

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

COURSE CODE	: DTG 2443
COURSE TITLE	: MANAGEMENT ACCOUNTING
SEMESTER/SESSION	: 1- 2022/2023
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, raised 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 which 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 3000 tonne)
Total cost	80.00	

Required:

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)
- vi. Illustrate at least **TWO (2)** assumptions underlying the break even analysis. (4 marks)

QUESTION 2

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	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 second quarter of 2021, in quantitative terms only:

- i. a production budget (detailed by products) (10 marks)
- ii. a purchases budget (detailed by raw materials) (10 marks)

QUESTION 3

A conference speaker discussing budgets and standard costs made the following statement: "Budgets and standards are not the same thing. They have different purposes and are set up and used in different ways; yet a specific relationship exists between them."

- a) Differentiate between budgets and standards. (10 marks)
- b) Provide **FOUR (4)** similarities between budgets and standards. (8 marks)

QUESTION 4

- a) Provide **TWO (2)** possible causes of direct material price variance, direct material usage variance. (4marks)
- b) Based on your answer in Q4(a), provide the possible remedial actions of the variances. (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 kilogram (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 were obtained there from. 1,020 operative hours were booked to the product and related wages amounted to RM 12,950.

Required:

- a) Calculate the following variances.
 - i. labour cost variance (5 marks)
 - ii. wage rate variance (5 marks)
 - iii. labour efficiency variance (5 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 of the variances. (4 marks)

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

