

## FINAL SEMESTER EXAMINATION

Programme	:	<b>CERTIFICATE IN BUSINESS STUDIES</b>
Course	:	<b>COSTING</b>
Course Code	:	<b>CBS1094</b>
Duration	:	<b>3 Hours</b>

### INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. This question paper consists of **FOUR (4)** questions
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

### WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

*(This booklet contains 5 printed pages including this page)*

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO**

For examiner's use only

QUESTION NO.	MARKS
1	/ 25
2	/ 25
3	/ 25
4	/ 25
<b>Total</b>	<b>/ 100</b>

Answer **ALL FOUR (4)** questions on the separate sheet provided.

**[100 marks]**

1. a) Classify the following costs into production cost, administration cost, selling and distribution cost, research and development cost, and finance cost.

- i) Salary of scientist in a laboratory
- ii) Commission paid to the salesman
- iii) Interest on loan
- iv) Salary of supervisor working in the factory
- v) Stationery costs in the general office

(10 marks)

b) Classify the following into fixed cost and variable cost.

- i) Monthly insurance payment
- ii) Commissions paid to the sales representative

(4 marks)

c) Nestle Ltd recorded the following costs for the past six months.

Month	Units	Total Cost (RM)
Jan	110	12,400
February	80	11,200
March	125	13,000
April	88	11,520
May	130	13,200
June	96	11,840

**Required:**

Compute the

i) variable cost per unit.

(4 marks)

ii) fixed cost per month.

(4 marks)

iii) total costs for 150 units.

(3 marks)

Total: [25 marks]

2. a) Saleem works 8 hours per day. He is paid RM3.50 for every unit that he produces. He also has a guaranteed wage of RM95 per day. In a particular week, he produces the following quantities for product H.

Monday	30 units
Tuesday	35 units
Wednesday	28 units
Thursday	20 units
Friday	26 units

Compute Saleem's total wages for this week. (8 marks)

- b) In 2020, Company A made a profit of RM200,000. The director decided to pay out RM40,000 of this as a flat rate bonus to each employee.

The company has 40 employees in total including the director earning a salary of RM55,000 per annum and Jessica, his secretary, who earns RM22,000 per annum.

**Required:**

Compute the

- i) bonuses that will be received by the director and Jessica. (4 marks)
- ii) If the bonus payable is 2% of the annual salary, how much would the director and Jessica each receive as bonuses? (4 marks)
- c) The budgeted output for a period is 3,000 units and the budgeted time for the production of these units is 300 hours.

The actual output in the period is 3,300 units and the actual time worked by the labour force is 200 hours.

**Required:**

Compute the

- i) efficiency ratio. (3 marks)
- ii) capacity ratio. (3 marks)
- iii) production ratio. (3 marks)

Total: [25 marks]

3. a) Jungle Ltd has two production departments, X and Y, and two service departments, a canteen and stores.

The overhead costs for Jungle Ltd in total are as follows:

	RM
Machinery insurance	5,000
Rental of factory	22,000
Power	6,000
Factory repairs and maintenance	10,000
Machinery running expenses	9,000

The following information about the various cost centres is also available:

	Total	Dept X	Dept Y	Canteen	Stores
Value of stores requisitions (RM'000)	180	100	80		
Number of employees	80	30	20	10	20
Power usage	100%	40%	30%	20%	10%
Machine hours (000)	120	70	50		
Floor space (Square feet)	90,000	25,000	32,000	15,000	18,000
Value of machinery (RM'000)	400	280	120		

**Required:**

- i) Allocate and apportion the costs to the four departments. (10 marks)
- ii) Re-apportion the service cost centres overhead costs using the step-down method of apportionment, starting with the canteen cost centre. (6 marks)
- b) York Ltd has a budgeted volume of production of 70,000 direct labour hours. It also has budgeted production overheads of RM550,000.

In 2021, a total of 68,000 labour hours were worked while the actual production overhead was RM540,000.

**Required:**

Compute the

- i) absorption rate per direct labour hour. (4 marks)
- ii) over or under-absorbed overhead. (5 marks)

Total: [25 marks]

4. a) Company Nandos accepted a job from a customer. The information on direct materials used and direct labour hours worked are as follows.

Department A	430 labour hours were worked. The basic pay is RM4.30 per hour.
Department B	360 labour hours were worked. The basic pay is RM4.80 per hour.
Direct material X	880kg were issued from stores at a cost of RM3.50 per kg.
Direct material Y	900kg were issued from stores at a cost of RM4.20 per kg. 70kg were returned to stores.

Overhead is absorbed at the rate of RM3.10 per direct labour hour in both departments.

**Required:**

Compute the

- i) total direct material costs. (6 marks)
- ii) total direct labour costs. (6 marks)
- iii) full production cost using absorption costing. (6 marks)

- b) Input to a process in August consisted of 2,000 units of direct materials costing RM5,300. Direct labour costs were RM1,600 and absorbed production overheads were RM1,900. Normal loss is 10% of input. Loss has a scrap value of RM0.80 per unit. Output from the process in the month was 1,800 units.

**Required:**

Compute the cost per unit of expected output.

(7 marks)  
Total: [25 marks]

**- END OF QUESTIONS -**