

**FINAL ALTERNATIVE ASSESSMENT**

Examination Paper

(COVER PAGE)

Session	:	<u>August 2020</u>
Programme	:	<u>Diploma In Business (DIB) Diploma In Entrepreneurship (DENT) Diploma In Marketing (DMKT) Diploma In E-Commerce (DEC) Diploma In Finance (DIF)</u>
Course	:	<u>ACC1113: Cost Accounting</u>
Date of Examination	:	<u>December 17, 2020 (Thursday)</u>
Time	:	<u>4.00pm – 6.30pm</u> Reading Time : <u>Nil</u>
Duration	:	<u>2 Hours : 30 Minutes</u>

**Note:** 30 minutes is added into the duration of the examination to factor in any connectivity matters and for you to scan and upload your scripts.

**Special Instructions** :

This paper consists of **FOUR (4)** questions. Answer all questions in the answers in the foolscap papers.

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Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Cheah Kong Yong, Liew Wenn Hing, Mohd Hafiz, Kantaruban a/l Raganathan and Catherine Wong Shiau Ling

Chief Moderator : Lee See Seong

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
 DIPLOMA IN ENTREPRENEURSHIP PROGRAMME (DENT)  
 DIPLOMA IN MARKETING PROGRAMME (DMKT)  
 DIPLOMA IN E-COMMERCE PROGRAMME (DEC)  
 DIPLOMA IN FINANCE PROGRAMME (DIF)  
 ACC1113: COST ACCOUNTING  
 FINAL ALTERNATIVE ASSESSMENT: AUGUST 2020 SESSION

**Instruction:** Read each of the questions carefully and thoroughly before your attempts. This paper consists of **FOUR (4)** questions. Answer all questions in the answers in the foolscap papers.

**Question 1**

Green Field (M) Sdn. Bhd. produces a single type of particle furniture for its both corporate and retail customers in Malaysia. The main type of raw materials being used is sawdust supplied from a few local lumber mills. There was an opening inventory (7,800 kg at RM3 each) brought forward from December 2019. During January 2020, the company's operations had the following transactions:

Date	Bought at gross price and quantity	Issued out to production
Jan 3	9,800 kg at RM3.20 each	
Jan 6		8,400 kg
Jan 9	8,200 kg at RM3.30 each	
Jan 13	6,200 kg at RM3.50 each	
Jan 16		12,600 kg
Jan 19	9,500 kg at RM3.40 each	
Jan 24		12,850 kg
Jan 28	8,500 kg at RM3.50 each	

**Additional information:**

On 15 January 2020, Green Field entered a purchase agreement with one of its suppliers: the company will receive a free 100 kg of sawdust for each 1,000 kg purchased. In the management meeting, it was decided that the new agreement would be a cost saving to the company.

**Required:**

Using the following methods calculate the value of closing inventory as at 31 January 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) (8 marks)
- (iii) Last in, First out method (LIFO) (9 marks)

**(Total: 25 marks)**

**Question 2**

Copper, an exclusive and elegant western 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 monthly training.	44,400
(ii)	Overtime premium paid to waiters during daily peak meal hours.	7,200
(iii)	Allowance paid to restaurant supervisors who helped out at kitchen during wedding banquet.	8,600
(iv)	Part-time wages paid to maintenance workers who service refrigerators and air conditioners in the dining hall.	6,300
(v)	Shift allowance paid to junior chefs signed up for night shift voluntarily.	18,200
(vi)	Basic salary paid to the restaurant managers.	45,000
(vii)	Salary and allowance paid to the teams of interior decorators who choose the themes and decoration once every quarter for the dining hall.	177,500
(viii)	Basic salaries paid to cook helps who worked overtime.	33,600
(ix)	Overtime premium paid to chefs who work for wedding banquet.	13,600
(x)	Basic salary and allowance paid to staff who carried out food delivery.	18,200
(xi)	Basic salary paid to the cashiers.	34,300
(xii)	Fees paid to consultants for the wedding banquet.	26,500
xiii)	Overtime premium paid to chefs who work to recover dishes due to sudden barbecue grills failure.	8,300
(xiv)	Salary and allowance were paid to both part-time Masters of Ceremonies (MC) and live-bands.	42,600
(xv)	Basic wages paid to valet.	9,200
(xvi)	Basic salary paid to front-desk receptionists.	22,000
(xvii)	Basic wages paid to cleaners who clean up the restaurant.	21,300
(xviii)	Tips paid to waiters by diners	3,890
(xix)	Basic salary paid to the Master chefs who supervise the head chefs.	487,460
(xx)	Fees paid to guest chefs who create new dishes.	17,320

**Additional information:**

- (i) Half of total monthly training hours will spend on designing new dishes for wedding banquet.
- (ii) 70% of the night shift is needed to prepare the dishes for the wedding banquet.
- (iii) The interior decorators normally spend 60% of their times on setting up the dining hall for wedding banquets.
- (iv) MC and live-band spends 40% of their times performing for the wedding banquets and remaining times for daily dining service respectively.

- (v) Cleaners normally spend 30% of their times to help cleaning up the restaurant for the wedding banquets.
- (vi) Master chefs spend approximately 80% of their times to help the head chefs to cook the dishes served in the wedding banquet.
- (vii) Staff, performing food-delivery service, receives additional allowance RM12,900 from the guests of wedding banquets.

**Required:**

- (a) Calculate the total of direct labour costs for the wedding banquet. (13 marks)
- (b) A manufacturing company has determined to venture into the garment industry, a labor-intensive industry.

**Required:**

Recommend to management a type of remuneration method that will provide **TWO (2)** advantages to improve the mental health (from cost accounting perspective) and productivity of direct labour, and impose **TWO (2)** potential challenges.

(12 marks)

**(Total: 25 marks)**

**Question 3**

Ellaziq (M) Sdn. Bhd. manufactures halal luncheon meat 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	14,500
	Stuffing	15,300
	Packing	12,200
	Store	13,600
	Maintenance	12,200
Canteen		13,200
Supervision		23,400
Production supervision		24,000
Power		8,000
Heating		11,800
Depreciation of machine		11,500
Lubricant for machines		8,300
Direct materials		28,600
Direct labour		33,800

**Additional information:**

Item	Grinding	Stuffing	Packing	Store	Maintenance
Floor Area (Sq. m.)	1,700	2,300	1,400	3,500	1100
No. of employees	18	27	20	22	13
Machine 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	12,400	21,400	16,200	-	-
Machine hours	32,500	8,400	6,100		

**Additional information:**

- (a) Because of labour shortage after 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 costs of spare-part replacement carried out for the **Specific Maintenance** are as follows:

- (i) Grinding Department: RM14,000
- (ii) Stuffing Department: RM17,500
- (iii) Packing Department: RM3,200
- (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 RM10,800.

**Required:**

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 4**

Robert Enterprise manufactures halal chicken luncheon meat to order and has the following budgeted overheads for the year 2021 based on normal activity levels.

Department	Budgeted overheads (RM)	Overhead absorption base
Cleaning	8,000	1,500 labour hours
Machine	23,000	2,500 machine hours
Blending	10,000	1,800 labour hours
Mixing	5,000	1,000 labour hours

An order for 250 units, assigned as Job 5931, incurred the following costs:

Materials	RM3,107
Labour	128 hours Cleaning Department at RM2.25 per hour
	452 hours Machine Department at RM2.50 per hour
	90 hours Blending Department at RM2.25 per hour
	175 hours Mixing Department at RM1.80 per hour

**Additional Information:**

- 1) A sum of RM525 was paid for the rental of equipment for testing the chemical composite of the meat of Job 5931.
- 2) Time booking must be made in advance to Machine departments for each job. Total time booking to produce Job 5931 in the Machine department was 643 machine hours.
- 3) The selling and administration overheads will be charged to each order at 20% of production cost.

**Required:**

- (a) Overhead absorption rate (OAR) for each department, (8 marks)
- (b) Calculate the following for Job 5931:
  - (i) Total production cost (11 marks)
  - (ii) Total costs (2 marks)
  - (iii) Unit cost (2 marks)
  - (iv) Profit if the selling price is RM80 per unit. (2 marks)

Note: (a) Round your answers to **TWO (2)** decimal points  
 (b) Show all your relevant working.

**(Total: 25 marks)**

**~The End~**