PENINSULA COLLEGE GEORGETOWN

FINAL SEMESTER EXAMINATION

Programme	:	**FOUNDATION IN ARTS**
Course	:	**MANAGEMENT ACCOUNTING**
Course Code	:	**FA1334**
Duration	:	**3 hours**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. This question paper consists of **FOUR (4)** questions
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:
The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(*This booklet contains 6 printed pages including this page*)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

For examiner's use only

QUESTION NO.	MARKS
1	/ 25
2	/ 25
3	/ 25
4	/ 25
Total	**/ 100**

1. (a) Chocomore Bhd is a manufacturer of chocolate biscuits located at the Bayan Lepas industrial area. Below are the categories of expenses.

Categories of expenses:

1	Direct material	5	Research and development overhead
2	Direct labour	6	Selling and distribution overhead
3	Direct expenses	7	Administration overhead
4	Factory overhead	8	Finance costs

Required:
Classify the following expenses based on the categories above.

	Costs	**Classifications**
1	Purchases of chocolates	
2	Salary of secretary	
3	Purchases of biscuit wrappers	
4	Interest on loan	
5	Salary of storekeepers	
6	Salary of food scientists in laboratory	
7	Salary of production operators	
8	Electricity expenses in finance department	
9	Market survey research costs	
10	Purchases of lubricants for machines	

(10 marks)

(b) Calculate the variable cost per unit and fixed cost per unit for these five output levels.

Output (units)	**Variable cost** RM	**Fixed cost** RM	**Variable cost per unit** RM per unit	**Fixed cost per unit** RM per unit
20,000	2,000	10,000		
25,000	4,000	10,000		
30,000	6,000	10,000		
40,000	12,000	20,000		
50,000	14,000	20,000		

(10 marks)

(c) Calculate the cost for each item below.

Product	**Selling price** RM	**Mark up %**	**Cost** RM
A	220	10	
B	675	35	
C	1,375	25	
D	444	48	
E	1,092	68	

(5 marks)

Total: [25 marks]

2. Elia is the owner of Elia Pizza. She gets her regular supplies of cheese from her supplier. The cheese comes in packs. The following information is the details of the purchase of cheese.

Expected usage of packs in one year	4,000 packs
Price of one pack	RM5
Delivery charges	RM20 per order
Storage cost	RM4 per pack per year

She needs help in calculating the economic order quantity (EOQ) based on the data above.

Other than that, she also asked you for advice to minimise her cost for the purchase of cheese packs based on the following order sizes:

- 100 packs
- 200 packs
- 300 packs
- 400 packs
- 500 packs
- 600 packs
- 800 packs
- 1,000 packs
- 2,000 packs

The supplier has informed Elia that the following discount rates are offered on the purchase price of each pack based on the following size of packs ordered.

Number of packs	**Discount**
Below 400 packs	No discount
400 – 999 packs	2%
1,000 – 1,999 packs	8%
2,000 packs and more	10%

Required:

(a) Calculate the economic order quantity (EOQ).

(2 marks)

(b) Calculate the total costs for each order sizes above showing the following costs.
- Delivery cost
- Storage cost
- Purchase price

You are required to show the above costs in a table.

Order size	Delivery cost RM	Storage cost RM	Purchase price RM	Total cost RM

(18 marks)

(c) Based on (b), state your decision on which order size would you choose and explain why.

(2 marks)

(d) In another different company, calculate the EOQ when demand is 180 units per week, ordering cost is RM180 per order, the item cost RM30 each, and the carrying costs are 10% per annum.

(3 marks)

Total: [25 marks]

3. (a) Jane Metal Industry is a metal smelting factory. It has two production departments, which are smelting and machining. It also has two service departments, which are cleaning and stores. The following are the cost details of the four departments.

	Total	**Smelting**	**Machining**	**Cleaning**	**Stores**
	RM	**RM**	**RM**	**RM**	**RM**
Indirect materials	131,000	50,000	30,000	30,750	20,250
Indirect labour	94,000	10,000	15,000	32,000	37,000
Departmental expenses	85,000	25,000	25,000	20,000	15,000
Electricity	30,000				
Rent expenses	20,000				
Depreciation for plant	30,000				
Insurance for plant	40,000				
Insurance for building	80,000				
Canteen expenses	8,000				

Other budgeted data				
	Smelting	**Machining**	**Cleaning**	**Stores**
Floor area (square metres)	7,000	5,000	2,000	2,000
Number of employees	50	60	20	30
Machine hours	28,000	25,000		
Value of plant (RM)	60,000	40,000		
Direct material cost (RM)	70,000	90,000		

The costs are allocated based on the following cost drivers.

Costs	**Cost drivers**
Electricity	Floor area
Rent expenses	Floor area
Depreciation for plant	Value of plant
Insurance for plant	Value of plant
Insurance for building	Floor area
Canteen expenses	Number of employees

Required:

Prepare the factory overhead departmental budget by allocating and apportioning all of the overhead costs stated above.

(16 marks)

(b) The following table displays the basic rate per hour and the hours worked from Monday to Friday for nine workers at Atikah Durian Farm.

	Basic rate per hour RM	**Mon Hours**	**Tue Hours**	**Wed Hours**	**Thurs Hours**	**Fri Hours**
Beh	25	13	10	11	9	9
Chan	25	8	11	11	10	11
Goh	26	9	9	9	8	8
Kee	26	11	9	8	12	8
Liau	26	11	8	12	8	8
Mah	28	10	10	9	9	10
Ng	28	11	12	10	10	8
Pua	28	11	11	11	10	10
Pang	30	8	8	12	13	11

Employees who work more than 8 hours on any days are paid at time and a half.

The overtime hours worked is for the purpose of meeting the deadline of customer orders.

Required:

Calculate the basic pay and the overtime premium for all of the employees.

(9 marks)

Total: [25 marks]

4. Xian Sweets Bhd produces sweet packets. The following are the budgeted figures for the month of July.

	Sweet packets
Sales in sweet packets	450,000
Production in sweet packets	400,000
	RM
Direct materials	64,000
Direct labour	60,000
Variable overhead	76,000
Fixed overhead	88,000
Fixed administration	36,000
Sales price per sweet packet	1.80

The opening inventory at 1 July was 80,000 sweet packets worth RM96,000, which comprises RM40,000 variable costs and RM56,000 fixed costs.

Required:

(a) Prepare income statement for Xian Sweets Bhd using absorption costing for the month of July.

(9 marks)

(b) Prepare income statement for Xian Sweets Bhd using marginal costing for the month of July.

(9 marks)

(c) Prepare a statement reconciling the profits between absorption costing and marginal costing for the month of July.

(2 marks)

(d) Calculate the break-even point for the sweet packets in quantity and in ringgit for the month of August if total variable cost per unit is RM0.60 and total fixed cost is RM150,000. Selling price per unit for the month of August remains the same.

(3 marks)

(e) Calculate the margin of safety for the month of August if the budgeted sales for the sweet packets is 150,000 units.

(2 marks)

Total: [25 marks]

- END OF QUESTIONS -