

## FINAL SEMESTER EXAMINATION

Programme	:	<b>DIPLOMA IN LOGISTICS MANAGEMENT</b>
Course	:	<b>COST ACCOUNTING</b>
Course Code	:	<b>DBAC3033</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** questions on the separate sheet provided.

**[100 marks]**

1. a) Maria Sdn. Bhd. recorded the following maintenance costs for the first half of the year 2022:

Month	Activity level (units)	Total cost (RM)
January	360	1,368
February	720	2,178
March	664	2,052
April	960	2,718
May	904	2,592
June	1,080	2,988

**Required:**

- i) Estimate the total fixed costs per month and variable costs per unit in respect of the maintenance costs using the high-low method. (7 marks)
- ii) Estimate the total cost if the production level increases to 1,300 units. (4 marks)
- b) Arumugam works as an inventory controller in a factory and he has provided the following information for a raw material AZ-223:

Maximum inventory level : 22,000 kg

Maximum usage per month : 5,500 kg

Minimum usage per month : 3,500 kg

The maximum delivery period by the supplier is three months whilst the minimum delivery period is estimated to be one month.

**Required:**

Calculate the following for raw material AZ-223:

- i) Re-order level; (3 marks)
- ii) Minimum stock level. (4 marks)
- c) Speed Sdn. Bhd. is a stationery dealer, specialising in selling ballpoint pens. The following are the costs in respect of ballpoint pens:

Annual requirement	4,800 units
Unit cost	RM10
Ordering cost	RM8 per order
Storage cost	20% of stock value

**Required:**

i) Determine the economic order quantity (EOQ). (4 marks)

ii) Calculate the number of orders required in a year based on your answer in part (i) above. (3 marks)

Total: [25 marks]

2. PH Manufacturing Sdn. Bhd. is divided into three production departments, Assembly, Machining and Finishing while maintenance is the service department. The following are the budgeted production overheads for the year ended 2023:

	RM
Indirect materials	92,980
Indirect labour	70,300
Insurance for factory	56,000
Utilities	90,000
Factory rental	26,800
Depreciation of machinery	33,600
Supervision	30,000

The following information is related to the budgeted production overheads for each department:

	Production department			Service department	Total
	Assembly	Machining	Finishing	Maintenance	
Indirect material (RM)	35,272	31,263	22,042	4,403	92,980
Indirect labour (RM)	30,100	24,000	15,600	600	70,300
Floor space (square metres)	4,800	2,400	3,000	1,800	12,000
No. of employees	48	36	36	-	120
Machine value	165,000	220,000	110,000	55,000	550,000
No. of direct labour hours	9,600	34,000	33,600	-	77,200
No. of machine hours	60,000	90,000	33,500	-	183,500
Maintenance hours	60,000	30,000	30,000	-	120,000

**Required:**

Prepare an overhead analysis sheet showing the apportionment of the various production overheads to the cost centres including the re-apportionment of the overheads from the service cost centre to the production cost centres.

Total: [25 marks]

3. Star Maker Sdn. Bhd. manufactures a product in two successive processes, Process 1 and Process 2. The output of Process 1 is transferred to Process 2.

	Process 1	Process 2
Direct material	2,500 kg @ RM1.80 per kg	NIL
Direct wages	RM5,025	RM2,891
Production overheads	RM1,050	RM950
Normal loss as a % of input	6% of input	10% of input
Output	2,300 kg	2,100 kg
Scrap value	NIL	RM0.50 per kg

**Required:**

- a) Prepare the Process 1 account and the Process 2 account. (21 marks)
- b) Explain the following terms in the context of process costing:
- i) Normal loss; (2 marks)
- ii) Abnormal loss. (2 marks)
- Total: [25 marks]

4. The following information has been extracted from the accounting records of Northern Sdn. Bhd. for the financial year ended 30 November 2022:

	Units
Sales	10,000
Opening inventory	2,000
Production	9,000
Closing inventory	1,000

	RM
Selling price per unit	80
Marginal production cost per unit	20
Absorption production cost per unit	25

	RM
Fixed production costs	60,000
Fixed non-production costs	100,000
Variable non-production costs	80,000

The absorption production cost per unit was calculated based on a budgeted production level of 12,000 units.

**Required:**

Prepare the income statement for the financial year ended 30 November 2022 based on:

a) Marginal costing system; (13 marks)

b) Absorption costing system. (12 marks)

Total: [25 marks]

**- END OF QUESTIONS -**