



FINAL EXAMINATION

COURSE : PRINCIPLES OF BUSINESS ACCOUNTING

COURSE CODE : PAC1163

DURATION : 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions in your answer booklet.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. Appendix 1
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 05 printed pages

2024/C/PAC1163

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QUESTION 1 (5 points)

- a. List **THREE (3)** components of product cost. (3 points)
- b. Define the term 'Non-Manufacturing Cost' . (1 point)
- c. State **ONE (1)** function of management accounting. (1 point)

QUESTION 2 (15 points)

- A. Classify each of the following costs as either a **product cost** or a **period cost**. (10 points)

Example: General and administrative expenses – Period cost

- i. Rent on factory.
- ii. Advertising cost.
- iii. Salary of administration staff.
- iv. Glue used in production of kitchen cabinet.
- v. Utilities cost used in executive building.
- vi. Commission paid to salesman.
- vii. Pine wood used in making chairs.
- viii. Travelling cost used by CEO's.
- ix. Lubricants used for production equipment.
- x. Depreciation on photostate machine at finance department.

B. Classify each of the following costs as either **direct materials**, **direct labor**, or **manufacturing overhead**. (5 points)

- i. Salaries paid to factory supervisor.
- ii. Screws used in producing furniture.
- iii. Leather used for making shoes.
- iv. Wages paid to welder in automotive.
- v. Depreciation on property, plant and equipment.

QUESTION 3 (30 points)

Dazzle Bhd developed the following information for product it sells:

	Total (RM)
Sales price	75.00 per unit
Variable COGS	30.00 per unit
Variable selling expense	8.00 per unit
Variable administrative expense	2.00 per unit
Fixed manufacturing overhead	850,000
Fixed selling expense	250,000
Fixed administrative expense	317,500

For the year ended, Dazzle Bhd produced and sold 125,000 units of products.

Required:

- Compute the company's contribution margin per unit and contribution margin ratio. (4.5 points)
- Compute the company's break even point both in units and RM. (4 points)
- Compute the company's margin of safety both in units and RM. (2.5 points)
- Determine the amount of net profit for the year. (5.5 points)
- Assume that the company aim to achieve a target profit of RM497,000 , determine the amount of company's sales in unit and RM. (3.5 points)
- Assume that selling price increase by 20%, variable COGS will increase by RM5 per unit, fixed manufacturing overhead increased by RM9,000 calculate the new break even point in units and RM. (7 points)
- Refer to the original data, compute the required sales units to earn after-tax income of RM189,000 when the tax rate is 25%. (3 points)

(Note: Show **ALL** your calculations in details)

END OF QUESTIONS PAPER

APPENDIX 1

Formula		
Contribution Margin (units)	=	Selling Price per unit – Variable Cost per unit
Contribution Margin Ratio	=	$\frac{\text{Selling Price per unit} - \text{Variable Cost per unit}}{\text{Selling Price per unit}}$ <p style="text-align: center;">OR</p> $\text{Contribution Margin (units)} / \text{Selling Price per unit}$
Break-even point in (units)	=	$\frac{\text{Fixed Expense}}{\text{Contribution Margin per unit}}$
Break-even point in (RM)	=	$\text{Break-even point in units} \times \text{Selling price per unit}$ <p style="text-align: center;">OR</p> $\text{Total Fixed Expense} / \text{Contribution Margin Ratio}^*$
MOS (units/RM)	=	Actual or Expected Sales (unit/RM) – Break-even Sales (unit/RM)
MOS (%)	=	$(\text{MOS} / \text{Total Sales}) \times 100\%$
Attaining target profit (units)	=	$\frac{\text{Fixed Expense} + \text{Target Profit}}{\text{Contribution Margin per unit}}$
Attaining target profit (RM)	=	$\text{Attaining target profit (units)} \times \text{Selling price per unit}$ <p style="text-align: center;">OR</p> $(\text{Total Fixed Expense} + \text{Target Profit}) / \text{Contribution Margin Ratio}^*$
Attaining after tax target profit (units)	=	$\frac{\text{Fixed Expense} + [\text{Profit after tax} / (1 - \text{tax rate})]}{\text{Contribution Margin per unit}}$
Attaining after tax target profit (RM)	=	Attaining after tax target profit (units) x Selling Price per unit

** Fixed expenses or Fixed cost