

 **INTI International
University & Colleges**

**FINAL
Examination Paper**

(COVER PAGE)

Session : APRIL 2018

Programme : Diploma In Business (DIB)

Course : ACC1113: Cost Accounting

Date of Examination : August 02, 2018 (Thursday)

Time : 2:00pm – 4:00pm 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) : Cheah Kong Yong, Ng Kean Wai, Remeo Dass, Alex Aung Moe
and Janice

Moderator : Dr Chee Hong Kok

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1113: COST ACCOUNTING
FINAL EXAMINATION: APRIL 2018 SESSION

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

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

Question 1

Asia Poly Industrial Sdn. Bhd., a subsidiary of Asia Poly Malaysia, supplies cast acrylic powders to its customers in South East Asia region. On 1 January 2018, opening inventory balance of 13,000 kg at RM4.20 per kg brought forward from previous month. During the first six month ended 30 June 2018, the company's operation had the following transactions:

2018	
January	Bought 15,400 kg at RM4.30 per kg.
February	Bought 16,800 kg at RM4.50 per kg.
March	Sold 19,800 kg at RM25 per kg.
April	Bought 18,400 kg at RM4.80 per kg.
May	Sold 14,800 kg at RM26 per kg.
June	Sold 13,100 kg at RM24 per kg.

During the 6-month period, the company has incurred operation expenses amounted to RM795,000.

Required:

- (a) Calculate the cost of goods sold and value of inventory as at 30 June 2018 (Round your answers to 2 decimal points) using:
- (i) Last in-First Out method (LIFO) (7 marks)
 - (ii) Moving Average method (MAVG). (8 marks)
- (b) Prepare a summarized statement of profit and loss for first six months ended 30 June 2018 in the columnar format using each of the stock valuation methods in part (a). (2 marks)
- (c) Describe the differences between Direct cost and Indirect costs. (4 marks)
- (d) Describe the function(s) of source document. (4 marks)

(Total: 25 marks)

Question 2

Asia Poly Food Sdn. Bhd., a subsidiary of Asia Poly Malaysia, produces packing materials for its customers in West Malaysia. The company has three production departments: Grinding, Melting and Molding and they are serviced by a maintenance and store departments. The following are the budgeted data for the month of January 2018:

RM

Indirect labor	Grinding Department	13,600
	Melting Department	12,500
	Molding Department	11,800
	Maintenance Department	12,100
	Store Department	10,900
Lighting and heating		18,000
Power		34,000
Plant depreciation		19,000
Supervision		31,000
Machine lubricant		28,000

Additional information:

	Grinding	Melting	Molding	Maintenance	Store
Floor area (Sq. m)	1,200	1,400	1,000	900	500
No. of employees	22	20	23	20	15
Power (KW)	150,000	90,000	260,000	-	-
Plant value (RM)	350,000	310,000	340,000	-	-
Maintenance hours	5,300	3,200	1,500		
No. of materials Requisitions	380	220	400	-	
Machine hours	22,000	23,000	25,000		

Required:

- (a) Prepare an Overhead Cost Analysis sheet for January 2018 **after** the costs of the service departments have been re-apportioned to each production departments. (Round your answer to 1 decimal point) (19 marks)
- (b) Calculate Overhead Absorption Rate (OAR) for each production department. (Round your answer to 2 decimal points) (6 marks)

(Total: 25 marks)

Question 3

DAYA AWANA Industri Sdn. Bhd. (DAYA) mainly supplies chemical to industry which produces laundry detergent for commercial use. In 2018, the company plan to launch a new type of chemical and the information below was extracted from business's records:

	RM
Selling price	25 per kg
Direct materials X	2 per kg
Direct materials Y	3 per kg
Direct labour	5 per kg
Production: Variable overheads	3 per kg
Fixed overheads	300,100
Selling & Admin: Variable overheads	4 per kg
Fixed overheads	120,500
Existing sales	58,500 kg
Relevant range	38,300 – 91,000 (kg)

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

- (a) Calculate the break-even point in kg and value. (4 marks)
- (b) Calculate the margin of safety in kg and value. (4 marks)
- (c) Calculate the number of kg to be sold if the targeted profit is RM135,000. (3 marks)
- (d) Calculate the selling price per kg if DAYA wants to achieve a profit of RM350,000 for the year and if existing sales kg can be achieved, total direct material costs increase by 20% and total fixed costs increased by 30% respectively? (Note: round your answer to 2 decimal points) (4 marks)
- (e) If the factory can only produce 3,000 kg per week, how many weeks will factory to achieve break even? (3 marks)
- (f) Based on the information given above, draw a Traditional Break Even chart and highlight all the relevant and important information (Sales and Total cost lines, Profit and loss areas, Relevant ranges, Break-even point and value, Margin of safety). (7 marks)

(Total: 25 marks)

Question 4

Gen-EE Corp. Sdn. Bhd. manufactures and sells a single product- organic fertilizer – Chicken Manure to local agriculture industry as well as abroad. The following information is provided by the company for the first quarter of 2018:

Per kg:	RM
Selling price	24.80
Variable production costs:	
Direct materials	2.50
Direct labor	5.10
Variable factory overheads	1.60
Variable selling & admin. Overheads:	
Sales commission	15% of sales
Others	10% of sales
Fixed selling overheads (per month)	157,000
Fixed production overheads (per month)	314,000

Actual details for the months of 2018 are as follows:

	January	February	March
Production in kg	57,000	55,500	48,200
Sales in kg	48,000	58,000	46,500

Required:

- (a) Prepare a Statement of profit and loss for each of the three months ended 31 March 2018, using marginal costing method. (21 marks)
- (b) Describe **TWO (2)** advantages of marginal costing method. (4 marks)

(Total: 25 marks)

SECTION B: Answer any ONE (1) question. (25 marks)**Question 5**

- (a) Describe **FOUR (4)** differences between Financial Accounting and Management Accounting. (12 marks)
- (b) A subsidiary of Gen-EE Corp. Sdn. Bhd. has incurred the following costs for the last five months of 2018:

Month	Activity level	Total cost
	Kg	RM
January	28,300	284,700
February	31,600	302,800
March	29,100	283,700
April	25,900	257,200
May	30,500	304,500

Required:

Calculate the fixed costs per month and variable cost per bottle using the **High-Low method**. (5 marks)

- (c) Describe and sketch the following terms:
- (i) Variable cost (2 marks)
 - (ii) Fixed cost (2 marks)
 - (iii) Semi-variable cost (2 marks)
 - (iv) Stepped Fixed cost (2 marks)

(Total: 25 marks)

Question 6

- (a) Identify **THREE (3)** different types of inventory in manufacturing company. (3 marks)
- (b) Describe the term 'Conversion Cost'. (2 marks)
- (c) Describe **TWO (2)** advantages and **THREE (3)** disadvantages of Time Base System (10 marks)
- (d) Identify **TWO (2)** industries which widely adopting Time Base System. (2 marks)
- (e) Describe the term 'Overtime Premium'. (3 marks)
- (f) Describe the differences between Period cost and Unexpired cost. (5 marks)

(Total: 25 marks)

~The End~
acc1113(f)/April2018

