



Stamford College

School of Secretarial and Administrative Studies

DIPLOMA IN EXECUTIVE SECRETARYSHIP (Semester 4)

DES/2/4/20: MANAGEMENT INFORMATION II

Date: 01 March 2007, Thursday

Time: 9.30am – 11.30am

Duration: 2 Hours

Instruction to Candidates

Question 1 from Section A is compulsory. Answer TWO out of FOUR questions from Section B.

Please ensure that this examination paper contains FIVE questions on FOUR printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Write your Examination Index Number on each page of your answer booklet.

Section A (Compulsory)**Question 1**

(a) A partnership is an association of two or more persons who operate business for profits while a sole proprietorship is operated by only one person. What are the advantages of forming a partnership compared to a sole proprietorship?

(3 marks)

(b) You are an Accounts Manager in a company that manufactures and retails clothing. Classify the items 1 – 4 below under the following categories a - d:

(a) direct materials

(b) direct labour

(c) direct expenses

(d) administration costs.

1. Carriage on purchases of basic raw materials.

Wages of operatives in the cutting department.

2. Royalty payable on number of units of the products Z produced.

3. Telephone rental plus metered calls.

(2 marks)

(c) The goods receiving department has copies of all purchase orders. It is important that the goods that arrive actually agree in all details to those ordered before they are accepted. Upon receipt of goods from a supplier, which document is filled out by the store department as evidence that the correct quantity of materials has been received in good condition? Briefly explain the document.

(3 marks)

(d) Preparation of routine operating statements using absorption costing is considered less informative than using marginal costing. What are the main arguments against absorption costing?

(2 marks)

(Total = 10 marks)

Section B

Answer any TWO out of FOUR questions.

Question 2

Iris, Ati and Irene were in partnership sharing profits and losses in the ration 5:3:2. The following trial balance has been extracted from their books of accounts as at 31st March 2002 :

Data	Dr (RM)	Cr (RM)
Bank interest received		750
Capital Accounts (as at 1 st April 2001)		
Iris		80000
Ati		15000
Irene		5000
Carriage inwards	4000	
Carriage outwards	12000	
Cash at bank	4900	

Current Accounts		
Iris	1000	
Ati	500	
Irene	400	
Discounts allowed	10000	
Discounts received		4530
Drawings		
Iris	25000	
Ati	22000	
Irene	15000	
Motor Vehicles		
At cost	80000	
Accumulated depreciation		20000
Plant & Machinery		
At cost	100000	
Accumulated depreciation		36600
Office expenses	30400	
Provision for doubtful debts		420
Purchases	225000	
Sales		404500
Rent, rates, heat and light	8800	
Stock at 1 st April 2001	30000	
Trade creditors		16500
Trade debtors	14300	
Total	583300	583300

Notes

- a. Stock as at 31st March 2002 was valued at RM 35000.
- b. Depreciation on the fixed assets is to be charged as follows: Motor vehicles 25% at cost and Plant & machinery 20% at cost.
- c. The provision for doubtful debts is to be maintained at a level equivalent to 5% from the trade debtors.
- d. Office expenses of RM 405 was owing as at 31st March 2002, rent amounting to RM 1500 had been paid in advance as at that date.
- e. Interest on drawings : Iris RM 1000, Ati RM 900 and Irene RM 720.
- f. Irene is allowed a salary of RM 13000 per year.
- g. Interest on capital, at 10% per year.

Prepare the following:

- i. Trading, Profit and Loss and Appropriation Account for the year ended 31st March 2002
(10 marks)
- ii. Balance Sheet as at 31st March 2002.
(10 marks)
(Total = 20 marks)

Question 3

From the following figures, calculate the closing stock that would be shown using :

- i. LIFO
(10 marks)
- ii. FIFO
(10 marks)

	<u>Bought (kg)</u>		<u>Sold (kg)</u>
January	24 at RM 10.00 each	June	30 at RM 16.00 each
April	16 at RM 12.50 each	November	34 at RM 18.00 each
October	30 at RM 13.00 each		
			(Total = 20 marks)

Question 4

Raymond plc manufactures and sells electric pens. The selling price is RM 12.00 each.

Cost per unit is as follows:

Direct materials	RM 2.00
Direct labour	RM 1.00
Variable production overhead	RM 2.00
Fixed production overhead	<u>RM 3.00</u>
Total	<u>RM 8.00</u>

Administration costs are incurred at the rate of RM 20 per year.

The company achieved the following production and sales of pen (in unit):

<u>Year</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Production	100	110	90
Sales	90	110	95

The overhead costs are based on the basis of a budgeted production volume of 90 units.

Prepare profit statements by using marginal costing and absorption costing.

(Total = 20 marks)

Question 5

From the following information relating to George and Zola Ltd, prepare a month by month cash budget for the second half of 2002.

- a. The company's only product, a calfskin vest, sells at RM 40.00 and has a variable cost of RM 20.00 made up as follows : Materials RM 20.00; Labour RM 4.00; Overhead RM 2.00.
- b. Fixed costs of RM 6,000 per month are paid on the 28th of each month.
- c. Quantities sold/to be sold on credit (in units): May 1000; June 1600; July 1400; Aug 1600; Sept 1800; Oct 2000; Nov 2200; Dec 2600.
- d. Production quantities (in units): May 1200; June 1400; July 1400; Aug 2000; Sept 2400; Oct 2600; Nov 2400; Dec 2200
- e. Cash sales at a discount of 5% are expected to average 100 units per month.
- f. Customers are expected to settle their accounts by the end of the second month's sale.
- g. Suppliers of materials are paid two months after the materials is used in production.
- h. Wages are paid in the same month as they are incurred.
- i. 70% of the variable overhead is paid in the month of production, the remainder in the following month.
- j. Corporation tax of RM 18000 is to be paid in October.
- k. A new delivery vehicle was bought in June, the cost of which, RM 8000 is to be paid in August. The old vehicles was sold for RM 600, the buyer undertaking to pay in July.
- l. The company is expected to overdrawn RM 3000 from the bank on 30th June 2002.
- m. The opening and closing stocks of raw materials, work in progress and finished goods are budgeted to be the same.

(Total = 20 marks)

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