



FINAL
Examination Paper

(COVER PAGE)

Session : AUGUST 2017

Programme : Diploma In Business (DIB)

Course : ACC1113: Cost Accounting

Date of Examination : 13 December, 2017 (Wednesday)

Time : 2:00 pm – 4:00 pm Reading Time : Nil

Duration : 2 Hours

Special Instructions :

SECTION A: Answer any THREE (3) questions.

SECTION B: Answer any ONE (1) question.

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Doris Koh Pin Pin, Ng Kean Wai, Cheah Kong Yong, and Dg Siti Aisyah

Moderator : Dr Chee Hong Kok

This paper consists of 6 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC 1113: COST ACCOUNTING
FINAL EXAMINATION: AUGUST 2017 SESSION

Instruction: This paper consists of **TWO (2)** sections. Answer any **THREE (3)** questions from **SECTION A** and any **ONE (1)** from **SECTION B** in the answer booklet provided.

SECTION A: (75 marks)

Answer any **THREE (3)** questions.

Question 1

Connell Production produces special type of fixture solely for aquarium use. The company has three production departments: Cutting, Assembly and Polishing and they are serviced by a maintenance and store departments. The following are the budgeted data for the month of September 2017:

		RM
Indirect Materials	Cutting Department	23000
	Assembly Department	17000
	Polishing Department	12000
	Maintenance Department	9000
	Store Department	8000
Rent and rate		12000
Canteen		21000
Factory depreciation		27000
Plant depreciation		48000
Production supervision		35000

Additional information:

	Cutting	Assembly	Polishing	Maintenance	Store
Floor area (Sq) meter	1500	900	600	700	300
No. of employees	80	60	30	20	10
Maintenance hours	300	500	200	-	-
Plant value (RM)	15000	25000	10000	-	-
No. of materials Requisition	500	400	300	-	-
Machine hours	106000				
Direct Labor hours	-	24000	6000		

Required:

- Prepare an Overhead Cost Analysis sheet **after** the costs of the service departments have been re-apportioned to each production departments. (19 marks)
- Calculate Overhead Absorption Rate for each production department. (6 marks)

(Total: 25 marks)

Question 2**Part A**

Zelor Metal Enterprise has incurred the following costs for the last six months.

Period	Activity level	Total cost
	Units	RM
1	23,000	188,000
2	19,500	167,000
3	20,100	200,700
4	21,400	198,400

Required:

- (a) Calculate the fixed costs per month **and** variable cost per unit using the High-Low method. (5 marks)
- (b) Estimate the total costs for the activity level of 22,400 units in a period. (3 marks)

Part B

Galang Sdn Bhd manufacture and sells a single product A. The following information is provided in relation to the production of this product:

	RM
Selling price per unit	64.00
Direct materials per unit	10.00
Direct labour per unit	8.00
Variable production overheads per unit	4.00

Details for the months of May and June 2017 are as follows:

	May	June
Production of Product A	800	480
Sales of Product A (units)	550	560

Fixed production overheads are budgeted at RM3,560 per month and are absorbed on a unit basis.

Other costs

Fixed selling	RM4,200 per month
Fixed administration	RM1,500 per month
Variable sales commission	10% of sales revenue

There was no opening inventory of Product A at the start of May.

Required:

Prepare a statement of profit and loss for the months ended May and June, 2017 using marginal costing method. (17marks)

(Total: 25 marks)

Question 3

Seachem Lab., a privately owned company, mainly produces fertilizer for water plant for hobbyists. The information given below is related to Seachem that makes and sells a single product:

	RM
Selling price	95 per unit
Direct materials	15 per unit
Direct labor	20 per unit
Variable overheads: Production	5 per unit
Selling & administration	15 per unit
Fixed overheads: Selling	21,000
Administration	48,000
Production	31,000
Existing sales in units	3400
Relevant range (units)	1,100 – 4,000

Required: (Unless otherwise stated, consider each of the followings separately)

- (a) Calculate the break-even point in unit and value. (4 marks)
- (b) Calculate the marginal safety in units and value. (4 marks)
- (c) Calculate the number of units to be sold if the targeted profit is RM35, 000. (3 marks)
- (d) What is the selling price per unit if Seachem wants to achieve a profit of RM45,000 for the year and if existing sales units can be achieved, direct material costs increase by 20% and total fixed costs increased by 10% respectively? (4 marks)
- (e) Based on the information given above, draw a **traditional Break-even Chart** and label the chart with the following:
- (i) Total cost line, sales line and fixed cost line (1.5 marks)
- (ii) Variable cost area (1mark)
- (iii) Relevant range (1mark)
- (iv) Break-even point in quantities and value (2 marks)
- (v) Profit and loss areas (1mark)
- (vi) Margin of safety in quantities and value (2 marks)
- (f) Define the term 'Relevant Range'. (1.5 marks)

(Total: 25 marks)

Question 4

Ocean Depot Specialist Sdn Bhd commenced business on 1 January 2014. The company is an authorized dealer of Ocean Nutrition, one of most popular fish food manufacturers in the world. On 2 January 2016, balance of 300 bottles (valued at RM15 each) was brought forward from 2015. During the first six month ended 30 June 2016, the company's operations had the following transactions:

Purchases			Sales		
Date of Receipts	Quantity (bottles)	Total Cost (RM)	Date of Sales	Quantity (bottles)	Total Value (RM)
13/1	200	3,200			
8/2	400	6,800	10/2	550	17,050
11/3	600	10,800			
12/4	400	7400	20/4	600	19,200

The owner had not taken any money out of the business for living expenses. The total expenses incurred was RM13,500.

Required:

- (a) Using the following methods, calculate the cost of goods sold and value of stock as at 30 June 2016.
- (i) First in-First Out method (FIFO) (6 marks)
 - (ii) Last in-First Out method (LIFO) (6 marks)
 - (iii) Moving Average method (AVG) (7 marks)
- (b) Prepare a statement of profit and loss for first six month ended 30 June 2016 in the columnar format using each of the stock valuation methods in part (a). (6 marks)

(Total: 25 marks)

SECTION B: (25 marks)

Answer any **ONE (1)** question.

Question 5

- (a) Describe **ONE (1)** objective of management accounting. (3 marks)
- (b) Identify **FOUR (4)** functions of management accounting. (4 marks)
- (c) Describe **FOUR (4)** differences of Management Accounting and Financial accounting. (12 marks)
- (d) List down **THREE (3)** types of financial data and **THREE (3)** types of non-financial data that can be used by management accountant when compiling reports. (6 marks)

(Total: 25 marks)

Question 6

- (a) List and explain the objectives of cost accounting. (7 marks)
- (b) Explain **THREE (3)** types of inventory reported by manufacturing companies. (9 marks)
- (c) Describe the advantages of marginal and absorption costing. (9 marks)

(Total: 25 marks)

~The End~

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