

**FINAL
ALTERNATIVE ASSESSMENT**
Examination Paper

(COVER PAGE)

Session : April 2020

Programme : Diploma In Business (DIB)
Diploma In Entrepreneurship (DENT)
Diploma In Marketing (DMKT)

Course : ACC1113: Cost Accounting

Date of Examination : August 4, 2020 (Tuesday)

Time : 8.00am – 10.30am Reading Time : Nil

Duration : 2 Hours : 30 Minutes

Special Instructions :

SECTION A: Answer **ALL THREE (3)** questions.

SECTION B: Answer **ALL** question.

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Cheah Kong Yong, Liew Wenn Hing, Remeo Dass Annaiah, Shindy Lee Jih Shin, Kantaruban a/l Rangunathan and Catherine Wong Shiau Ling

Chief Moderator : Lee See Seong

This paper consists of 7 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
 DIPLOMA IN ENTREPRENEURSHIP PROGRAMME (DENT)
 DIPLOMA IN MARKETING PROGRAMME (DMKT)
 ACC1113: COST ACCOUNTING
 FINAL ALTERNATE ASSESSMENT: APRIL 2020 SESSION

Instruction: Read each of the questions carefully and thoroughly before your attempts. This paper consists of **TWO (2)** sections. Answer all **THREE (3)** questions from **SECTION A** and all question from **SECTION B** in the answer booklet provided.

SECTION A: (75 marks) - Answer all **THREE (3)** questions.

Question 1

Chicken Frankfurters (M) Sdn. Bhd. manufactures hot dog for its customers in Malaysia. The company operates three production departments: Grinding, Stuffing, Packing and two service departments: store and maintenance. The following are the data extracted from company's records:

Factory Overheads	Departments	RM
Indirect labour	Grinding	18,600
	Stuffing	14,100
	Packing	25,300
	Store	15,600
	Maintenance	12,200
Canteen		18,100
Supervision		25,400
Production supervision		38,000
Power		12,000
Heating		15,800
Depreciation of pant		12,500
Lubricant		13,300
Direct materials		32,100
Direct labour		49,200

Additional information:

Item	Grinding	Stuffing	Packing	Store	Maintenance
Floor Area (Sq. m.)	1,500	1,600	1,400	2,500	1000
No. of employees	12	16	20	24	8
Plant value ('000)	RM400	RM300	RM250	RM150	RM100
Power (Kilowatts)	6,000	4,800	4,500	400	300
Maintenance hours	380	220	400	-	-
Materials requisitions	1,400	400	200	-	-
Direct labour hours	2,400	25,000	28,600	-	-
Machine hours	32,500	8,400	6,100	-	-

Additional information:

- (a) Because of labour shortage during MCO periods, the workers working at the production-line spent total 10% of their times to help cleaning (sanitizing) all the 5 departments. The times were spent evenly among all 5 departments.
- (b) The power sub-station nearby has been frequently experiencing malfunction since the beginning of MCO; it has seriously disrupted the supply of electricity in the region. The problem has increased the power consumption by 40% (extra power generators utilized), and damaged some major parts installed in the machines. The total costs of spare-part replacement carried out in the Specific Maintenance are as follows:
 - (i) Grinding Department: RM21,000
 - (ii) Stuffing Department: RM22,500
 - (iii) Packing Department: RM6,040
- (c) Due to the managers of Grinding, Stuffing and Packing have either resigned abruptly and deceased (because of severe COVID 19 infection), 50% of production supervisors' role is related to managerial tasks of each department.
- (d) The factory will clean thoroughly the floor of all 5 departments after production daily; the total cleaning cost amounted to RM13,000.

Required:

- (a) Prepare an Overhead Cost Analysis sheet **before** the costs of the service departments have been re-apportioned to each production departments. (Round up your answers to the nearest whole number).

Note:

- (i) You only need to complete allocation and apportionment. No re-apportionment is required.
- (ii) No mark will be rewarded if there is no working shown in each of your calculations.

(Total: 25 marks)

Question 3 Part One

ECO FOOD (M) Sdn. Bhd. produces a special type of French sausage for its customers in Malaysia. The following information is provided by the company for the second quarter of 2019:

Per unit:	RM
Selling price	45
Production costs:	
Direct materials	13.00
Direct labour	8.20
Variable factory overheads	4.80
Fixed selling costs	360,000
Fixed production costs	330,000

Actual details for the months are as follows:

	April	May	June
Production in units	45,000	55,800	53,000
Sales in units	42,000	57,600	50,800

Additional information:

- (i) The opening inventory on 1 April 2019 was 12,500 units.
- (ii) Starting second quarter onwards, the quarterly fixed costs of company increased by 20%, and sales staff entitles sales commission of 15% when total sales exceeds target RM1,500,000 and 35% when total sales exceeds target RM2,500,000.

Required:

Prepare an income statement for each of the three months ended 30 June 2019, using marginal costing method. (19 marks)

Part Two

The salary paid to factory supervisors will be increasing steadily by 15% every year as the production capacity continues to moderately increase over the next 5 years.

Required:

Identify and describe the type of cost behavior of the factory overhead in both short term and long term with simple chart(s). (6 marks)

(Total: 25 marks)

SECTION B: (25 marks): Read each of the questions carefully and thoroughly before your attempts.

Question 4

- (a) Kanika Food (M) Sdn. Bhd. produces a single type of chicken sausage for specific customers in Malaysia. The main type of raw materials being used is chicken mince-meat supplied from a few local suppliers. There was an opening inventory (3,900 kg at RM8 each) brought forward from June 2019. During July 2020, the company's operations had the following transactions:

Date	Bought at gross price and quantity	Issued out to production
July 2	3,800 kg at RM8.20 each	
July 5		4,800 kg
July 8	2,600 kg at RM8.30 each	
July 13	900 kg at RM8.50 each	
July 18		3,200 kg
July 21	3,500 kg at RM8.60 each	
July 25		3,950 kg

Additional information:

On 1 July 2020, Kanika decided to appoint one of its suppliers as its sole authorized supplier with a purchase agreement; the company will receive a free 5 kg of chicken mince-meat for each 1,000 kg purchased. In the management meeting, it was decided that the free item would be a cost saving to the company.

Required:

Using the following methods calculate the value of closing inventory as at 31 July 2020. (Round your answers to 2 decimal points. Eg: 3.127 =3.13)

- (i) First in, First out method (FIFO) (8 marks)
(ii) Moving Average method (MAVG) (7 marks)

Note:

No mark is rewarded if there is no working shown for each calculation.

- (b) Marini's on 57, an exclusive and elegant Italian restaurant located in Kuala Lumpur provides excellent dining experience daily for the walk-in guests and hosts sumptuous wedding banquet only for its Diamond-Circle VIP members. The following information is provided by restaurant:

		RM
(i)	Basic salary paid to chefs who were sent for cooking competition.	21,500
(ii)	Overtime premium paid to waiters during peak meal hours.	2,600
(iii)	Allowance paid to restaurant supervisors who helped out at kitchen	1,100
(iv)	Part-time wages paid to maintenance workers who service refrigerators and air coolers in the dining hall.	3,800
(v)	Shift allowance paid to junior chefs signed up for night shift voluntarily.	3,100
(vi)	Salary and allowance paid to the teams of interior decorators who choose the themes and decoration once every quarter for the dining hall.	210,300
(vii)	Basic salaries paid to chefs who worked overtime.	10,400
(viii)	Basic salary and allowance paid to staff who carried out food delivery.	15,100
(ix)	Salary paid to body guards for the wedding banquet.	34,000
(x)	Salary and allowance were paid to both part-time Masters of Ceremonies (MC) and live-bands.	45,300
(xi)	Overtime premium paid to chefs who work to recover dishes due to sudden barbecue grills failure.	5,300
(xii)	Basic wages paid to valet.	7,700
(xiii)	Overtime premium paid to chefs who work for wedding banquet.	15,600
(xiv)	Basic wages paid to cleaners who clean up the restaurant.	14,500
(xv)	Basic salary paid to the Master chefs who perform as advisers only for the head chefs.	587,360
(xvi)	Tips paid to waiters by diners	1,290
(xvii)	Salary paid to guest chefs who create new dishes for the wedding banquets.	13,020

Additional information:

- (i) Cleaners normally spend 30% of their times to help cleaning up the dirty dishes and kitchen.
- (ii) Master chefs spend approximately 80% of their times to help the chefs for the dishes served in the wedding banquet.
- (iii) MC and live-band spends 70% of their times performing for the wedding banquets and remaining times for daily dining service respectively.
- (iv) Staff, performing food-delivery service, also spend 55% of their times being the drivers for the wedding vehicle. Total allowance received from the owners of wedding banquets amounted to RM13,300.
- (v) The interior decorators invested 70% of their times on setting up the dining hall for wedding banquets.

Required:

Calculate the total of direct labour costs and indirect labour costs. (10 marks)

Note:

- (i) All your workings carry marks.
- (ii) **ONE (1)** mark will be deducted (up to maximum 3 marks) for each item wrongly classified.

(Total: 25 marks)

~The End~

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