



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2025 SEMESTER**

COURSE CODE : EAB21003
COURSE NAME : MANAGEMENT ACCOUNTING 2
PROGRAMME NAME : BACHELOR IN ACCOUNTING (HONS)
DATE : 31 JANUARY 2026
TIME : 2:00PM – 5:00PM
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

Global Furniture (Global) plans to supply tables and chairs to all the secondary schools in Rawang, Selangor. In order to be competitive, Global sets the selling price at RM80 for each set of table and chair. Global's costing officer estimated the following costs to produce the tables and chairs:

Cost components	Quantity
Labour	4 staff with the salary of RM2,000 per month
Production units (maximum)	1,000 sets of tables and chairs per month
Maintenance of the factory	RM1,000 per month
Average utility cost	RM800 per month
Average variable cost	RM45 per table and chair per month

Required:

- (a) Calculate the break-even point in units and monetary value. (4 marks)
- (b) Determine the margin of safety at the estimated sales volume. (4 marks)
- (c) Compute the average material cost if the break-even point is 350 units. (3 marks)
- (d) If Global wants to earn a monthly profit of RM3,500, calculate how many sets of tables and chairs must be supplied to the schools. (2 marks)

- (e) One school has shown interest in buying 600 sets at RM70. Another school offers to buy 700 sets at RM60 to be delivered in the same month. However, Global cannot accept both offers to be delivered in the same month because of its production capacity constraints. Calculate which one of the two offers Global should accept.

(7 marks)

[20 marks]**Question 2**

A cash budget is a vital financial planning tool that assists management in forecasting cash inflows and outflows over a specific period to ensure sufficient liquidity for business operations.

- (a) Based on the following data, you are required to prepare a cash budget for the month of March for Avenue Supply.

- The cash balance at 1st March was estimated to be RM 100,000.
- Actual sales of January and February and budgeted sales for March are as follows:

	January (RM)	February (RM)	March (RM)
Cash sales	132,000	124,000	140,000
Credit sales	240,000	320,000	400,000
Total sales	372,000	444,000	540,000

- Credit sales are collected over a two-month period. With 80% being collected in the first month and the remainder being collected in the second month.
- Inventory purchased are expected to be RM400,000 in March. The company pays for inventory purchases in the next month from the month of purchase. The balance of February's purchases is RM500,000.
- Selling and administrative expenses are budgeted to be RM36,000 for March. Of that amount, 30% is depreciation.

6. Two motorcars costing RM100,000 will be purchased in March by cash.

(14 marks)

(b) If Avenue Supply needs to maintain its minimum opening cash balance of RM20,000 at all times, calculate how much is the deficit/surplus balance in the cash budget for the month of March.

(2 marks)

(c) Propose **TWO (2)** ways of how Avenue Supply would deal with and overcome the deficit/surplus balance calculated in (b) above.

(4 marks)

[20 marks]

Question 3

Leisure Super-Mart opened a medium sized department store near a residential area 12 months back. It 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. The management of Leisure Super-Mart 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 of RM30,000 has been apportioned equally to the departments.

Required:

(a) Advise Leisure Super-Mart whether the Dry Foodstuffs department should be eliminated from the line departments.

(9 marks)

- (b) Discuss **THREE (3)** factors that need to be considered before eliminating the line department, in (a) above.

(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 problems 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 problems.

(5 marks)

[20 marks]**Question 4**

Smart Galaxy Berhad makes three main products, P, Q and R, 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 period of three months are given below:

Product	Labour Hour/unit	Machine Hour/unit	Material/unit	Volume
P	0.5 hours	1.5 hours	RM 20	750
Q	1.5 hours	1 hour	RM 12	1,250
R	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:

Product	Number of set-ups	Number of material handling	Number of inspections
P	75	12	150
Q	115	21	180
R	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.
Round off all figures.
(15 marks)
[20 marks]

Question 5

Comfort Fly 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 RM5 per kg)	25
Direct labour (4 hours at RM5 per hour)	20
Variable overheads (5 hours at RM5 per hour)	25
Fixed overheads (5 hours at RM5 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 variance. (5 marks)
- (b) Labour total variance. (5 marks)
- (c) Variable overheads total variance. (5 marks)
- (d) Fixed overheads total variance. (5 marks)
- [20 marks]**

END OF EXAMINATION PAPER