



FINAL EXAMINATION
NOVEMBER 2023

COURSE TITLE	MANAGEMENT ACCOUNTING 1
COURSE CODE	AACT3213
DATE/DAY	21 FEBRUARY 2024 / WEDNESDAY
TIME/DURATION	02:00 PM - 05:00 PM / 03 Hour(s) 00 Minute(s)

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 5 Printed Pages including front page)

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

This question paper consists of THREE (4) questions. Answer ALL questions in the answer booklet provided. [100 MARKS]

QUESTION 1

(25 Marks)

Mari Sini makes and sells a single product and is in the process of preparing its budgets for the three months commencing March 2023. The selling price and costs of the product are:

	RM per unit
Sales price	70
Direct material	30
Direct labour	20
Variable overhead	15

Budgeted information is also available:

	January	February	March	April	May
Sales (units)	2 000	2 100	2 200	2 300	2 300
Production (units)	2 200	2 100	2 100	2 200	2 500

- All of the sales are on credit. Trade receivables will pay in the month following the sale.
- Direct materials will be purchased in the month of production and paid for two months later.
- 75% of the direct labour costs will be paid in the month of production and the remaining 25% in the following month.
- Variable overheads will be paid in the month following production.
- A tax liability of RM80 000 is to be paid in May.
- The business will purchase a new machine for RM60 000 in March, payable in three equal instalments during March, May and July.
- Fixed overhead costs (including depreciation of RM4 000) are RM30 000 per month payable every month.
- The bank balance at the start of March will be RM56 000

Required:

(a) Prepare a cash budget, in columnar format, for each of the three months, March, April and May 2023.

(20 marks)

(b) Evaluate Mari Sini's cash flow, making recommendations as to how the business might be able to improve its liquidity position.

(5 marks)

QUESTION 3

(25 Marks)

A company that manufactures a single product (the Zapp) is planning for the next six months. Each unit of Zapp produced uses 2 litres of Woo and 3 litres of Koo. Each unit of Zapp takes 0.5 hours of direct labour to produce and paid at RM 12.00 per hour. Zapp are expected to sale at RM25.00 per unit.

The anticipated demand for Zapp is as follows:

January	5,000 units
February	4,000 units
March	6,500 units
April	5,000 units
May	6,500 units

It will be company policy to maintain raw material inventory at a level of 60% for Woo and 50% for Koo of the following month's usage, and to maintain finished goods inventory at a level to satisfy half of the following month's estimated sales.

Inventory held on 31 December 2023 was 3,000 finished Zapps, and 6,000 litres of Woo and 8,000 litres of Koo.

Required the following budget for 1st 4 months of 2024:

- (a) Sales budget (3 marks)
- (b) Production budget (4 marks)
- (c) Material usage and purchase budget for Woo (5 marks)
- (d) Material usage and purchase budget for Koo (5 marks)
- (e) Labour cost budget (3 marks)
- (f) List THREE (3) advantages of budgeting (3 marks)
- (g) List TWO (2) disadvantages of budgeting (2 marks)