UNIVERSITI TUN HUSSEIN ONN MALAYSIA

FINAL EXAMINATION
SEMESTER I
SESSION 2015/2016

COURSE NAME	:	PRINCIPLES OF ACCOUNTING
COURSE CODE	:	BPA 11403
PROGRAMME	:	1 BPA
EXAMINATION DATE	:	DECEMBER 2015/JANUARY 2016
DURATION	:	3 HOURS
INSTRUCTION	:	ANSWER **ALL** QUESTIONS

THIS QUESTION PAPER CONSISTS OF **SIX (6)** PAGES

Q1 ZIQ Enterprise recently implemented a standard cost system. The company's accountant has gathered the following information needed to do the variance analysis at the end of the month as shown in the following **Table Q1 (a)** and **Table Q1 (b).**

Table Q1 (a) : Standard Cost Information

Items	Cost Data
Direct materials	RM 4.80 per kg
Quantity allowed per unit	80 kg per unit
Direct labour rate	RM 16.00 per hour
Hours allowed per unit	1.5 hours per unit
Fixed overhead budgeted	RM18,000 per month
Normal level of production	1,800 units
Variable overhead application rate	RM 2.20 per unit
Fixed overhead application rate	RM9.00 per unit
Total overhead application rate	RM11.00 per unit

Table Q1 (b) : Actual Cost Information

Items	Cost Data
Cost of materials purchased and used	RM579,200
Amount of materials purchased and used	106,000 kg
Cost of direct labour	RM55,300
Hours of direct labour	3,400 hours
Cost of variable overhead	RM2,560
Cost of fixed overhead	RM15,780
Volume of production	1,500 units

(a) Compute :

(i) The direct material price variance, given an actual price of RM5.30.

(4 marks)

(ii) The labour time variance.

(4 marks)

(iii) The fixed factory overhead volume variance.

(5 marks)

(iv) The variable factory overhead controllable variance.

(5 marks)

(v) The total factory overhead cost variance.

(3 marks)

(b) State **TWO (2)** benefits of using standard cost system.

(4 marks)

Q2 Robocar Sdn. Bhd. recently completed its 2014 calendar year operations. Robocar's balance sheet and income statement are as follows:

Robocar Sdn. Bhd.
Comparative Balance Sheet
December 2013 an 2014

	2014	2013
Assets	**(RM)**	**(RM)**
Cash	136,500	71,550
Accounts receivable	74,100	90,750
Merchandise inventory	454,500	490,200
Prepaid expense	17,100	19,200
Equipment	278,250	216,000
Accum.Depreciation-Equipment	(108,750)	(93,000)
Total Assets	**851,700**	**794,700**
Liabilities and Equity	**(RM)**	**(RM)**
Accounts payable	117,450	123,450
Short term notes payable	17,250	11,250
Long term notes payable	112,500	82,500
Common stock,RM5 par	465,000	450,000
Contributed Capital in excess of par, common stock	18,000	0
Retained earnings	121,500	127,500
Total Liabilities and equity	**851,700**	**794,700**

Robocar Sdn. Bhd.
Income Statement
For the Year Ended December 31, 2014

Items	RM	RM
Sales		1,083,000
Cost of goods sold		585,000
Gross Profit		498,000
Operating expenses		
Depreciation expense	36,600	
Other expenses	392,850	
Total Operating Expenses		429,450
		68,550
Add/(Less) :		
Other gains/(losses)		
Loss on sale of equipment	2,100	2,100
Income before taxes		66,450
Income taxes expense		9,450
Net Income		**57,000**

Additional information :

- The loss on the cash sale of equipment is RM2,100. The equipment costing RM51,000 with accumulated depreciation of RM20,850 was sold for cash, RM28,050
- Purchased equipment costing RM113,250. RM38,250 was paid in cash and the remaining balance was paid through a long term note payable.
- Borrowed RM6,000 cash by signing a short term note payable.
- Paid RM45,000 cash to reduce the long term note payable.
- Issued 3,000 shares of common stock for RM11 cash per share.
- Declared and paid cash dividends of RM63,000.
- All sales are credit sales.
- All credits to Account Receivable reflect cash receipts from customers.
- All purchases of inventory are on credit.
- All debits to Account Payable reflect cash payments for inventory.
- Other Expenses are paid in advance and are initially debited to Prepaid Expenses.

Prepare a complete statement of cash flows for Robocar Sdn. Bhd. for the year ended 31 December 2014 using the indirect method.

(25 marks)

Q3 Alisya Manufacturing Sdn Bhd is a company involve in making gourmet sauces.It is in the process of preparing its financial statements for the year ended December 31, 2015. **Table Q3(a)** shows information on the company's inventories for the year 2015.

Table Q3(a) :Inventories Information

Inventories	January 1, 2015	December 31,2015
Direct Materials	RM 80,000	RM 120,000
Work in Process	RM120,000	RM 95,000
Finished Goods	RM182,000	RM215,000

In the year 2015, the company bought direct materials amounted RM340,000 and spent RM 510,000 on direct labour.

The information on other costs involved in 2015 is as per **Table Q3 (b)**.

Table Q3(b): Other Related Costs

Items	RM
Sales revenue	985,000
Transportation expense	48,000
Sales commission	14,000
Factory supervisor's salaries	90,000
Administrative staff's salaries	120,000
Indirect materials	35,000
Property tax	4,000
Factory maintenance	38,000
Depreciation – factory plant and machineries	25,000
Depreciation –vehicles	15,000
Indirect labour	24,000
Prepaid Insurance	9,360
Utilities expense	4,400

Additional information:

- 1/4 of the transportation expense is for delivering customers orders.
- 60% of the insurance expense is for factory vehicles. The insurance premium was paid for the period of April 1, 2014 to March 31, 2015.
- 35% of the utilities expense is for administrative purpose. RM 3,200 of the expense is accrued and not yet recorded.
- Depreciation of vehicles is for 10 months. Depreciations of vehicles for November and December have not been provided yet. 2/5 of the vehicles depreciation is for administrative.

You are required to :

(a) Prepare the Statement of Cost of Goods Manufactured for the year ended 31 December 2015.

(20 marks)

(b) Differentiate between product cost and period cost.

(5 marks)

Q4 ZM Frozen Enterprise sells a bar of homemade ice cream for RM3.50 per unit. The following are details for the sales and expenses in the month of November 2015.

Table Q4: Sales and Expenses in the Month of November 2015.

Item	**RM**
Sales	15,750
Administrative and Selling Expenses	2,780
Rent expenses	850
Packaging expenses	670
Utilities expenses	930
Transportation expenses	550
Salaries expense	2,900
Income from operation	**24,270**

Assume that the variable costs consists of :

- The whole packaging expenses.
- 2/3rd of the utilities expenses.
- 15% of administrative and selling expenses.
- 55% of salaries expenses.
- 30% of transportation expenses.

(a) Determine the contribution margin ratio.

(6 marks)

(b) Calculate the break-even point in unit sales.

(5 marks)

(c) Assume that the unit variable costs increases by 25%, other data is unchanged.

Calculate the new break-even point in units. (Round to the nearest units)

(4 marks)

(d) Illustrate a profit-volume chart indicating the break-even point in **Q4 (c).**

(5 marks)

(e) Assume that Fixed Cost increased to RM6,500 and targeted sales is 6,000 units.

Calculate the percentage of targeted profit to sales

(5 marks)

-END OF QUESTIONS-