UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF MARINE ENGINEERING TECHNOLOGY

FINAL EXAMINATION
JANUARY 2017 SEMESTER

COURSE CODE	: LGB20203
COURSE NAME	: MANAGEMENT ACCOUNTING & FINANCE
PROGRAMME NAME (FOR MPU: PROGRAMME LEVEL)	: BACHELOR OF MARITIME OPERATIONS (HONS)
DATE	: 05/07/2017 WED
TIME	: 9.00 AM - 12.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read CAREFULLY the instructions given in the question paper.
2. This question paper has information printed on both sides.
3. This question paper consists of FIVE (5) questions. Answer FOUR (4) questions only.
4. Please write yours answers on the answer booklet provided.
5. Write your answers only in BLACK or BLUE ink.
6. Answer all questions in English.

THERE ARE 12 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

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

Question 1

You are the Accountant for Nerano Transport Sdn Bhd . As at 31st December 2015, you are responsible to prepare the account and take up the necessary adjustments before finalized the year end closing. The following is the trial balance as at 31st December 2015:

	Dr (RM)	*Cr (RM)*
IT Equipment, at cost	9,000	
Depreciation (at 1st January 2015): IT Equipment		3,600
Capital		20,000
Drawings	10,000	
Investment at cost	15,000	
Water and Electricity	2,000	
Interest received		500
Rental income		500
Dividend received		500
Insurance	1,500	
Motor Vehicle, at cost	15,000	
Miscellaneous expenses	11,800	
Quit rent	3,400	
Salary and wages	12,000	
EPF and Socso	1,200	
Travelling Expenses	250	
Repair and Maintenance	2,430	
Petrol and toll expenses	220	
Staff Annual Dinner expenses	2,000	
Provision for bad and doubtful debts(at 1st January 2015)		1,200
Trade debtors	21, 000	
Purchases	80,000	
Sales		150,000
Rental	2,000	
Bank Overdraft		3,500
Stock (at 1 January 2015)	10, 000	
Trade creditors		20,500
Cash	1,500	
Total	**200,300**	**200,300**

Additional information:

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

ii) At 31st December 2015, there was a specific bad debt of RM2500. This was to be written off.

iii) IT Equipment is to be depreciated at a rate of 10% per annum on cost and motor vehicle is to be depreciated at 20% per annum on cost.

iv) At 31st December 2015, Nerano Transport Sdn Bhd owes the Tenaga Nasional Berhad for RM300, and RM200 had been paid in advance for insurance.

v) The provision for bad and 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.

(15 marks)

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

(10 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 Toho Heavy Industries Berhad for the year to 31st December 2014:

Items	*Dr (RM)*	*Cr(RM)*
Sales		950,000
Purchases	522,800	
Debtors	194,400	
Creditors		166,000
Directors remuneration	3,000	
Buildings: At cost Accumulated depreciation at 1st January 2014	1,030,000	 159,000
Bank interest paid	3,200	
Investment income		4,000
Vehicles: At cost Accumulated depreciation at 1st January 2014	36,000	 18,000
Preference dividend paid	15,000	
Preferences shares cumulative at 10% shares of RM1 each		150,000
Profit and loss account at 1st January 2014		100,000
Bank	12,600	
Repair and Maintenance	4,000	
Investments at cost	30,000	
Share capital authorized, issued and fully paid ordinary shares of RM1 each		500,000
Share premium account		25,000
Salaries and Wages	221,000	
Total	**2,072,000**	**2,072,000**

Additional information:

i) Stock at 31st December 2014 was valued at RM125,000.
ii) Depreciation for the year is 5% on buildings and 15% for vehicles.
iii) A provision of RM7,800 is required for the auditor's remuneration
iv) Repairs paid in advance amounted to RM2,000
v) Corporate Tax owing at 31st December 2014 is estimated to be RM50,000
vi) The directors propose an ordinary dividend of RM0.10sen per share .

Required to construct the following:

(a) Toho Heavy Industries Berhad's Statement of Comprehensive Income (Trading, Profit & Loss Account) for the year to 31st December 2014.

(12 marks)

(b) Toho Heavy Industries Berhad's Statement of Financial Position (Balance Sheet) for the year to 31st December 2014.

(13 marks)

Question 3

The following questions are pertaining to other entity account

The following balances have been extracted from the books of Nautical Expert Sdn Bhd as at 31st December 2014:

Expenditure	**RM'000**
Factory equipment: at cost	400
Direct labour	60
Heat and light (factory 3/4 ; general 1/4)	40
Rent and rates (factory 2/3 ; general 1/3)	30
General factory expenses	12
Purchases of raw materials	150
Stocks at 1st December 2014 :	
- Work-in-progress	12
- Raw material	12

Additional information:

i) Stocks at 31st December 2014: RM*000*

Raw material	12
Work-in-progress	14

ii) The factory equipment is to be depreciated at a rate of 10 per cent per annum on cost.

Required:

(a) To prepare the Nautical Expert Sdn Bhd Manufacturing Account for the year to 31st December 2014. (12 marks)

(b) What is meant by the term 'Prime Cost'? Explain briefly (2 marks)

(c) To which account is the 'market value of goods produced' transferred? (1 marks)

The following question are pertaining to Capital Investment.

Sakura Kencana Berhad is considering in 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 1	RM500 000.
Life	Four years to 31 December Year 4.
Estimated scrap value	Nil.
Depreciation method	Straight-line.

Year	*Net cash flows*
	RM000
1	50 (excluding the initial cost)
2	200
3	225
4	225
5	100

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

Required to:

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

i) payback (5 marks)

ii) net present value (5 marks)

Question 4

The following question is pertaining to Direct Costing.

Food Stuff Manufacturing Sdn Bhd is a small manufacturing company. The company is selling processed food that is high in demand. During the year to 31st December 2009 it has taken into stock and issued to production the following items of raw material, known as Grape flour :

Date 2009	*Receipts into stock*			*Issues to production*
	Quantity (litres)	*Price per unit*	*Total value*	*Quantity (litres)*
	RM	RM		
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:

Notes:

A. There were no opening stocks of raw materials Grape Flour

B. There were no cost involved in converting Grape Flour into a finished product (marketed as Grapeecker) amounted to RM7,000

C. Sales for Grapeecker for the year ended 31st December 2009 amounted to RM25,000

Required:

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

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

(2 marks)

ii) Continuous Weighted Average.(CWA)

(10 marks)

b) Calculate the gross profit for the year using each of the above method of pricing the issue of material to production.

(5 marks)

The following question is related to the Decision Making.

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

i) The specification required a quotation for 140,000 units.
ii) Additional production and non-production overhead would amount to RM700,000, although RM100 000 could be saved if the order was for less than 100,000 units.
iii) The direct costs per unit for the order would be: materials RM4, labor RM10, distribution RM15.
iv) Luna Ship Industries Berhad's normal profit margin is 20 per cent of total cost.

Required:

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

   i. 140,000 units
   ii. 100,000 units.

(6 marks)

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

(2 Marks)

Question 5

The following question is related to the Contribution Analysis.

Suriharta Berhad would like to increase its sales during the year to 31st 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 I.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:

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

(10 marks)

The following question is related to the Budgeting.

The budgeted selling price and standard cost of a unit manufactured by Armada One Manufacturing Berhad is as follows:

	RM
Selling price	30
Direct materials (2.5 kilos)	5
Direct labour (2 hours)	12
Fixed production overhead	8
	25
Budgeted profit	5

Total budgeted sales: 400 units

During the period ended 31st December 2011, the actual sales and production details for Armada One Manufacturing Berhad were as follows:

	RM
Sales (420 units)	13 440
Direct materials (1260 kilos)	2 268
Direct labour (800 hours)	5 200
Fixed production overhead	3 300
	10 768
Profit	2 672

(b) You are required to prepare a standard cost operating statement for the period ended 31st December 2011. Give an explanation about the result of the Statement.

(15 Marks)

Question 6

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

The following information has been prepared for Star Kruz Industries Sdn Bhd for the six months to 30th September 2008. The company is selling a product by the name of Codi.

Budgeted production levels for Codi

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

Codi uses two units of component X and three units of component Y. During the six months to 30th September 2008, component X was expected to be purchased at a cost of RM5 per unit, and component Y at a cost of RM10 per unit. At 1st April 2008 there were expected to be 100 units of X in stock, and 200 units of Y.

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

Month end 2008	*X*	*Y*
	(units)	*(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

Required to :

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

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

FORMULAS:

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

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

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

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

5) Direct **Labour Total** Variance = (Actual Hourly Rate X Actual Hours) – (Standard Hourly Rate X Standard Hours For Actual Production) OR

   – Direct **Labour Total** Variance = Price + Usage:

6) Direct **Labour Rate** Variance = (Actual Hourly Rate – Standard Hourly Rate) × Actual Hours Worked

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)

   OR

   Direct **Materials Total** Variance **=** Price + Usage

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) **Fixed Overhead Total** Variance = Actual Fixed Overhead – [Standard Hours Of Production X Fixed Overhead Absorption Rate (FOAR)]

OR

Fixed Overhead Total Variance = Expenditure + Volume

12) **Fixed Overhead Expenditure** Variance = Actual Fixed Overhead – Budgeted Fixed Expenditure

13) **Fixed Overhead Volume** Variance = Budgeted Fixed Overhead Expenditure – (Standard Hours For Actual Production X Fixed Production Overhead Absorption Rate (FOAR)

14) **Variable Production Overhead Total** Variance = Actual Variable Overhead – [Standard Hours For Actual Production X Variable Production Overhead Absorption Rate (VOAR)

15) **Variable Production Overhead Expenditure** Variance = Actual Variable Overhead – (Actual Hours X Variable Production Overhead Absorption Rate (VOAR)

16) **Variable Production Overhead Efficiency** Variance = (Standard Hours For Actual Production – Actual Hours Worked) X Variable Production Overhead Absorption Rate (VOAR)