

**UNIVERSITY COLLEGE TATI (UCTATI)****FINAL EXAMINATION QUESTION BOOKLET**

COURSE CODE	: DTG 2443
COURSE TITLE	: MANAGEMENT ACCOUNTING
SEMESTER/SESSION	: 1- 2023/2024
DURATION	: 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hand and ask the invigilator.

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

THIS BOOKLET CONTAINS 5 PRINTED PAGES INCLUDING COVER PAGE

QUESTION 1

The following standard cost statement relates to a product that sells for RM100 per tonne:

	Per tonne	
	RM	
Direct material	30.00	
Direct wages	20.00	
Variable overhead	<u>10.00</u>	
	60.00	
Fixed overhead	<u>20.00</u>	(based on output of 3000 tonnes)
Total cost	80.00	

a. Calculate the following:

- i. Breakeven point in unit (5 marks)
- ii. Break-even point in value (5 marks)
- iii. The contribution to sales ratio (5 marks)
- iv. The margin of safety (5 marks)
- v. The percentage increase in profit if sales volume is increased by 10% (5 marks)

b. Illustrate at least **TWO (2)** assumptions underlying the break-even analysis.

(4 marks)

QUESTION 2

Classify the following items into the following categories:-

- (a) Prime cost**
- (b) Production overhead**
- (c) Administration overhead**
- (d) Selling overhead**
- (e) Distribution overhead**

1. Production manager's salary
2. Depreciation (machinery)
3. Boiler fuel
4. Insurance (finished stocks)
5. Assemblers' wages
6. Foremen's salaries
7. Repairs to machinery
8. Office salaries
9. Chief accountant's salary
10. Advertising
11. Raw materials used
12. Electric power
13. Hire of computer
14. Running costs (delivery vans)
15. Salesman's traveling expenses
16. Timekeeper's wages
17. Lubricating oil (works)

(17 marks)

QUESTION 3

The sales budget of Bay Limited for the second quarter of 2021 shows:

<u>Product</u>	<u>units</u>
Zeta	25,000
Besta	19,000
Gama	15,000

Raw material requirements, in Kilograms (kg) per unit of products are:

<u>Product</u>	<u>Materials</u>		
	X	Y	Z
Zeta	3	2	-
Besta	4	-	5
Gama	-	3	2

Budgeted stock of materials and finished products are:

	As at 1 April 2021	As at 30 June 2021
Raw material	(kg)	(kg)
X	12,000	25,000
Y	11,000	20,000
Z	15,000	12,000

Finished products are:

<u>Product</u>	<u>units</u>	<u>units</u>
Zeta	2,000	5,000
Besta	6,000	4,000
Gama	3,000	2,000

Required:

Prepare, in relation to the second quarter of 2021, in quantitative terms only:

- A production budget (detailed by products) (10 marks)
- A purchases budget (detailed by raw materials) (10 marks)

QUESTION 4

- a. Demonstrate the main components of a standard cost. (8 marks)
- b. Outline **THREE (3)** benefits of using standard costing in inventory valuation. (6 marks)

QUESTION 5

The following standards have been established within a system of variance accounting:

Price per kilogram of raw material	RM 1.80
Hourly wage rate	RM 12.50
Loss of weight in processing	10%
Operative hour per 100 kilograms (kg) output	3

During a certain period, 40,000 kg of raw material costing RM 73,750 were fed into production and 35,000 kg of finish output was obtained there from. 1,020 operative hours were booked for the product and related wages amounted to RM 12,950.

Required:

- a. Calculate the following variances.
- i. labour cost variance (4 marks)
 - ii. wage rate variance (4 marks)
 - iii. labour efficiency variance (4 marks)
- b. Provide **TWO (2)** possible causes of wage rate variance and labour efficiency variance. (4 marks)
- c. Based on your answer in Q5(b), provide the possible remedial actions for the variances. (4 marks)

-----End of question-----

