CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
Malaysian Institute of Marine Engineering Technology

FINAL EXAMINATION
JANUARY 2016 SEMESTER

COURSE CODE	:	LGB 20203
COURSE NAME	:	MANAGEMENT ACCOUNTING AND FINANCE
PROGRAMME NAME	:	BACHELOR OF MARITIME OPERATION
DATE	:	25 MAY 2016
TIME	:	08.00 AM – 11.00 AM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please CAREFULLY read the instructions given in the question paper.
2. This question paper is printed on both sides of the paper.
3. Please write your answers on the answer booklet provided.
4. Answer should be written in blue or black ink except for sketching, graphic and illustration.
5. This question paper consists of SIX (6) questions. Answer FOUR (4) questions only.
6. Answer all questions in English.
7. Formula booklet is appended for your reference

THERE ARE TWELVE (12) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

INSTRUCTION: Answer only FOUR (4) questions.
Please use the answer booklet provided.

Question 1

The manager of MIMET Lines Sdn Bhd has appointed you to prepare his account. You have been given the following trial balance as at 31 December 2015:

Items	*Dr* (RM)	*Cr* (RM)
Purchases	75,000	
Sales		146,000
Stock at 1 January 2015	10,000	
Investment at cost	15,000	
Water and Electricity expenses	20,000	
Commission received		1,500
Rental income		2,500
Insurance expenses	1,500	
Other expenses	11,800	
Marketing expenses	15,000	
Salary and wages	12,000	
EPF and SOCSO	1,800	
Travelling expenses	4,000	
Repair expenses	2,500	
Petrol and toll expenses	1,000	
Donation	2,000	
Computers at cost	8,000	
Furniture at cost	15,000	
Trade debtors	21,000	
Trade creditors		12,100
Rental expenses	2,000	
Bank	30,000	
Cash	2,500	
Retained earning		48,000
Capital		50,000
Drawings	10,000	
Total	**260,100**	**260,100**

Additional information:

i) Stock at 31 December 2015: RM8,000.

ii) Company assets are to be depreciated at the following rates:

Computers - 10% per annum on cost.
Furniture - 20% per annum on cost.

iii) At the end of the year, the company still owes Safe Guard Sdn Bhd on security expenses for RM5,000.

iv) At 31 December 2015, there was a specific bad debt of RM3,000 which should be written off from the trade debtors. The provision for doubtful debts is to be set at 10% of trade debtors as at the end of the year.

Required to prepare the following:

(a) A Statement of Comprehensive Income (Trading and Profit and Loss Account) for the year ended 31 December 2015.

(13 marks)

(b) A Statement of Financial Position (Balance Sheet) as at 31 December 2015.

(10 marks)

(c) What is meant by the concept of 'limited liability'?

(2 marks)

Question 2

The company financial statement should be presented in the Finance Committee Meeting every year. You are required to assist the account assistant to take up some adjustment before finalizing the account. The following balances have been extracted from the books of Mari Marine Berhad for the year to 31 December 2014:

Items	*Dr* (RM)	*Cr* (RM)
Sales		800,000
Purchases	372,800	
Opening stock	80,000	
Debtors	94,400	
Creditors		171,000
Directors remuneration	30,000	
Machinery: At cost	880,000	
Vehicles: At cost	36,000	
Advertising expenses	4,000	
Haulage expenses	6,000	
Bank charges paid	4,000	
Electricity	21,000	
Water	5,500	
Miscellaneous expenses	200	
Investment income		2,000
Rental income		6,000
Other income		36,000
Cash in hand	10,000	
Preferences shares cumulative at 10% shares of RM1 each		150,000
Profit and loss account at 1January 2014		377,000
Bank	189,100	
Repair expenses	4,000	
Investments at cost	130,000	
Share capital authorized, issued and fully paid ordinary shares of RM1 each		500,000
Share premium account		25,000
Salaries and Wages	200,000	
Total	**2,067,000**	**2,067,000**

Additional information:

i) Closing stock was valued at RM125,000.
ii) Depreciation for the year is 10% on machinery and 20% for vehicles.
iii) A provision of RM8,000 is required for the auditor's remuneration.
iv) Including in the repairs expenses was an advance amounted to RM1,000.
v) Corporate Tax owing at 31 December 2014 is estimated to be RM78,000.
vi) The directors propose an ordinary dividend of RM0.05sen per share and preference dividend amounted to RM5,000.

Required to prepare:

(a) Mari Marine Berhad's Statement of Comprehensive Income (Trading, Profit & Loss Account) for the year to 31 December 2014.
(13 marks)

(b) Mari Marine Berhad's Statement of Financial Position (Balance Sheet) for the year to 31 December 2014.
(12 marks)

Question 3

The following questions are pertaining to other entity account

The following balances have been extracted from the books of Nautika Manufacturing Sdn Bhd as at 31 December 2015:

	RM000
Factory equipment: at cost	360
Direct labour	56
Heat and light (factory 3/4 ; general 1/4)	60
Rent and rates (factory 2/3 ; general 1/3)	21
Lubricant (factory -100%)	3
General factory expenses	14
Purchases of raw materials	140
Stocks at 1 January 2015 :	
Work-in-progress	13
Raw material	12

Additional information:

i) Stocks at 31st December 2015: RM*000*

Raw material	10
Work-in-progress	13

ii) The factory equipment is to be depreciated at a rate of 15 per cent per annum on cost.

Required:

(a) Prepare the Nautica Manufacturing Sdn Bhd 's account for the year to 31 December 2015.

(15 marks)

The following information is related to standard costing Naval Equip Sdn Bhd for the year 31 July 2010.

Descriptions	Total
Budgeted production	500 units
Standard hours per unit	10
Actual production	600 units
Budgeted fixed overhead	RM125000
Actual fixed overhead	RM120000
Actual hours worked	4900

(b) Calculate the following variances and state whether it is favorable or adverse.

i) Total

(4 marks)

ii) Expenditures

(3 marks)

iii) Volume

(3 marks)

Question 4

The following questions are pertaining to capital investment and decision making.

a) Bread Pit Berhad has some spare capacity. It is now considering whether it should accept a special contract to use some of the spare capacity. However, this contract will use some specialist direct labour that is in short supply. The following details relate to the proposed contract:

	RM'000
Contract price	50
Variable costs:	
Direct materials	10
Direct labour	30

In order to complete the contract, 4000 direct labour hours would be required. The company's budget for the year during which the contract would be undertaken is as follows:

	RM'000
Sales	750
Variable costs	(500)
Contribution	250
Fixed costs	(230)
Profit	20

There would be 50 000 direct labour hours available during the year.

Required to:

(i) Calculate the budgeted per unit of limiting factor for direct labour hours

(10 marks)

(ii) Based on the above result determine whether the special contract should be accepted.

(5 marks)

b) Gagah Perkasa Berhad has investigated the possibility of investing in a new machine. The following data have been extracted from the report relating to the project:

Cost of machine on 1 January Year 6	RM500000.
Life	Four years to 31 December Year 9.
Estimated scrap value	Nil.
Depreciation method	Straight-line.

Year	*Accounting profit after tax* *RM000*	*Net cash flows* *RM000*
6	100	50 (excluding the initial cost)
7	250	200
8	250	225
9	200	225
10	–	100

The company's required rate of return is 15%.

Required:

Calculate the return the machine would make using the following investment appraisal methods:

(a) payback

(b) net present value

(10 marks)

Question 5

The following question is related to the Decision Making.

Jie Hio Manufacturing Berhad has been asked to quote a price for a special contract. The details are as follows:

i) The specification required a quotation for 150,000 units.
ii) The direct costs per unit for the order would be as follows :
  - materials RM5,
  - labor RM9,
  - distribution RM15.
iii) Additional production and non-production overhead would amount to RM600,000, However if the orders was for less than 100,000 units , RM50 000 could be saved .
iv) Jie Hio Manufacturing Berhad's normal profit margin is 20 per cent of total cost.

Required:

(a) Calculate the selling price of the special contract if the order was for

  i. 120,000 units
  ii. 150,000 units.

(7 marks)

(a) From the calculation above, recommend a minimum selling price and negotiation price by referring to the result of its profit margin.

(3 Marks)

The following information is related to the contribution analysis for Be Good Industries Sdn Bhd for the year to 31 December 2011.

	RM'000
Administration expenses:	
Fixed	20
Variable	6
Semi-variable (fixed 80%, variable 20%)	30
Selling and distribution expenditure:	
Fixed	80
Variable	5
Semi-variable (fixed 70%, variable 30%)	40
Research and development expenditure:	
Fixed	60
Variable	15
Semi-variable (fixed 50%, variable 50%)	20
Materials:	
Direct	70
Indirect	5
Production overhead (all fixed)	40
Wages:	
Direct	23
Indirect	13
Sales	510

Required:

(b) Using the above information, compile a contribution analysis statement for Be Good Sdn Bhd for the year to 31 December 2014.

(15 marks)

Question 6

(a) This is related to the functional budget for a Limited Company.

MIMET NAUTICAL Sdn Bhd has extracted the following budgeting details for the year to 31 December 2011:

1 Sales: 4000 units of S at RM500 per unit
7000 units of R at RM300 per unit

2 Materials usage (units):

	Raw material		
	B1	B2	B3
S	11	9	12
R	15	1	10

3 Raw material costs (per unit):

	RM
B1	8
B2	6
B3	3

4 Raw material stocks:

	Units		
	B1	B2	B3
At 1 Jan 2011	1300	1400	400
At 31 December 2011	1400	1000	200

5 Finished stocks:

	Units	
	S	R
At 1 January 2011	110	90
At 31 December 2011	120	150

6 Direct labour:

	Product	
	<u>S</u>	<u>R</u>
Budgeted hours per unit	10	8
Budgeted hourly rate (RM)	12	6

7 Variable overhead:

	Product	
	<u>S</u>	<u>R</u>
Budgeted hourly rate (RM)	10	5

8 Fixed overhead: RM193 160 (to be absorbed on the basis of direct labour hours).

Required to prepare

(a) The following budgets:

i. sales; (2 marks)

ii. Production units; (3 marks)

iii. materials usage; (3 marks)

iv. materials purchase; and (5 marks)

v. production cost (7 marks)

(b) Calculate the total budgeted profit for the year to 31 December 2011. (5 marks)

END OF QUESTIONS

FORMULAS:

1. Cost of goods sold = (Opening Stock + Purchases) – Closing Stock

2. Annual Depreciation = $\dfrac{\text{Original Cost of Assets - Estimated Residual Value}}{\text{Estimated Life of the Asset}}$

3. Accruals = (Amount paid during the year + Closing Accruals) – Opening Accruals

4. Prepayments = (Amount paid during the year + Opening Prepayments) – Closing Prepayments

5. Direct labour **total** variance = (Actual hourly rate x actual hours) – (standard hourly rate x standard hours for actual production)

6. Direct labour **rate** variance = (Actual hourly rate – standard hourly rate) × actual hours

7. Direct labour **efficiency** variance = (Actual hours worked – standard hours for actual production) × standard hourly rate

8. Direct materials **total** variance = (actual cost per unit x actual quantity used) – (standard cost per unit x standard quantity for actual production)

9. Direct materials **price** variance = (actual cost per unit – standard cost per unit) x total actual quantity used

10. Direct materials **usage** variance = (total actual quantity used – standard quantity for actual production) x standard cost

11. NPV= Net Present Value

12. Total Variable Cost =Direct Materials + Direct Labour + Variables Overhead

END

Present value of £1 received after *n* years discounted at *i* %

i / *n*	1	2	3	4	5	6	7	8	9	10
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091
2	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513
4	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830
5	0.9515	0.9057	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209
6	0.9420	0.8880	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645

i / *n*	11	12	13	14	15	16	17	18	19	20
1	0.9009	0.8929	0.8850	0.8772	0.8696	0.8621	0.8547	0.8475	0.8403	0.8333
2	0.8116	0.7929	0.7831	0.7695	0.7561	0.7432	0.7305	0.7182	0.7062	0.6944
3	0.7312	0.7118	0.6931	0.6750	0.6575	0.6407	0.6244	0.6086	0.5934	0.5787
4	0.6587	0.6355	0.6133	0.5921	0.5718	0.5523	0.5337	0.5158	0.4987	0.4823
5	0.5935	0.5674	0.5428	0.5194	0.4972	0.4761	0.4561	0.4371	0.4190	0.4019
6	0.5346	0.5066	0.4803	0.4556	0.4323	0.4104	0.3898	0.3704	0.3521	0.3349