



**FINAL EXAMINATION**  
**NOVEMBER 2023**

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| <b>COURSE TITLE</b>  | <b>COST AND MANAGEMENT ACCOUNTING</b>                |
| <b>COURSE CODE</b>   | <b>AACT3223</b>                                      |
| <b>DATE/DAY</b>      | <b>15 FEBRUARY 2024 / THURSDAY</b>                   |
| <b>TIME/DURATION</b> | <b>09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)</b> |

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**INSTRUCTIONS TO CANDIDATES :**

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 3 Printed Pages including front page)

\*\*\*DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO\*\*\*

This question paper consists of FOUR (4) questions. Answer ALL questions in the answer booklet provided. [60 MARKS]

**QUESTION 1**

**(15 Marks)**

Book Manufacturer is a manufacturing company that produces books for college use.

The standard costs for 1 unit of book are as follows: The direct materials required per unit is 5 kg at a cost of RM3.00 per kg. The direct labour required per unit is 2 hours at rate of RM6.50 per hour and the variable overhead required per unit is 2 direct labour hour at variable rate of RM5.00 per hour

During the actual activity were: Actual units of books produced were 225,000. The direct material purchased and used during the month were 1,170,000 kg at a total cost of RM3,802,500. The direct labour worked a total of 382,500 hours at a total wages of RM2,601,000. The actual variable overhead incurred were RM1,836,000

Overheads are allocated on the basis on direct labour hour.

**Required:**

- a) Calculate the direct material price, quantity and total variances. (5 marks)
- b) Calculate direct labour price, quantity and total variances. (5 marks)
- c) Calculate the variable overhead spending, efficiency and total variances. (5 marks)

**QUESTION 2**

**(15 Marks)**

Comm-Unity Ltd. manufactures and sells cordless phones. Demand for the previous year was 92,000 units. Currently, the phones are sold at RM150 per unit. The total variable manufacturing and marketing costs is 52% of selling price. Annual total fixed costs for the company amounted to RM5,112,000. Comm-Unity has decided to increase its fixed advertising costs for the coming year, in order to capture a larger market share. This plan would increase its annual total fixed costs by 12%.

**Required:**

- a) Calculate the breakeven point (in units) for the previous year (i.e. before the increase in the annual total fixed costs). (5 marks)
- b) Calculate the net profit for the previous year (before the increase in the annual total fixed costs). (5 marks)
- c) Compute the number of phones Comm-Unity needs to sell in order to achieve the same net profit as the previous year (i.e. the net profit calculated in part (b) above), if the planned increase in annual total fixed costs is implemented. (5 marks)

**QUESTION 3**

**(20 Marks)**

The following information is Moi tea's financial records.

| Month | Sales (RM) | Purchases (RM) |
|-------|------------|----------------|
| Aug   | 82,000     | 32,000         |
| Sept  | 56,000     | 48,000         |
| Oct   | 70,000     | 46,000         |
| Nov   | 88,000     | 44,000         |

Collections from customers are normally 70% in the month of sale, 20% in the month of following sale, and 9% in the second month of sale. The balance is expected to be uncollectible. All purchases are on account. Management takes full advantage of the 2% discount allowed on purchases paid for by the tenth of the following month. Purchases for December are budgeted at RM60,000, and sales for December are forecasted at RM66,000. Cash disbursement for expenses are expected to be RM14,400 for the month of December. The company's cash balance on December was RM22,000.

**Required:**

- Prepare the schedule of expected cash collections during December. (5 marks)
- Prepare the schedule of expected cash disbursements during December. (5 marks)
- Prepare the schedule of expected cash balance in December. (5 marks)
- How will the budget be beneficial for Moi tea's. (5 marks)

**QUESTION 4**

**(10 Marks)**

- Explain why direct labour is usually regarded as variable cost. Provide relevant examples to support your explanations. (5 marks)
- Explain why the cost of idle time is treated as manufacturing overhead. (5 marks)

\*\*\* END OF QUESTION PAPER \*\*\*



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| <b>COURSE CODE</b>   | <b>AACT3223</b>                                      |
| <b>DATE/DAY</b>      | <b>25 FEBRUARY 2024 / SUNDAY</b>                     |
| <b>TIME/DURATION</b> | <b>01:00 PM - 04:00 PM / 03 Hour(s) 00 Minute(s)</b> |

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