PENINSULA COLLEGE GEORGETOWN DK266-03(P)

FINAL EXAMINATION

Semester	:	**JANUARY 2026 SEMESTER**
Programme Name	:	**CERTIFICATE IN BUSINESS STUDIES**
Course Code & Name	:	**CBS1094 COSTING**
Duration	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. The question paper consists of **THREE (3)** parts.
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 accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(*This booklet contains 7 printed pages including this page*)

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

Answer **ALL** the questions on the separate sheet provided. **[100 marks]**

PART A : MULTIPLE QUESTION

This part consists of **TWENTY (20)** multiple-choice questions. Choose the most suitable answer.

1. Basic objective of cost accounting is (1 mark)

   a) Tax compliance
   b) Financial audit
   c) Cost ascertainment
   d) Profit analysis

2. Direct cost incurred can be identified with .... (1 mark)

   a) Each department
   b) Each unit of output
   c) Each month
   d) Each executive

3. Which of the following is primarily concerned with record keeping and preparation of fianncial statement? (1 mark)

   a) Cost accounting
   b) Management accounting
   c) Financial accounting
   d) Tax accounting

4. Which of the following is considered an internal user of acounting information? (1 mark)

   a) Bank
   b) Government
   c) Manager
   d) Supplier

5. ”The monetary value of resources used to produce a product or services” is the definition of:

   a) Cost accounting
   b) Cost unit
   c) Cost
   d) Cost centre

6. A production supervisor’s salary that remain constant until a certain production level is reached and then increases to a new level is an example of: (1 mark)

   a) Variable cost
   b) Fixed cost
   c) Mixed cost
   d) Step cost

7. In a hospital setting, which of the following would be considered the most appropriate ”cost unit”? (1 mark)

   a) One hospital building
   b) One patient treated
   c) One nurse’s salary
   d) One medical machine

8. Prime cost is calculated by totaling which of the following element? (1 mark)

   a) Indirect Material + indirect labour + Indirect Expenses
   b) Direct material + Direct labour + Direct Expenses
   c) Production cost + Non- production cost
   d) Factory overhead + Administrative overhead

9. Which document serves as a legal contract between a company and a supplier? (1 mark)

   a) Purchase Requisition
   b) Goods Received Note
   c) Purchase Order
   d) Materials Requisition Note

10. What is the primary purpose of setting a "Minimum Level" (Safety Stock) in inventory management? (1 mark)

    a) To ensure the warehouse is always full to capacity
    b) To act as a buffer against increased demand or delays in lead time.
    c) To trigger immediate payment to suppliers.
    d) To calculate the total cost of goods sold for the year.

11. Which of the following is an example of a ” Services cost Centre” (1 mark)

    a) Assemble Department
    b) Machinery Department
    c) Maintenance Department
    d) Finishing Department

12. How does a ”Variable Cost” behave in relation to production levels? (1 mark)
    a) It stays constant in total regardless of production volume.
    b) It stays constant per unit but the total increases as production increases.
    c) It increases per unit as production increases.
    d) It decreases in total as production increases.

13. What is the primary difference between a "Periodic Inventory System" and a "Perpetual Inventory System"? (1 mark)

    a) Periodic records every movement immediately; Perpetual only records at the end of the year.
    b) Periodic relies on physical counts at specific intervals; Perpetual maintains a continuous record of stock balances.
    c) Periodic is only for direct materials; Perpetual is only for indirect materials.
    d) There is no difference; they are two names for the same system.

14. Which type of inventory refers to completed products that are ready for sale or distribution? (1 mark)

    a) Raw Materials
    b) Work in Progress (WIP)
    c) Finished Goods
    d) Sub-assemblies

15. A "Purchase Requisition" is a document generally issued by which department? (1 mark)

    a) Purchasing Department
    b) Store Department
    c) Finance Department
    d) Production Department

16. The primary goal of "Level Setting" in material control is to: (1 mark)

    a) Increase the cost of production
    b) Avoid overstocking or understocking of materials
    c) Ensure all materials are direct costs
    d) Replace the perpetual inventory system

17. Using the FIFO (First-In, First-Out) method, the inventory remaining in the store at the end of a period is valued at: (1 mark)

    a) The oldest purchase price
    b) The most recent purchase price
    c) The average price of all purchases
    d) The lowest price recorded during the year

18. The primary objective of calculating the Economic Order Quantity (EOQ) is to minimize: (1 mark)

    a) The cost of raw materials
    b) The total annual cost of ordering and holding inventory
    c) The number of suppliers used
    d) The lead time for production

19. A company has an annual demand of 2,000 units, an ordering cost of RM 20, and a holding cost of RM 2 per unit. What is the EOQ? (1 mark)

    a) 100 units
    b) 200 units
    c) 400 units
    d) 2,000 units

20. Calculate the Re-order Level given the following data: (1 mark)

    - Maximum Usage: 400 units per week
    - Maximum Lead Time: 5 weeks
    - Minimum Usage: 100 units per week

    a) 500 units
    b) 1,200 units
    c) 2,000 units
    d) 1,500 units

Total : [20 marks]

PART B: FII IN THE BLANKS

This part consists of **TEN (10)** statements. Fill in the blanks with the correct answer based on the answer provided.

Ordering	Perpetual	Prime cost	Indirect	Overstocking
Maximum lead time	Purchase order	FIFO		
Finished goods	Purchases requisition			

I In a manufacturing environment, the three primary types of inventory are raw materials, work in progress, and _____________________.

II A _____________________ is a formal document issued by the store department to the purchasing department when stock reaches its re-order level.

(1mark)

III The _____________________ is a legal document sent to a selected supplier which results in a binding contract for the purchase of materials.

(1mark)

IV The _____________________ inventory system involves a continuous and detailed record of every receipt and issue of material as it occurs.

(1mark)

V The total of direct materials, direct labour, and direct expenses is collectively known as the _____________________.

(1mark)

VI _____________________ costs are expenditures that cannot be easily or accurately traced to a single cost unit, such as factory rent or supervisor salaries.

(1mark)

VII The primary purpose of level setting is to determine the optimal stock levels to avoid the risks of _____________________ or under-stocking.

(1 mark)

VIII In the Economic Order Quantity (EOQ) formula, the variable 'O' represents the _____________________ cost per order.

(1mark)

X The re-order level is calculated by multiplying the maximum usage by the _____________________.

(1mark)

XI Under the _____________________ method of stock valuation, it is assumed that the oldest materials in stock are issued to production first.

(1mark)

Total : [10 marks]

PART C : STRUCTURE QUESTION

This section consists of **TWO (2)** structured question. Answer ALL question

QUESTION 1

a) A costing method is a way costing which is designed to suit the wat goods are processed or manufactured or the way services are provided. Job order costing and Process Costing are among the method that can be used.

i. Briefly explain the definition of the Job Order Costing (2 marks)

ii. List and explain **THREE (3)** types of specific order costing and provide an example for each. (9 marks)

iii. List **THREE (3)** different between job costing and process costing (3 marks)

b) Rawa Boutique is a company located in Batu Kawan Pulau Pinang. One of their customers, Ms. Maria is a popular singer in Malaysia. She requested Rawa Boutique to make her 2 exclusive gowns for several awards events. Below is the information regarding the order (identified as Gown A and Gown B).

Item	Gown	Quality consumed	Rate
Direct material	Gown A	4 meters of crepe	RM 80 per meter
	Gown B	4 meters of chiffon	RM 75 per meter
Indirect material	Gown A	2 meters of lace	RM 55 per meter
	Gown B	30 grams of beads	RM 5 per gram
Direct labour	Gown A	32 hours	RM 50 per hours
	Gown B	24 hours	RM 50 per hours
Indirect labour	Gown A	10 hours	RM 70 per hours
	Gown B	8 hours	RM 70 per hours
Production overhead	RM 10 per direct labour hour		

Additional information:

- Due to her schedule, Ms,Maria requested that the gown be delivered to her personally at her house in Kuala Lumpur. The delivery cost is RM 200 for each gown.
- Rawa Boutique consulted a fashion designer to assist in designing Ms.Maria gown. The Consulatation fee Gown A is RM 250 and Gown B is RM 300.
- The net profit margin of the company is 20% of the cost.

You are required to:

i) Prepare a statement of Job cost for Gown A and Gown B (20 marks)

ii) Calculate the selling price and profit for both Gown A and Gown B. (6 marks)

Total: [40 marks]

QUESTION 2

Putra PLC is a global manufacturing company operating two production department H and M and two services department, S1 and S2. Overhead costs incurred for the month of July 2025 are as follow:

Overhead	RM
Machine Insurance	30,000
Depraciation of building	8,000
Supervisor salary	12,000
Electricity	18,000

The following detail were extracted from the cost Accountant record:

Department	H	M	S1	S2
Indirect material	RM220 600	RM200 000	RM 14 000	RM 15,400
Building insurance	RM50 000	RM44 000	RM 4,000	RM 2,000
Floor area occupied (square Meters)	30 000	15 000	10,000	5000
Machine value (RM'000)	500	400	200	100
Number of employees	6 000	2 000	1 000	1 000

The overhead cost of services departement

	H	M	S1	S2
S1	70%	30%	-	-
S2	40%	60%	-	-

You are required to:

a) Prepare a statement showing the overhead cost apportionemnt for each department, and the basis used. (22 marks)

b) Calculate reapportionment of the overhead cost of services department to other department. (4 marks)

c) Briefly explain **TWO (2)** reason why services department costs must be reapportioned to production departments. (4 marks)

[Total: 30 marks]

- END OF QUESTIONS -