



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

**FINAL EXAMINATION  
JULY 2025 SEMESTER**

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<b>COURSE CODE</b>	<b>: EAP 00604</b>
<b>COURSE NAME</b>	<b>: INTRODUCTION TO MANAGEMENT ACCOUNTING</b>
<b>PROGRAMME NAME</b>	<b>: FOUNDATION IN BUSINESS</b>
<b>DATE</b>	<b>: 15 DECEMBER 2025</b>
<b>TIME</b>	<b>: 9.00 AM – 12.00 PM</b>
<b>DURATION</b>	<b>: 3 HOURS</b>

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**INSTRUCTIONS TO CANDIDATES**

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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. Formulas have been appended for your reference.
  8. This question paper must not be removed from the examination hall.
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**THERE ARE 6 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.**

## SECTION A (Total: 20 marks).

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

1. Overhead are also known as \_\_\_\_\_.  
A. direct costs  
B. indirect costs  
C. fixed costs  
D. marginal costs
2. Which of the following is not an overhead expense?  
A. factory rent  
B. wages paid to production workers  
C. salary of factory supervisor  
D. depreciation on machinery
3. Which of the following is an example of factory overhead?  
A. salary of the production manager  
B. wages paid to production workers  
C. salary of a salesperson  
D. raw material costs
4. Which of the following is the most appropriate basis for apportioning depreciation costs of a factory across different production departments?  
A. floor space  
B. number of personnel  
C. value of buildings and equipment  
D. administration costs
5. Which of the following statements are true about marginal costing?  
A. In marginal costing, fixed costs are treated as product costs  
B. Marginal costing is not an independent system of costing  
C. The elements of cost in marginal costing are divided into fixed and variable components.  
D. Both B and C
6. The costing method where fixed factory overheads are added to inventory is called \_\_\_\_\_.  
A. activity-based costing  
B. absorption costing  
C. marginal costing  
D. all of the above
7. Fixed cost is also referred to as \_\_\_\_\_ in the marginal costing technique.  
A. total cost  
B. product cost  
C. period cost  
D. none of the above

8. Which of the following assumptions are made while calculating marginal cost?
- A. Total fixed cost is constant at all levels of output
  - B. Total variable cost varies according to the volume of output
  - C. All elements of cost can be divided into fixed and variable components
  - D. All of the above
9. Under marginal costing, the stock is valued at \_\_\_\_\_.
- A. total cost
  - B. fixed cost
  - C. variable cost
  - D. step cost
10. The profit at which total revenue is equal to the total cost is known as \_\_\_\_\_.
- A. margin of safety
  - B. break-even point
  - C. both A and B are correct
  - D. both A and B are incorrect
11. The cost that does not fluctuate based on the volume of the production is known as \_\_\_\_\_.
- A. variable cost
  - B. fixed cost
  - C. semi-variable cost
  - D. none of the above
12. If a company increases its selling price and variable cost per unit by the same amount, the break-even point in units will \_\_\_\_\_.
- A. increase
  - B. decrease
  - C. not change
  - D. change
13. The break-even point is the level of activity where,
- A. total revenue equals fixed costs
  - B. total revenue equals variable costs
  - C. total revenue equals total costs
  - D. total revenue equals total step costs
14. The contribution margin per unit is the difference between,
- A. selling price and fixed cost per unit
  - B. selling price and variable cost per unit
  - C. fixed cost and variable costs per unit
  - D. sales revenue and fixed costs

15. Which of the following would increase the break-even point in units?
- A. A decrease in the contribution margin per unit
  - B. An increase in the contribution margin per unit
  - C. A decrease in total fixed costs
  - D. An increase in the selling price
16. The budgeting process for a company is typically used to achieve which of the following?
- A. to focus on opportunities
  - B. to anticipate potential problems
  - C. to plan a better satisfy customers
  - D. all of the above
17. Which of the following budgets would not typically be part of the master budget?
- A. Cash budgets
  - B. Sales budget
  - C. Statement of financial position
  - D. Statement of profit and loss
18. Why is it important to accurately allocate and apportion overhead costs?
- A. To comply with tax regulations
  - B. To ensure fair pricing of products or services
  - C. To prevent financial fraud
  - D. To simplify the accounting process
19. Which of the following is an assumption of CVP analysis?
- A. Variable cost per unit remains constant
  - B. Fixed costs vary directly with sales volume
  - C. Selling price changes with volume
  - D. Efficiency improvements are continuous
20. If fixed costs increase while volume remains constant, the break-even point will \_\_\_\_.
- A. decrease
  - B. increase
  - C. remain unchanged
  - D. fluctuate unpredictably

SECTION B (Total: 50 marks).

**INSTRUCTION: Answer ALL questions.**

**Please use the answer booklet provided.**

**Question 1**

Take Two Sdn Bhd has two production departments and two service departments. The following budgeted figures for the year ended 31 December, 2024 were extracted from the records of the company.

Overheads	Totals	PRODUCTION DEPT		SERVICE DEPT	
		P1	P2	S1	S2
		RM	RM	RM	RM
Indirect materials	25,000	9,900	15,100	-	-
Indirect wages	6,860	1,260	4,200	600	800
Depreciation of machine	2,340				
Rent and rates	3,000				
Lighting and heating	5,000				
Canteen expense	<u>2,000</u>				
Total overheads	44,200				

	P1	P2	S1	S2
Cost of machinery (RM)	40,000	20,000	-	-
Floor area (square meter)	4,000	2,000	1,000	1,000
Number of employees	10	20	5	5
Machine hours	10,000	2,000	-	-
Direct labour hours	200	300	-	-
Direct wages (RM)	8,000	15,000	-	-

The re-apportionment of service departments overhead are as follows:

	P1	P2	S1	S2
S1	40%	50%		10%
S2	40%	60%		

Overheads are absorbed using machine hours in Department P1 and percentage of direct labour cost in Department P2.

**Required:**

- (a) Prepare the Overhead Analysis Sheet for the year ended 31<sup>st</sup> December 2024. Use repeated method for the re-apportionment of service department overheads. (15 marks)
- (b) Calculate the overhead absorption rate for each of the production departments. (5 marks)
- (c) Calculate the single absorption rate using the direct labour hours. (5 marks)

**Question 2**

Cortex Enterprise sells one product, Supercreme, a cream suitable for a variety of first aid uses. The company commenced operations earlier this year and expects to sell 100,000 tubes of Supercreme. The following information is available:

Selling price per tube	RM7.00
Direct material cost per tube	RM2.10
Direct labour cost per tube	RM1.35
Variable overhead cost per tube	RM0.75
Total fixed costs for the year	RM210,000

**Required:**

- (a) Calculate Break-even point (BEP) in tubes (unit) and sales revenue (RM)? (15 marks)
- (b) If the company targeted a profit of RM46,200 for the year, how many tubes of Supercreme must be sold? (5 marks)
- (c) Calculate margin of safety for Cortex Enterprise. (5 marks)

**SECTION C (Total: 30 marks).****INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 1**

Cendana Sdn Bhd has been operating for a few years manufacturing and selling a household product named Adabi. Last year, new accountant joined the company and he suggested that a financial statement be prepared based on marginal costing which will help the company in its short-term decision-making process. The following are the projects for a budgeted production and sales for the year 2024.

	<b>RM</b>
Selling price per unit	45
<b>Production cost:</b>	
Variable	18
Fixed	200,000
<b>Selling and distribution cost:</b>	
Variable	9
Fixed	300,000

The normal annual activity level for the company is 40,000 units. The fixed costs are assumed to incur evenly throughout the year and absorbed into the products based on units produced. There were 10,000 units of Adabi at the end of the year of 2023. In the year 2024, 55,000 units were produced and 40,000 units were sold.

**Required:**

- (a) Prepare Statement of profit loss for the year 2024 using marginal and absorption costing approaches. (25 marks)
- (b) Reconcile the profit from both approaches. (5 marks)

**END OF EXAMINATION PAPER**

## Formula Sheet

### Overhead Cost

#### Cost Apportionment

$$\text{Overhead cost} \times \frac{\text{Basis of apportionment in selected PCC and SCC}}{\text{Total Basis of apportionment in PCC and SCC}}$$

#### Units of output

$$\frac{\text{Total Estimated Overhead of Cost Centre}}{\text{Total Units of Production Cost Centre}}$$

#### Percentage of direct labour cost

$$\frac{\text{Total Estimated Overhead of Cost Centre}}{\text{Total Direct Labour Cost of Cost Centre}} \times 100 \%$$

#### Percentage of direct material cost

$$\frac{\text{Total Estimated Overhead of Cost Centre}}{\text{Total Direct Material Cost of Cost Centre}} \times 100\%$$

#### Percentage of prime cost

$$\frac{\text{Total Estimated Overhead of Cost Centre}}{\text{Total Prime Cost of Cost Centre}} \times 100\%$$

#### Direct labour hour

$$\frac{\text{Total Estimated Overhead of Cost Centre}}{\text{Total Direct Labour Hours of Cost Centre}}$$

#### Machine hour

$$\frac{\text{Total Estimated Overhead of Cost Centre}}{\text{Total Machine Hours of Cost Centre}}$$

#### Calculate the Overhead Absorption Rate (OAR)

$$\frac{\text{Total estimated overhead of cost centre}}{\text{Total estimated number units of basis of absorption used}}$$

### Cost Volume Profit relationship and Break Even Analysis

Formula for Break even point using Contribution margin method is:

$$= \frac{\text{Total fixed cost}}{\text{Contribution margin per unit}}$$

Formula for Break even point using Contribution margin method with targeted profit:

$$= \frac{\text{Total fixed cost} + \text{targeted profit}}{\text{Contribution margin per unit}}$$

Target profit in units

$$= \frac{\text{Total fixed costs} + \text{Target profit}}{\text{Contribution per unit}}$$

Formula for safety margin are:

$$\text{Safety margin (RM)} = \text{Actual sales (RM)} - \text{Sales at BEP (RM)}$$

$$\text{Safety margin (Units)} = \text{Actual sales (unit)} - \text{Sales at BEP (unit)}$$

$$\text{Safety margin (\%)} = \frac{\text{Safety margin (RM)}}{\text{Actual sales (unit)}}$$

### **Marginal & Absorption costing**

$$\text{Contribution per unit} = \text{Selling price} - \text{Variable costs per unit}$$

$$\text{Contribution (total)} = \text{Sales} - \text{Total variable costs}$$

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