



**KOLEJ YAYASAN PELAJARAN JOHOR
FINAL EXAMINATION**

COURSE NAME : MANAGEMENT ACCOUNTING 2
COURSE CODE : DAC2043
EXAMINATION : JANUARY 2024
DURATION : 3 HOURS

INSTRUCTION TO CANDIDATES

1. This examination paper consists of **ONE (1)** part: PART A (100 Marks)
2. Candidates are not allowed to bring any material to examination room except with the permission from the invigilator.
3. Please check to make sure that this examination pack consist of:
 - i. Question Paper
 - ii. Answering Booklet

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

This examination paper consists of 9 printed pages including front page

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PART A

This part contains of **FIVE (5)** questions. Answer ALL questions in the Answering Booklet.

QUESTION 1

Beauty Blossom Sdn Bhd is a company selling skin care products located in Kuala Terengganu. One of the best-selling products is Blissful Face Serum. The company sells Blissful Face Serum for RM100 per bottle.

The following data and estimates are available for you to prepare the cash budget for Beauty Blossom Sdn Bhd for the first quarter of 2024

| Particulars | OCT | NOV | DEC | JAN | FEB | MAR |
|----------------|---------|---------|--------|---------|---------|--------|
| Sales (RM) | 190,000 | 220,000 | 70,000 | 100,000 | 130,000 | 98,000 |
| Purchases (RM) | 73,000 | 94,000 | 25,500 | 52,000 | 87,000 | 50,800 |
| Overheads (RM) | 30,000 | 35,000 | 32,000 | 33,600 | 31,000 | 32,000 |

Additional information:

1. All purchases are made on credit and the payments are made two months after purchases.
2. 10% of sales are cash sales. All credit sales are collected in the month after sales.
3. Advertising expenses is 10% of the monthly sales and is paid as it is incurred.
4. Overheads include a monthly depreciation of motor van amounting RM10,000. There is a one-month delay in the payments of overheads.

5. The company is expected to receive an interest on fixed deposit amounting to RM14,000 in August 2023.
6. The company will receive dividends of RM21,000 which will be paid in three (3) equal installments starting from July 2023.
7. Shop equipment will be replaced on 1 July 2023. The cost of the new shop equipment will cost RM10,000. 10% cash deposit will be paid in July 2023 and the balance will be paid in two (2) equal installments starting August 2023. The old shop equipment will be sold at RM3,000.
8. Cash balance as at 31th December 2023 is RM20,000.

Required:

Prepare a Cash Budget for Beauty Blossom Sdn Bhd for the months of January, February and March 2024.

(20 marks)

QUESTION 2

As the management accountant of the company, the management requests you to prepare the variance analysis on product Nero. For the month of November 2023, the budgeted production and sales of Nero are 20,000 units. The company plans to sell Nano at a price of RM60.00 per unit.

The estimated costs are as follows:

| | |
|------------------------------------|---------------------------------|
| Direct material purchased and used | 20,000 kg @ RM20.00 per kg |
| Direct labour | 30,000 hours @ RM10.00 per hour |
| Standard variable overhead costs | RM9.00 |
| Standard fixed overhead costs | RM4.00 |

It is the policy of the company to absorb variable overhead cost based on direct labour hours while fixed overhead is absorbed based on units produced.

At the end of the month, the company identified that the actual production and sales were 22,000 units, while the actual selling price per unit was RM65.00. The additional data available for the month is as follows:

| | |
|--|--------------------------|
| Actual direct material purchased and used | 25,000 kg @ RM550,000 |
| Actual direct labour | 30,000 hours @ RM240,000 |
| Actual variable overhead costs | RM240,000 |
| Actual fixed overhead costs | RM88,000 |

Required:

- a) Prepare a standard cost card for one unit of Nano. (4 marks)
- b) Calculate the following variances:
- Direct material price and usage variances
 - Direct labour rate and efficiency variances
 - Variable overhead expenditure and efficiency variances
 - Fixed production overhead expenditure and volume variances
 - Sales margin price and volume variances
- (14 marks)

QUESTION 3

Malqish Creative Sdn Bhd manufactures and supplies various types of bedsheets including Moroccan and Abstract. The company produces and sells 2,000 sets of Moroccan every month. The production of Moroccan require special material of knitted fabric which currently produced by the company. One set of Moroccan require three meters of the knitted fabrics. The estimated cost to produce three meters of the knitted fabrics is shown below:

| | |
|---|-------|
| Direct materials | RM 20 |
| Direct labour | RM 10 |
| Production overhead (fixed production overhead is RM15) | RM 25 |

In order to produce the knitted fabrics, the company sacrifices 1,500 sets of Abstract which were sold at a price of RM135 per set. The cost to produce a set of Abstract is as follows:

| | |
|--|-------|
| Direct materials | RM 50 |
| Direct labour | RM 40 |
| Production overhead (50% is fixed in nature) | RM 30 |

Recently, the management of Malqish Creative Sdn Bhd is considering to purchase the knitted fabric from a supplier, Snow Textile Sdn Bhd at a price of RM40 for every three meters. Snow Textile Sdn Bhd will also be charging the following additional costs:

| | |
|-----------------------|-------------------------|
| Quality control | 10% of purchase price |
| Sales commission | 5% of purchase price |
| Insurance on purchase | 7.5% of purchase price |
| Transportation | 1.25% of purchase price |

In addition, Malqish Creative Sdn Bhd needs to hire a new staff at a monthly salary of RM2,500 to handle the purchase of knitted fabrics.

Required:

- a) Compute the opportunity cost from the sales of Abstract if Malqish Creative Sdn Bhd continues producing the knitted fabric internally. (4 marks)
- b) Compute the relevant cost of making and relevant cost of buying the knitted fabrics. (14 marks)
- c) Compare and select the best decision based on your answer on (b) above (2 marks)

QUESTION 4

Maju Jaya Sdn Bhd produce wooden multifunctional beads for toddlers for the local market in Selangor. Currently, the company producing 1,000 units each month and they now operating at 80% capacity. Company is considering to accept a special order so they will be able to fully utilise the production facilities.

In December 2023, the company received special order of wooden multifunctional beads from Kidzone Enterprise which will be marketed under thier own label. Kidzone Enterprise was offered RM77.00 per unit for 450 units of wooden multifunctional beads to be shipped by next month. The cost per unit in producing the wooden multifunctional beads is as follows:

| | RM |
|--|-------|
| Regular selling price | 88.00 |
| | |
| Cost per unit: | |
| Direct materials | 55.00 |
| Direct labor (2 hours @RM10.00 per hour) | 20.00 |
| Total manufacturing overhead | 6.00 |

According to the specifications provided by Kidzone Enterprise, the special order requires another type of material, which resulted in 10% reduction in material cost. Besides that, due to constraints on direct labor hour requirement, the company has to allocate additional hours for overtime. If the special order accepted, the direct labor costs per unit for the exceeding units of maximum capacity would be higher by 20%. It is also agreed that the buyer will have to bear the transportation and insurance costs of RM1,500.

In addition, Kidzone Enterprise requests Maju Jaya Sdn Bhd to attach additional part to the multifunctional beads which are knocked toys and rattles where the cost per unit are RM3 and RM2.50 respectively.

Required:

- a) Calculate the opportunity cost of multifunctional beads to be sacrificed.
(4 marks)

- b) Determine the incremental profit/loss of Maju Jaya Sdn Bhd if the company accepts the offer from Kidzone Enterprise
(12 marks)

- c) Based on the calculation in (b) above, should the company accept or reject the order from Kidzone Enterprise?
(2 marks)

QUESTION 5

Natura Sdn Bhd manufactures and sells its product throughout Borneo. The company operates at three different branches; Kedah, Johor, Perak. Natura Sdn Bhd headquarters office is situated in the Pahang. The sales in the Perak branch reported losses for the past few years. For this reason, management is considering to close down Perak Branch.

The following is the summary of the Income Statement for each branch:

| | Kedah | Johor | Perak |
|----------------------------|---------------|---------------|----------------|
| | (RM) | (RM) | (RM) |
| Variable Expenses | 425,000 | 180,000 | 132,000 |
| Fixed Expenses: | | | |
| Salaries and Wages | 19,000 | 18,000 | 17,000 |
| Utilities | 2,700 | 2,500 | 2,300 |
| Headquarters advertising | 10,000 | 7,000 | 5,000 |
| Branch advertising | 29,000 | 25,000 | 27,000 |
| Rent on the building | 17,000 | 15,000 | 12,000 |
| Repair and maintenance | 3,400 | 4,000 | 2,500 |
| General office expenses | 14,000 | 14,000 | 14,000 |
| Total Fixed Expenses | 95,100 | 85,500 | 79,800 |
| Total costs | 520,000 | 265,500 | 211,800 |
| Sales | 600,000 | 360,000 | 210,000 |
| Net Income / (Loss) | 48,700 | 61,100 | (1,800) |

The following additional information is available.

- i. Closing Perak branch has no effect on sales in the other branches.
- ii. The manager of Perak branch with a salary of RM5,000 will be transferred to Johor branch. All other employee will be terminated.
- iii. If Perak branch is closed, its utility bills will be reduced by RM900. The remaining will be shared equally by other branches.

- iv. Total headquarters advertising is to be reallocated to the remaining branches on a basis of sales revenue if any of its branch is closed.
- v. Branch advertising expense for Perak branch is avoidable when the branch is closed.
- vi. Rental for the building of Perak branch is avoidable except the 1/3 of the rent is used for storage space and to be taken over by Kedah branch.
- vii. 1/5 of the repair maintenance costs of Perak branch can be avoided if the branch is closed. The remaining will be shared equally by other branches.
- viii. General office expenses are unavoidable. The total general office expenses for company will be shared equally by the remaining branches

Required:

- a) Prepare the revised Statement of Profit or Loss using marginal costing approach, if the management of Natura Sdn Bhd decides to close the Perak branch
(21 marks)

- b) Advise the management whether the branch should cease the operation.
(3 marks)

[100 MARKS]**END OF QUESTION PAPER**



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