

**FINAL
ALTERNATIVE ASSESSMENT**
Examination Paper

(COVER PAGE)

Session : APRIL 2021

Programme : DIPLOMA IN BUSINESS PROGRAMME (DIB)

Course : ACC1113: COST ACCOUNTING

Date of Examination : 29 July 2021 (Thursday)

Time : 12:00 p.m. – 2:30 p.m. Reading Time : Nil

Duration : 2 Hours : 30 Minutes

Special Instruction :

Note: The last 30 minutes is provided for the submission of your answers. Any issues with connectivity, scanning and uploading of your answers should be resolved within this 30 minutes.

Instruction:

This paper contains **FOUR (4)** questions. Answer **ALL** questions.

Materials permitted : Nil

Materials provided : Nil

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

INTI INTERNATIONAL UNIVERSITY & COLLEGES

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1113: COST ACCOUNTING
FINAL ALTERNATIVE ASSESSMENT: APRIL 2021 SESSION

Instructions: This paper contains **FOUR (4)** questions. Answer **ALL** questions.

Question 1

Desa Sdn Bhd (DSB) manufactures a single product known as COR7. Their records show that there were 3,000 kg of raw materials at the beginning of the current period with a total value of RM4,650. The following is a record of the receipts and issues of materials in a factory during May 2021.

Date	Bought at gross price and quantity	Issued out to production
May 3	4,100 kg @RM1.20 each	
May 7		3,800 kg
May 8	12,200 kg @RM1.35 each	
May 11		8,000 kg
May 17	15,000 kg @RM1.40 each	
May 22	6,300 kg @RM1.60 each	
May 29		24,600 kg

Additional information:

On 17 May 2021, DSB entered a purchase agreement with one of its suppliers: the company will receive a free 50 kg of raw materials for each 1,000 kg purchased. The management 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 May 2021.
(Round your answers to 2 decimal points. Eg: 2.36516 = 2.37)

- (a) First in, First out method (FIFO) (10 marks)
- (b) Moving Average method (MAVG) (8 marks)
- (c) Last in, First out method (LIFO) (7 marks)

(Total: 25 marks)

Question 2

The Horden Ltd has three production departments: Machining, Assembling, Finishing and two service departments: store and maintenance. The following information is given:

Items	Machining	Assembling	Finishing	Store	Maintenance
Floor area (m2)	3,000	1,000	2,000	500	1,500
Machine value (RM)	32,000	25,000	15,000	8,000	
Materials requisitions	140	100	60	-	-
Number of employee	63	73	44	27	28
Power used (Kilowatts)	450	210	180	60	-
Machine hours	11,400	9,300	7,300	-	-
Direct labour hours	2,050	3,670	3,280	-	-
Maintenance hours	1,130	560	330	180	

The following budgeted costs for April 2021 have not been apportioned to any department: All production departments are machine intensive.

Factory Overheads:	Departments	RM
Indirect labour	Machining	15,800
	Assembly	16,500
	Finishing	13,600
	Store	11,300
	Maintenance	12,900
Light and heat		14,400
Supervision		21,620
Production supervision		23,400
Power		7,470
Lubricant for machines		8,680
Depreciation of machine		16,800
Direct materials		26,600
Direct labour		28,000

Additional information:

1. The managers of Machining, Assembling and Finishing Departments have either resigned abruptly or deceased due to the severe COVID 19 infection. 40% of production supervisors' role is related to managerial tasks of each department.
2. During the MCO periods, the workers working at the production-line spent total 15% of their times to help cleaning (sanitizing) all the 5 departments. The times were spent evenly among all 5 departments.

Required:

Prepare an Overhead Cost Analysis sheet **after** the costs of the service departments have been reapportioned to each production departments. (Round up your answers to the nearest whole number).

Note:

- (i) You only need to complete re-apportionment; no calculation of **OAR** is required.
- (ii) No mark will be rewarded if there is no working shown in each of your calculations.

(Total: 25 marks)

Question 3

Eastern Manufacturing Sdn Bhd (EMSB) is considering introducing a new incentive scheme based on Differential Piecework Scheme to replace the existing scheme of Hourly Rate Scheme. As the Cost Accountant, you are required to analyse both schemes. The company operates 5 days a week, from 8.00am to 5.00pm. Lunch time 1.00pm to 2.00pm is excluded from the normal working hours. Overtime is paid at time and one third.

The following information relates to three workers from EMSB for the month of June 2021:

Workers	Sunny	Ethan	Owen
Units produced	1,296	1,500	1,028
Rejected (units)	30	38	31
Time taken (hours)	48	40	50
Basic wage rate per hour (RM)	3.50	2.50	3.80
Rate per unit (RM)	0.45	0.53	0.62

Additional information:

- Normal time for each worker to finish their job is 40 hours.
- EMSB decided not to pay for the damaged units.
- Differential Piecework Scheme is as follow:

0 – 500 units	: RM0.80 per unit
501 – 1,000 units	: RM1.30 per unit
1,001 – 1,500 units	: RM2.10 per unit
1,501 – and above	: RM3.20 per unit

Required:

For each worker, calculate:

- (a) The wages under the old scheme, Hourly Rate Scheme; (8.5 marks)
- (b) The wages under the new scheme, Differential Piecework Scheme. (16.5 marks)

Note: (a) Round your answers to **TWO (2)** decimal points

- (b) Show all your relevant working.

(Total 25 marks)

Question 4

Kimpal Sdn Bhd (KSB) manufactures specialty clothes for teenagers, the following data was extracted from KSB:

	Cutting Department	Sewing Department	Finishing Department
Budgeted labour hours	20,000	18,000	10,000
Budgeted machine hours	11,200	9,300	25,000
Hourly wage rate	RM9.70	RM9.30	RM9.00
Production overheads	RM210,000	RM135,000	RM60,000

During April 2021, DSB worked on a special order, job no. ML12. Cost and production data for each order are shown as follows:

Direct materials	
Silk	550 metres
Cotton	600 metres
Polyester	450 metres
Buttons, beads	RM7,000
Direct Labour:	
Cutting Department	750 hours
Sewing Department	550 hours
Finishing Department	500 hours
Machine Hours spent in each department:	
Cutting Department	350 hours
Sewing Department	200 hours
Finishing Department	850 hours

Additional information:

- During this months, 950 units of job no. ML12 were produced.
- Silk costs RM40 per metre, cotton costs RM35 per metre and polyester costs RM20 per metre.
- Basis of overhead absorption rate for Cutting and Sewing Department is direct labour hour, and Finishing Department is machine hour.
- Selling and distribution overheads are charged to the job based on 15% of the production cost.
- Profit is to be maintained at 20% on selling price.

Required:

- (a) Compute overhead absorption rate (**OAR**) for each department (9 marks)
- (b) Calculate the following for job no. ML12:
- (i) Prime cost (7 marks)
 - (ii) The production cost (3.5 marks)
 - (iii) Total cost (1.5 marks)
 - (iv) Unit cost (2 marks)
 - (v) Selling price per unit if the profit is to be maintained at 20% on total cost. (2 marks)
- Note: (a) Round your answers to **TWO (2)** decimal points
(b) Show all your relevant working.

(Total: 25 marks)

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