PENINSULA COLLEGE GEORGETOWN

FINAL SEMESTER EXAMINATION

Student NRIC : _____

Student ID : _____

Programme	:	**DIPLOMA OF ACCOUNTANCY (MQA/FA10069)** **DIPLOMA IN LOGISTICS MANAGEMENT (MQA/FA9212)**
Intake	:	**SEPT 2020/ JAN 2021**
Course	:	**COST ACCOUNTING**
Course Code	:	**DBAC3033**
Duration	:	**3 hours**

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 papers out of the examination hall.

(*This booklet contains 6 printed pages including this page*)

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

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.

For examiner's use only

QUESTION NO.	MARKS
1	/ 25
2	/ 25
3	/ 25
4	/ 25
Total	**/ 100**

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

1. Jack Food Sdn Bhd manufactures frozen foods and holds a range of inventories. One of the raw materials has the following transactions took place during January 2021:

1	Jan	Balance brought forward: 70 kg at RM12 per kg
9	Jan	Purchased 40 kg at RM12.50 per kg
17	Jan	Issued 50 kg to production
22	Jan	Issued 30 kg to production
25	Jan	Purchased 60 kg at RM13 per kg
26	Jan	Issued 40 kg to production
27	Jan	Purchased 30 kg at RM13.25 per kg

Required:

a) Calculate the value of the closing inventory (to 2 decimal places) using following methods:

i. FIFO

(5 marks)

ii. Cumulative weighted average

(3 marks)

iii. Periodic weighted average

(3 marks)

b) State **ONE (1)** advantage and **ONE (1)** disadvantage of FIFO and LIFO method.

(4 marks)

c) Filip, a kitchen appliances retailer with multiple outlets, sells a popular air fryer known as the AF 1094, for which the following information is available:

Average sales	75 units per day
Maximum sales	95 units per day
Minimum sales	50 units per day
Lead time	12 - 18 days
Reorder quantity	1,750 units

Based on the information above, calculate (in units) the:

i. Reorder level

(1 mark)

ii. Minimum level

(2 marks)

iii. Maximum level

(2 marks)

d) A company uses an item of inventory, PS 301, as follows

Purchase price	RM25 per unit
Annual demand	1,800 units
Ordering costs	RM32 per order
Annual holding costs	RM4.50 per unit

Required:

i. Define economic order quantity (EOQ).

(2 marks)

ii. Based on the information above, compute the EOQ for PS 301. Please state the EOQ formula as part of your answer.

(3 marks)
[Total = 25 marks]

2. a) Worker A is paid daily based on a piecework scheme as follows:

Produced:	
1 – 200 units per day	RM0.15 per unit
201 – 500 units per day	RM0.20 per unit
> 500 units per day	RM0.25 per unit

Only the additional units qualify for the higher rates. Rejected units do not qualify for payment.

Worker A produced 522 units in a day of which 17 units were rejected as faulty. Calculate the gross wage to be paid to him in that day.

(3 marks)

b) Simba is employed in the assembly department of Best Office Furniture Sdn Bhd. The company pays its employees based on the following remuneration package.

The normal operating hours for all employees is 40 hours per week and all employees are paid a basic rate of RM16 per hour from Monday to Friday.

Overtime on weekdays is paid at time and a half, Saturday working is paid at double time.

During week 12, Simba worked the following hours.

Day	**Hours**	**Units assembled**
Monday	10	25
Tuesday	10	25
Wednesday	8	20
Thursday	8	20
Friday	8	15
Saturday	6	11
	50	**116**

Required:

Based on the data above, calculate the following for week 12.

i. Simba's gross wages

(5 marks)

ii. Labour cost per unit for the units that Simba assembled.

(2 marks)

c) Best Office Furniture Sdn Bhd is considering changing to a new remuneration method. The details are as follows.

- All workers will be paid at a basic rate of RM17 per hour and overtime premiums will be cancelled.

- Introduce a new bonus scheme as follows:
  - Assembly workers will receive a bonus for the time saved against the standard time allowed. This is paid at the basic rate multiply by 50% of the time saved.
  - The standard time allowed for each unit Simba assembled, for week 12, was 0.5 hours.

Required:
Based on the data sated in part (b) above, calculate the following for week 12 using the new remuneration method proposed.

i. The standard hours and time saved (in hours) by Simba

(3 marks)

ii. Simba's gross wages

(3 marks)

iii. Labour cost per unit for the units that Simba assembled.

(2 marks)

d) Budgeted and actual production data for the year that has just ended are as follows.

Product	Standard machine hours	Budgeted		Actual
	Per unit	Production (units)	Hours	Production (units)
A	0.2	15,000	3,000	12,000
B	0.4	20,000	8,000	25,000
C	0.5	14,000	7,000	16,000
D	1.5	6,000	9,000	5,000

Total actual machine hours worked in the period amounted to 29,000 hours.

Required:
Calculate the following ratios in the year, as a percentage, to one decimal place.

i. Labour efficiency ratio

(3 marks)

ii. Labour capacity ratio

(2 marks)

iii. Production volume ratio

(2 marks)

[Total : 25 marks]

3. a) Atitas incurred the following overhead costs in March.

Factory rent	RM 44,000
Electricity	RM 40,000
Insurance of machinery	RM 5,400
Factory repair and maintenance	RM 12,000
Total	**RM101,400**

The following information is available:

	Production cost centres		Service cost centres	
	A	B	Stores	Maintenance
Floor Area (Sq. Metres)	400	500	150	150
Machinery value (RM)	94,000	80,000	6,000	-
Electricity usage (100%)	50%	25%	10%	15%
Labour hours	-	1,500	-	-
Machine hours	900	-	-	-

The stores and maintenance cost centres do work for each other as shown below:

Store work done (100%)	30%	50%	-	20%
Maintenance work done (100%)	80%	10%	10%	-

Required:
Using the information given above,

i. Apportion the overhead costs to each cost centres. State the basis used for apportionment and show your workings as part of your answers.

(10 marks)

ii. Re-apportion the service cost centres overhead costs using step-down method of apportionment, starting with the maintenance cost centre.

(6 marks)

b) Using the answers in part (a) above, calculate the overhead absorption rates (to 2 decimal places) for the:

i. Production cost centre A
ii. Production cost centre B

(3 marks)

c) The actual overhead, number of labour hours and machine hours worked, relating to each production cost centre for March were as follows:

	A	B
Actual overheads (RM)	58,800	49,800
Labour hours	-	1,750
Machine hours	840	-

Required:
Calculate the overhead absorbed for March and indicate whether it is an over-absorption or under-absorption (to 2 decimal places) for the:

i. Production cost centre A

(3 marks)

ii. Production cost centre B

(3 marks)
[Total : 25 marks]

4. a) Windjammer S/B manufactures carbonated water, Sasis, and uses process costing to control costs. Information relating to the inputs used in January is as follows:

Ingredient A	5,500 litres costing RM5.90 per litre
Ingredient B	3,500 litres costing RM8.30 per litre

Conversion costs:

Direct labour	500 hours costing RM8 per hour
Overheads	RM11,860 incurred in January

The expected output is 90% of inputs and there are no opening and closing inventories. Any scrap can be sold at a value of RM0.90 per litre. During January, the amount of good output obtained was 8,150 litres.

Required:
Using the information given above,

i. Determine the expected output of Sasis.
(1 mark)

ii. Calculate the normal loss and abnormal gain / loss of Sasis.
(2 marks)

iii. Calculate the cost per litre of output of Sasis (to 1 decimal place).
(4 marks)

iv. Calculate the total cost of output and losses of Sasis.
(2 marks)

v. Prepare the Process Account of Sasis for the month of January.
(6 marks)

b) Trueflow Sdn Bhd produces a single product in a continuous process. On 1 August, there was no opening inventory of work-in-progress (WIP). The following information is available for August 2021. There was no loss in process.

Costs incurred in the period:

Materials	RM51,200
Conversion	RM16,875

Closing inventory on 31 August consisted of:
- 3,500 units of finished goods
- 500 units of WIP which were 100% complete as to materials and 50% as to conversion.

Required:
Using the information given above,

i. Calculate the equivalent units.
(5 marks)

ii. Calculate the average cost per equivalent unit (to 1 decimal place).
(2 marks)

iii. Calculate the value of finished goods and closing WIP at the end of August by preparing the statement of evaluation. Process account is not required.
(3 marks)
[Total : 25 marks]

- END OF QUESTIONS -