



FINAL EXAMINATION
FOUNDATION IN COMMERCE

COURSE	: INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING
COURSE CODE	: MAC1234
DURATION	: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of calculator is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO. : _____
ID. NO. : _____
LECTURER : _____
SECTION : _____

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

This question paper consists of 6 printed pages including the front page.

QUESTION 1

Fluffy Sdn. Bhd. is a Malaysian company that produces Cotton blanket 100% plant-based cotton premium quality blanket that are sold throughout the country.

The following information is related to the production and sales of the blanket for the year ended 31 May 2026:

- i. 1 unit of blanket requires 5 metres of cotton fabric at a cost of RM20.00 per metre and 1 kilogram of seedless cotton for the filling at a cost of RM40.00 per kilogram.
- ii. Direct labour hours required to produce 1 unit of the blanket is 4 hours at a rate of RM10.00 per hour.
- iii. Variable overhead is RM20.00 per unit of blanket.
- iv. Total fixed costs amounted to RM500,000 per annum.
- v. The selling price of one unit of the product is RM300.00 per unit and current sales for blanket were 20,000 units.

Required:

- a. Compute the total variable costs per unit (UVC) of the blanket. (4 marks)
- b. Compute for the current year:
 - i. Break-even point in unit and value (RM).
 - ii. Margin of safety in unit and value (RM).
 - iii. Annual net profit of Fluffy Sdn Bhd. (6 marks)
- c. The company has secured RM2.00 discount for each metre of cotton fabric purchased. At the same time, the fixed costs has increased by RM40,000 per year.

Compute the units to be sold for the company to achieve the annual net profit of RM2,100,000. (5 marks)

- d. The marketing manager of the company is proposing to produce and sell new products, queen bedsheet and baby blanket in addition to the current production to gain a competitive edge. The projected information related information related to the new proposed products is as follows:

	Queen bedsheet	Baby blanket
Selling price (RM)	550.00	80.00
Variable cost (RM)	350.00	20.00

The company plans to sells the products in the following sales mix:

Products	Estimated Units Sold
Cotton blanket	20,000
Queen bedsheet	20,000
Baby blanket	40,000

It is expected that the production of the new products will increase the current total fixed costs of the company by 20% and incur additional promotional costs of RM40,500.

Required:

Compute the break even point (in units) for all products.

(8 marks)

- e. Explain **ONE (1)** advantage of cost volume profit analysis.

(2 marks)

(Total: 25 marks)

QUESTION 2

The following information relates to the operating activities of Suleimen Akhalakhen Sdn Bhd for the year 2026:

- i. The estimated sales revenue and production units are as follows:

Month	Sales (RM)	Production units
August	48,000	7,000
September	36,000	5,000
October	24,000	4,000
November	44,000	5,500
December	52,000	6,500

- ii. 50% of the sales are cash sales. Out of the credit sales, 50% are expected to be received in the next month of sales, while the balance will be settled in the next two months.
- iii. Rental revenue of RM2,000 will be received at the end of each month.
- iv. Purchases of materials are as follows:

Month of purchases	Total purchases (RM)
July	16,000
August	28,000
September	16,000
October	14,000
November	20,000
December	24,000

- v. The payment of purchases will be made in two equal instalments. The first instalment will be paid two months after purchases are made and the balance will be settled three months after.
- vi. Direct labour costs and variable overhead are to be paid in the month incurred. Direct labour is to be paid at RM3.00 per unit while variable overhead is to be paid at RM2.00 per unit.
- vii. Fixed overheads are expected to be RM5,000 per month. This amount includes monthly depreciation of RM1,000. Fixed overheads will be paid at the end of each month.
- viii. A machine costing RM35,000 will be purchased in November 2026, where RM15,000 will be paid in cash and the balance is paid in the following month.
- ix. In December 2026, an old van with a carrying value of RM12,000 will be sold at a profit of RM3,000.
- x. The cash balance as at 30 September 2026 is RM50,000.

Required:

- a. Prepare a Cash Budget for Suleimen Akhlakhen Sdn Bhd for the last quarter of the year 2026.

(42 marks)

- b. Describe **TWO (2)** uses of budgeting in an organization.

(4 marks)

- c. Explain **TWO (2)** functions of Budget Committee.

(4 marks)

(Total: 50 marks)

QUESTION 3

Wonderfools Sdn. Bhd. produces a single product called "Diamond". The product is sold locally at a standard price of RM40.00 per unit. The company uses standard manufacturing costs for control purposes. The management of the company has established the following standards for "Diamond":

Material usage	6 pieces
Direct material price	RM2.00 per piece
Direct labour usage	2 hours
Direct labour rate	RM3.00 per hour

The budgeted monthly production and sales for "Diamond" are 10,000 units. Information on the total budgeted overheads are provided below:

Variable overhead cost	RM80,000
Fixed overhead cost	RM45,000

Both fixed and variable overhead costs are absorbed based on direct labour hours. Total budgeted hours are 20,000 hours per month.

At the end of May 2026, actual results were as follows:

Production and sales	9,000 units
Sales revenue	RM396,000
Direct material purchased	70,000 pieces costing RM147,000
Direct labour	17,000 hours @ RM2.50 per hour
Variable overhead cost	RM60,000
Fixed overhead cost	RM45,000

Required:

a. Compute the following variances for May 2026:

- i. Direct Material Price and Usage variances.
- ii. Direct Labour Rate and Efficiency variances.
- iii. Variable Overhead Expenditure and Efficiency variances.
- iv. Fixed Overhead Expenditure and Volume variances.
- v. Sales Price variance.

(23 marks)

b. Describe **ONE (1)** possible reason for favourable direct material price variance

(2 marks)

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER