KOLEJ POLY-TECH MARA

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

QUESTION 1 (5 points)

Answer ALL the questions.

a. Define cost accounting. (1 point)

b. List **FOUR (4)** functions of management accounting. (4 points)

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. Lease payment of factory building.
ii. Lubricants used for production machines.
iii. Commission paid to salesman.
iv. Delivery cost of raw material sent to production department.
v. Rent for administrative office.
vi. Office stationery.
vii. Salary paid to factory supervisor.
viii. Glass used in manufacturing windows.
ix. Hire of special machine.
x. Depreciation of office furniture.

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

i. Steel used for car's body and frame.

ii. Baker's salary.

iii. Wages of machines operators.

iv. Repair and maintenance cost of assembly machine.

v. Wool used for making blanket.

QUESTION 3 (30 points)

RCC Trading produced **TWO (2)** types of products named as Product A and Product B. The details of cost information about the two products are as follows:

	Product A (RM)	**Product B (RM)**
Selling price per unit	55.00	65.00
Variable cost per unit	46.00	57.00
Contribution margin per unit	9.00	8.00
Total Fixed Cost:		
Advertising cost – per annum	22,500	25,000
Administration cost – per annum	11,200	12,000

The total sales for both Product A and Product B during the year were 7,600 units and 8,500 units respectively.

Required:

a. Calculate the contribution margin ratio for both Product A and Product B. (2 points)

b. Calculate the number of units needs to be sold to achieve the break-even point and the total break-even point in RM for Product A and B? (5 points)

c. If the company wants to earn a target profit of RM50,000, determine the sales in units for Product A and Product B. (3 points)

d. How much the margin of safety in (units) and in (RM) for both Product A and Product B? (5 points)

e. If both sales and variable cost in units are increase by 150 units, find the amount of net operating income by preparing the extract of contribution margin income statement for Product A. (4 points)

f. Calculate the new break- even point in (unit) and in (RM) if the total variable cost per unit increased by 5% and the total fixed cost increase by 10% for Product A and Product B. (7 points)

g. Based on the original data, calculate the sales in unit if the business's target profit after tax for Product A is RM40,000 and RM50,000 for Product B. The current tax rate is assumed to be 24%. (4 points)

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

END OF QUESTIONS PAPER

Formula		
Contribution Margin (units)	=	Selling Price per unit – Variable Cost per unit
Contribution Margin Ratio	=	Selling Price per unit – Variable Cost per unit / Selling Price per unit **OR** Contribution Margin (units) / Selling Price per unit
Break-even point in (units)	=	Fixed Expense / Contribution Margin per unit
Break-even point in (RM)	= =	Break-even point in units x Selling price per unit **OR** Total Fixed Expense / Contribution Margin Ratio*
MOS (units/RM)	=	Actual or Expected Sales (unit/RM) – Break-even Sales (unit/RM)
MOS (%)	=	(MOS / Total Sales) x 100%
Attaining target profit (units)	=	Fixed Expense + Target Profit / Contribution Margin per unit
Attaining target profit (RM)	= =	Attaining target profit (units) x Selling price per unit **OR** (Total Fixed Expense + Target Profit) / Contribution Margin Ratio*
Attaining after tax target profit (units)	=	Fixed Expense + [Profit after tax / (1-tax rate)] / 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*

APPENDIX (1)