

 **INTI** International  
University & Colleges

**FINAL**  
Examination Paper

(COVER PAGE)

Session : JANUARY 2018

Programme : Diploma In Business (DIB)

Course : ACC1113: Cost Accounting

Date of Examination : 8 March, 2018 (Thursday)

Time : 8:00 am – 10:00 am Reading Time : Nil

Duration : 2 Hours

**Special Instructions :**

**SECTION A:** Answer any **THREE (3)** questions out of **FOUR (4)** questions.

**SECTION B:** Answer any **ONE (1)** question out of **TWO (2)** questions.

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Cheah Kong Yong, Remeo Dass and Dr Ramakrishnan

Moderator : Dr Chee Hong Kok

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
ACC 1113: COST ACCOUNTING  
FINAL EXAMINATION: JANUARY 2018 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**

**Part A**

LA Boost Health Sdn. Bhd. manufactures and sells a single product- Premium Drinking Water in Central region of West Malaysia. The following information is provided by the company for the month of December 2017:

Per unit:	RM
Selling price	6.50
Variable production costs:	
Direct materials	1.30
Direct labor	1.80
Variable factory overheads	0.50
Variable selling & admin. overheads	25% of sales value
Fixed selling overheads	30,000
Fixed production overheads	23,000

Actual Details for the month are as follows:

Production in bottles	45,000
Sales in bottles	48,000
Opening inventory in bottles	12,000

Required:

Prepare a Statement of profit and loss for the month ended December 2017, using marginal costing method.

(9 marks)

**Part B**

A subsidiary of LA Boost Health Sdn. Bhd. has incurred the following costs for the last four months of 2017:

Month	Activity level	Total cost
	Bottles	RM
September	21,300	85,900
October	20,500	82,500
November	21,700	87,600
December	22,900	89,700

**Required:**

- (i) Calculate the fixed costs per month and variable cost per bottle using the **High-Low method**. (5 marks)
  
  - (ii) Estimate the total costs for the activity level of 23,100 bottles in January 2018. (3 marks)
  
  - (iii) Describe **TWO (2)** advantages and the Limitation of High-Low method. (8 marks)
- (Total=25 marks)**

**Question 2**

ATKC Sdn. Bhd. produces stainless steel water tank under the brand name, King Kong, for client in West Malaysia. 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 December 2017:

		RM
Consumable materials	Cutting Department	21000
	Assembly Department	19000
	Polishing Department	18000
	Maintenance Department	12000
	Storage Department	14000
Rent		20000
Cafeteria		15000
Depreciation on Fixture and Fitting		22000
Machine depreciation		19000
Production supervision		28000

Additional information:

	Cutting	Assembly	Polishing	Maintenance	Storage
Floor area (Sq. m)	500	650	600	700	250
No. of employees	25	25	20	20	10
Maintenance hours	120	90	290	-	-
Machine value (RM)	450000	310000	540000	-	-
No. of materials Requisitions	380	220	400	-	
Machine hours	250	21000	1000		
Direct Labor hours	28000		12000		

**Required:**

- (a) Prepare an Overhead Cost Analysis sheet for December 2017 **after** the costs of the service departments have been re-apportioned to each production departments. (19 marks)
- (b) Calculate Overhead Absorption Rate (OAR) for each production department. (6 marks)
- (Total=25 marks)**

**Question 3**

Pere Ocean Malaysia Enterprise (Pere Ocean) mainly produces office drinking bottle for water manufacturing company in Klang Valley. In 2018, the business decided to launch a new designed drinking bottle and the information below was extracted from business's records:

RM	
Selling price	12 per bottle
Direct materials	1.20 per bottle
Direct labour	2.20 per bottle
Production: Variable overheads	0.8 per bottle
Fixed overheads	20,020
Selling & Admin: Variable overheads	0.6 per bottle
Fixed overheads	5,900
Existing sales	33,400 bottles
Relevant range	2,100 – 6,500 (bottles)

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

- (a) Calculate the break-even point in bottles and value. (4 marks)
- (b) Calculate the margin of safety in bottles and value. (4 marks)
- (c) Calculate the number of bottles to be sold if the targeted profit is RM149,040. (3 marks)
- (d) Calculate the selling price per bottle if Pere Ocean wants to achieve a profit of RM280,000 for the year and if existing sales bottles can be achieved, direct material costs increase by 15% and total fixed costs increased by 25% respectively? (Note: round your answer to 2 decimal points) (4 marks)
- (e) Based on the information given above, draw the following charts with all the relevant and important areas (Sales and Total cost lines, Profit and loss areas, Contribution margin area, Relevant ranges, Break-even points/values, Margin of safety):
  - (i) **Traditional Break-even Chart** (5 marks)
  - (ii) **Contribution Break-even Chart** (5 marks)

**(Total: 25 marks)**

**Question 4**

Pere Ocean Plastic Sdn. Bhd., a subsidiary of Pere Ocean Malaysia, supplies plastic materials solely to Pere Ocean Malaysia. On 1 April 2017, opening inventory balance of 23,000 at 0.30 per piece brought forward from previous month. During the first six month ended 30 September 2017, the company's operation had the following transactions:

Purchases			Goods delivered to customers		
Date of Receipts	Qty (pieces)	Total Cost (RM)	Date	Qty (pieces)	Total Value (RM)
07 April	32,000	12,800			
21 May	33,400	15,030	16 April	18,500	11,100
13 June	38,600	19,300	20 July	30,500	18,300
18 August	36,900	14,760	19 Sept	48,500	33,950

During the 6-month period, the total operating expenses amounted to RM22,100.

**Required:**

- (a) Using the following methods to calculate the cost of goods sold and value of inventory as at 30 September 2017. (Round to 2 decimal points)
- (i) First in-First Out method (FIFO) (6 marks)
  - (ii) Last in-First Out method (LIFO) (7 marks)
  - (iii) Moving Average method (MAVG) (8 marks)
- (b) Prepare a summarized statement of profit and loss for first six months ended 30 Sept 2017 in the columnar format using each of the stock valuation methods in part (a). (4 marks)
- (Total: 25 marks)**

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

**Question 5**

- (a) Define the following terms:
- (i) Direct cost (3 marks)
  - (ii) Indirect cost (3 marks)
- (b) Provide **ONE (1)** direct and **ONE (1)** indirect costs that can be identified if Company intends to hire a very renown Professor from a local university. (2 marks)
- (c) Describe the differences between 'Period cost' and 'Unexpired cost'. (6 marks)
- (d) List down **FOUR (4)** functions of Cost Accounting. (4 marks)
- (e) Describe the term 'Cost Accounting System'. (3 marks)
- (f) Describe the **TWO (2)** important functions of Source Document. (4 marks)
- (Total=25 marks)**

**Question 6**

- (a) Define the term 'Piecework System'. (2.5 marks)
- (b) Describe **FOUR (4)** advantages and **FIVE (5)** disadvantages of Piecework System. (13.5 marks)
- (c) List down **FOUR (4)** conditions in which wages paid to direct labour are not considered as direct labour costs. (4 marks)
- (d) Refer to part (c), explain your answer clearly. (3 marks)
- (e) Describe the term 'Prime Cost'. (2 marks)
- (Total=25 marks)**

~The End~

