CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF MARINE ENGINEERING TECHNOLOGY

FINAL EXAMINATION
SEPTEMBER 2016 SEMESTER

COURSE CODE	:	LGB 20203
COURSE NAME	:	MANAGEMENT ACCOUNTING AND FINANCE
PROGRAMME NAME (FOR MPU: PROGRAMME LEVEL)	:	BACHELOR OF MARITIME OPERATION
DATE	:	18 JANUARY 2017
TIME	:	09.00 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 six (6) questions
4. Answer FOUR (4) questions ONLY.
5. Please write your answers on the answer booklet provided.
6. Answer all questions in English language ONLY.
7. Discount Table and Formula have been appended for your reference.

THERE ARE 12 PAGES OF QUESTIONS, INCLUDING THIS PAGE.

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

Question 1

The Chief Financial Officer (CFO) of MIMET Global Services Sdn Bhd has appointed you to prepare the account and take up the necessary adjustments before finalized the year end closing. You have been given the following trial balance as at 31st December 2015:

Items	*Dr (RM)*	*Cr (RM)*
Computers at cost	8,000	
Furniture at cost	15,000	
Purchases	75,000	
Sales		250,000
Opening stocks	10,000	
Investment at cost	15,000	
Water and electricity expenses	20,000	
Commission received		1,500
Rental income		2,500
Summons	1,500	
Other expenses	11,000	
Insurance expenses	15,000	
Salary and wages	12,000	
EPF and SOCSO	1,800	
Travelling expenses	3,000	
Repair expenses	2,500	
Petrol and toll expenses	1,000	
Donation	2,000	
Debtors	125,000	
Creditors		8,000
Rental expenses	2,000	
Bank	30,000	
Cash	2,500	
Other creditors		2,100
Bank charges	1,000	
Stationery	800	
Owing to director		2,000
Retained earning		48,000
Capital		50,000
Drawings	10,000	
Total	**364,100**	**364,100**

Additional information:

i) Stocks at 31st 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 forRM5,000.

iv) At 31st December 2015, there was a specific bad debt of RM30,000 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 construct the following:

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

(14 marks)

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

(11 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 as required by your manager. The following balances have been extracted from the books of Pilot Marine Berhad for the year to 31st December 2015:

Items	***Dr* (RM)**	***Cr* (RM)**
Sales		850,000
Purchases	272,800	
Opening stock	80,000	
Debtors	224,400	
Creditors		404,000
Directors remuneration	30,000	
Machinery: At cost	800,000	
Vehicles: At cost	136,000	
Advertising expenses	4,000	
Haulage expenses	6,000	
Bank charges	4,000	
Electricity	21,000	
Water	5,500	
Miscellaneous expenses	1,200	
Investment income		20,000
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 1st January 2014		344,000
Bank	406,100	
Repair expenses	4,000	
Investments at cost	230,000	
Share capital authorized, issued and fully paid ordinary shares of RM1 each		600,000
Share premium account		25,000
Salaries and Wages	200,000	
Total	**2,435,000**	**2,435,000**

Additional information:

i) Closing stocks 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 ofRM1,000.
v) Corporate Tax owing at 31st December 2015 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 construct :

(a) Pilot Marine Berhad's Statement of Comprehensive Income (Trading, Profit & Loss Account) for the year to 31st December 2015.

(13 marks)

(b) Pilot Marine Berhad's Statement of Financial Position (Balance Sheet) for the year to 31st December 2015.

(12 marks)

Question 3

The following questions are pertaining to other entity account

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

Expenditure	**RM'000**
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 1st January2015 :	
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.

(a) Required to :

i) Prepare the Kelautan Marine Manufacturing Sdn Bhd account for the year to 31st December 2015.

(10 marks)

ii) What is Manufacturing Account?

(2 marks)

iii) What is meant by the term 'prime cost'?

(2 marks)

iv) To which account is the 'market value of goods produced' transferred?

(1 marks)

The following information is related to Standard Costing Naval Equip Sdn Bhd for the year 31st July 2010.

Descriptions	Total
Budgeted production	500 units
Standard hours per unit	10
Actual production	600 units
Budgeted fixed overhead	RM 125 000
Actual fixed overhead	RM 120 000
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 question is pertaining to Direct Costing.

Lofattah Food Manufacturing Sdn Bhd is a small manufacturing company. During the year to 31st December 2009 it has taken into stock and issued to production the following items of raw material, known as Tepung R :

Date 2009	*Receipts into stock*			*Issues to production*
	Quantity (litres) RM	*Price per unit* RM	*Total value*	*Quantity (litres)*
January	200	2.00	400	
February				100
April	500	3.00	1500	
May				300
June	800	4.00	3200	
July				400
October	700	5.00	3500	
December				1300

Notes:
Note: There were no opening stocks of raw materials Tepung R.

Required:

(a) Illustrate the following methods of pricing the issue of materials to production:

i) First-In, First-Out (FIFO)

(3 marks)

ii) Continuous Weighted Average.(CWA)

(12 marks)

The following question are pertaining to Capital Investment .

Sungai Perak 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	RM500 000.
Life	Four years to 31st 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 12 %.

Required:

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

i) payback (5.5 marks)

ii) net present value (4.5 marks)

Question 5

The following question is related to the Decision Making.

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

i) The specification required a quotation for 120,000 units.
ii) The direct costs per unit for the order would be: materials RM4, labor RM10, distribution RM15.
iii) Additional production and non-production overhead would amount to RM600,000, although RM100 000 could be saved if the order was for less than 100,000 units.
iv) Sungkai Berhad 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)

(b) 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 question is related to the Contribution Analysis.

Suriharta Berhad would like to increase its sales during the year to 3l Mac 2009. To do so, it has several mutually exclusive options open to it:

No of Option	OPTIONS
1st	reduce the selling price per unit by 15 per cent;
2nd	improve the product resulting in an increase in the variable cost per unit of RM l.30;
3rd	spend RM15,000 on an advertising campaign;
4th	improve factory efficiency by purchasing more machinery at a fixed extra annual cost of RM22,500.

During the year to 31st Mac 2008, the company sold 20 000 units. The cost details were as follows:

	RM'000
Sales	200
Variables Costs	150
Contribution	50
Fixed Costs	40
Profit	10

These cost relationships are expected to hold in 2009.

Required:

(c) State which option you would recommend and why.

(15 marks)

Question 6

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

The following information has been prepared for The Lavender Tulips Industries Sdn Bhd for the six months to 30 September 2008. The company is selling a product by the name of Warda Coffee.

Budgeted production levels for Warda Coffee

	April	May	June	July	August	September
Units	140	280	700	380	300	240

Warda Coffee uses two units of component LB and three units of component BC. At 1st April 2008 there were expected to be 100 units of LB in stock, and 200 units of BC.

The desired closing stock levels of each component were as follows:

Month end 2008	*LB (units)*	*BC (units)*
30 April	110	250
31 May	220	630
30 June	560	340
31 July	300	300
31 August	240	200
30 September	200	180

During the six months to 30 September 2008, component LB was expected to be purchased at a cost of RM5 per unit, and component BC at a cost of RM10 per unit.

Required:

Prepare the following budgets for each of the six months to 30th September 2008:

(a) Direct materials usage budget;

(6 marks)

(b) Direct materials purchase budget.

(19 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

ADDITIONAL FORMULA :

13 **Fixed Overhead <u>Total</u>** variance

= *(actual production x standard hours per unit)* **x** *{(budgeted fixed overhead) /*

(budgeted production x standard hours per unit)}

OR

Fixed Overhead <u>Total</u> Variance = expenditure + volume

14 **Fixed Overhead <u>Expenditure</u>** Variance

= *actual fixed overhead – budgeted fixed expenditure*

15 **Fixed Overhead <u>Volume</u>** Variance

= *budgeted fixed overhead – {(standard hours for actual production)* **x**
(budgeted production x standard hours per unit)}

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