures four (4) products; WW, XX, YY and ZZ. The products use a series of different machines but there is a common machine, Q2, that causes a bottleneck.

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

	WW	XX	YY	ZZ
	RM	RM	RM	RM
Selling price	1,400	1,500	1,250	1,250
Cost:				
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 Q2 (minutes per unit)	55	60	50	35
Demand (units)	1,600	1,100	900	1,300

The available hours for machine Q2 are 3,600 hours for the next period.

Required:

(a) Determine the optimal production levels for the four (4) products above to maximise profitability.

(14 marks)

(b) Briefly suggest and explain **THREE (3)** approaches that Quantum Sdn. Bhd. may apply to overcome the limitations of machine Q2 and fulfil demand requirements.

(6 marks)

[20 marks]

Question 4

Systematic Sdn. Bhd. produces three products: MM, KK, and SS 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.

	MM	KK	SS
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
Total Cost	**RM1,900,000**

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

	MM	KK	SS	Total
Number of set-ups	100	130	120	**350**
Number of deliveries received	150	120	300	**570**
Number of orders despatched	200	180	250	**630**
Machine hours	2,000	2,500	2,200	**6,700**

Required:

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

(8 marks)

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

(12 marks)

[20 marks]

Question 5

PQR Company manufactures special electrical equipment and parts. PQR 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 departmental overhead. Standard costs for the special gadget are determined annually in September for the up coming year. The standard cost of a gadget has been computed at RM57.00 as shown below.

	RM
Direct materials (3 spools at RM3 per spool)	9
Direct labour (4 hours at RM7 per hour)	28
Variable overheads (4 hours at RM3 per hour)	12
Fixed overheads (4 hours at RM2 per hour)	8
Total Cost	**57**

Overhead rates were based on normal and expected monthly capacity, both of which were 4,000 direct labour hours. The 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 at RM3.08/spool
Direct labour: Regular time 2,000 hours at RM7.00 Overtime 1,400 hours at 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

You are required to determine the following variances:

(a) Material price variance.

(2 marks)

(b) Material usage variance.

(2 marks)

(c) Labour rate variance.

(4 marks)

(d) Labour efficiency variance.

(3 marks)

(e) Variable overhead expenditure variance.

(3 marks)

(f) Variable overhead efficiency variance.

(3 marks)

(g) Fixed overhead expenditure variance.

(3 marks)

[20 marks]

END OF EXAMINATION PAPER