



FINAL
Examination Paper

(COVER PAGE)

Session : AUGUST 2019

Programme : Diploma In Business (DIB)

Course : ACC1113: Cost Accounting

Date of Examination : December 7, 2019 (Saturday)

Time : 5:00pm – 7:00pm 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, Janice Malibin, Syed Azlan Aljafree, Shindy Lee Jih Shin, and Kantaruban**

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: AUGUST 2019 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

Sun-Kist Mango (M) Sdn. Bhd. produces mango-juice concentrate for its corporate customers in Malaysia. The company has three production departments: Cutting, Processing, Canning and they are serviced by store and maintenance departments. The following are the monthly budgeted data:

		RM
Indirect materials	Cutting Department	8,400
	Processing Department	13,800
	Canning Department	6,800
	Store Department	3,300
	Maintenance Department	4,900
Lighting and heating		10,500
Depreciation of machines and tools		8,200
Employee accommodation		25,000
Depreciation of building (floor area)		3,300
Production Supervision		14,000

Additional information:

Item	Cutting	Processing	Canning	Store	Maintenance
Floor Area (Sq. m.)	1,300	1,600	2,500	3,500	1,100
No. of employees	25	6	5	10	4
Machine & tool book value	RM3,600	RM15,000	RM4,000	RM2,400	RM1,000
Maintenance hours	100	120	380	-	-
No. of direct materials requisition	1,400	400	200	-	-
Direct labour hours	23,000	3000	4,000	-	-
Machine hours	160	22,600	23,100	-	-

Additional information:

The Cutting department relies on worker to cut the fruit while other two departments utilize mainly machine and tools in their respective productions.

Required:

- (a) Prepare an Overhead Cost Analysis sheet **after** the costs of the service departments have been re-apportioned to each production departments. (Note: Round up your answers to the nearest whole number). (19 marks)
- (b) Calculate Overhead Absorption Rate (OAR) for each production department. (6 marks)
(Round up your answer to two decimal points).

(Total: 25 marks)**Question 2**

Mango Kesar Sdn. Bhd. (Kesar) mainly produces and supplies single type of dry mango-snack to local hypermarkets in Malaysia. In 2019, the company plans to launch a new product and the information below was extracted from the business records:

	RM
Selling price	11 per pack
Direct materials	1.5 per pack
Direct labour	3 per pack
Production: Variable overheads	0.8 per pack
Fixed overheads	13,000
Selling & Admin: Variable overheads	1.5 per pack
Fixed overheads	55,000
Estimated sales	28,200 packs
Relevant range	13,000 – 49,000 (packs)

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

- (a) Calculate the break-even point in packs and sales value. (Note: Round up your answers to the nearest whole number). (4 marks)
- (b) Calculate the number of packs to be sold if the targeted profit is RM132,000. (3 marks)
- (c) Calculate the selling price per packs if Kesar wants to achieve a profit of RM155,000 for the year and if existing estimated sales packs can be achieved, direct material costs per pack increase by RM0.50 and total fixed costs increased by RM20,000 respectively? (Note: round up your answer to 2 decimal points) (4 marks)
- (d) If the factory can only produce 860 packs per week, how many weeks will the factory take to achieve break-even? (3 marks)
- (e) Calculate the Contribution margin/Sales (C/S) ratio. (3 marks)
- (f) Calculate the margin of safety in packs and sales value. (4 marks)
- (g) Describe **TWO (2)** assumptions of Break-even analysis. (4 marks)

(Total: 25 marks)

Question 3**Part A**

Mango Dasher (M) Sdn. Bhd. packs custom-made mango-extract for local hypermarkets in Malaysia. There was an opening inventory (**8,900 kgs at RM3 each**) brought forward from July 2019. During August 2019, the company's operations had the following transactions:

Date	Purchases	Issued out to production
August 1	12,400 kgs @RM3.3 each	
August 3		10,500 kgs
August 7	13,200 kgs @ RM3.5 each	
August 11	15,500 kgs @ RM3.8 each	
August 16		14,080 kgs
August 22		14,430 kgs

Required:

- (a) Using the following methods calculate the value of closing inventory as at 31 August 2019. (Round your answers to 2 decimal points)
- (i) Last in, First out method (LIFO) (7 marks)
 - (ii) Moving Average method (MAVG) (6 marks)
- (b) Describe **TWO (2)** disadvantages of LIFO method (4 marks)

Part B

- (i) List down **THREE (3)** types of inventory in manufacturing industry. (3 marks)
- (ii) Refer to your answers at part (i), identify **ONE (1)** type of inventory which is most likely not evaluated totally based on actual cost. (1 mark)
- (iii) Identify and describe **TWO (2)** types of production costs which are classified as Conversion Cost. (4 marks)

(Total: 25 marks)

Question 4

Agromaster Fertilizer (M) Sdn. Bhd. collects wastage mainly from mango industry to produce organic enzyme. The following information is provided by the company for the first quarter of 2019:

Per pack:	RM
Selling price	30
Variable production costs:	
Direct materials	8.50
Direct labour	10.20
Variable factory overheads	1.40
Variable selling & admin. Overheads:	
Sales commission for January	5% of sales value
Sales commission for February	10% of sales value
Sales commission for March	8% of sales value
Fixed selling costs	120,000
Fixed production costs	180,000

Actual details for the months are as follows:

	January	February	March
Production in packs	15,000	12,400	13,200
Sales in packs	11,800	16,800	11,400

Additional information:

The opening inventory on 1 January was 15,000 packs.

Required:

Prepare an income statement for each of the three months ended 31 March 2019, using marginal costing method.

(Total: 25 marks)

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

Question 5

- (a) (i) Describe the term 'Cost Object' with **ONE** example. (3 marks)
 (ii) Based on your cost object example at part (i), identify **ONE (1)** type of direct cost example and **ONE (1)** type of indirect cost example. (2 marks)
 (iii) Explain briefly your choices of direct/indirect cost examples with any relevant concepts. (5 marks)
- (b) Calculate Overtime paid and Overtime premium if the basic rate per hour is RM30, with overtime paid at time-and-a-half. (2 marks)

- (c) The following information is provided:

		RM
(i)	Basic wages paid to direct labour who are on sick leave	8,500
(ii)	Allowance paid to supervisor who helps out at assembly line	3,200
(iii)	Shift allowance paid to direct labour to sign up for night shift	4,200
(iv)	Basic wages paid to direct labour who works overtime	6,900
(v)	Overtime premium paid to direct labour who work on lost production due to machine failure.	5,800
(vi)	Overtime premium paid to direct labour who work on urgent project requested by customer.	9,300
(vii)	Basic wages paid to production supervisor	5,760

Required:

Calculate the total of direct labour costs and indirect labour costs. (7 marks)

Note: show all your workings.

- (d) Describe **THREE (3)** disadvantages of time-based method? (6 marks)

(Total:25 marks)

Question 6

- (a) Define the term 'Cost Accounting'. (3 marks)
- (b) Describe **Three (3)** differences between Financial Accounting and Management Accounting. (9 marks)
- (c) The following costs have been extracted from the records of Gd-EX Delivery:

Month	Activity level	Total cost
	bags	RM
January	7,500	223,500
February	8,950	278,750
March	8,300	286,500
April	7,700	257,500
May	7,300	237,500
June	7,900	265,500

Required:

Calculate the fixed costs per month and variable cost per bag using the High-Low method. (6 marks)

- (d) Describe the purpose of analyzing Cost Behaviour. (3 marks)
- (e) (i) Describe the term 'total cost (semi-variable cost)' in conducting cost behaviour analysis. (2 marks)
- (ii) Sketch the components of 'total cost (semi-variable cost)' in cost behavior analysis. (2 marks)

(Total: 25 marks)

~The End~