



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC2213 COST ACCOUNTING**
Semester & Year : SEPTEMBER – DECEMBER 2021
Lecturer/Examiner : JAMES LIOW
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (20 marks) : Answer all TWENTY (20) multiple choice questions and shade your answers in the Answer Booklet provided.
PART B (80 marks) : Answer all FOUR (4) problem solving questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most 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 BERJAYA University College.

Total Number of pages = 11 (Including the cover page)

PART B : PROBLEM SOLVING QUESTIONS (80 MARKS)

INSTRUCTION(S) : There are **FOUR (4)** questions in this section, answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

LUX Bhd (LB) is a manufacturing plant that produces two products A and B. The total units of products produced are shown below:

Product	A (units)	B (units)
No. of units produced	2,000	5,000

LB presently uses a traditional production overhead to absorb its two products. LB's products are manufactured through two production departments, pressing and assembly. It is serviced by two support departments, store and maintenance. The cost data is accumulated as follows:

	RM
Pressing department	625,000
Assembly department	225,000
Store department	120,000
Maintenance department	255,000
Total Production Overheads	1,225,000

LB uses direct method to re-apportion the support departments to production departments. The support department uses numbers of requisition to allocate the store costs and maintenance hours to allocate the maintenance costs.

	Store	Maintenance	Pressing	Assembly
Store (No. of requisition)		2,000	8,500	1,500
Maintenance (hours)	1,500		7,500	5,000

LB uses the following basis for calculating the factory overhead rate: 50,000 pressing hours for the pressing department due to its high reliance on machines to produce the products. As the assembly department is more labour intensive, it uses 15,000 direct labour hours.

The two products consumed the following total pressing hours and direct labour hours for the whole financial year:

	Product		
	A	B	Total
Pressing hours	5,000	8,000	13,000
Direct labour hours	2,000	1,000	3,000

LB is investigating the use of activity-based costing (ABC) and it has been determined that four major activities contribute towards this cost as follows:

	RM	Activity
Set Up	428,750	No. of Set Ups
Stores	367,500	No. of inspections
Production Control	245,000	No. of production orders
Quality Control	183,750	No. stock requisition
Total	1,225,000	

LB has ascertained the following multiple cost pool information in relation to its range of products:

Cost Pool	Product		
	A	B	Total
No. of set ups	115	10	125
Inspections	40	35	75
Production orders	95	30	125
No. stock requisition	715	35	750

Required

- Calculate the traditional production overhead costs based on the direct method of allocating the support department to production department.
(4 marks)
- Calculate the production overhead rate (to **TWO** decimal places) using the traditional costing system. (2 marks)
- Calculate the production overhead unit cost for the two products, A and B using the traditional costing system. (4 marks)
- Calculate the multiple cost driver rate (to **TWO** decimal places) using the ABC system. (4 marks)
- Calculate the production overhead unit cost for the two products, A and B using the ABC system.

(6 marks)

[Total 20 marks]

QUESTION 2

Deakin Sdn Bhd produces chocolate syrup used by the best bakers of the city for baking cakes and tarts. Following data has been extracted from the budget and standard cost of the company:

Budgeted sales price	RM120.00 per unit
Direct material cost	4kg at RM6.25 per kg
Direct labour cost	3 hours at RM5.00 per hour
Production overheads:	

Variable overheads	3 hours at RM2.50 per hour
Fixed overheads (per annum) (note i)	RM600,000
Selling and marketing overheads:	
Variable overheads	20% of revenue
Fixed overheads (per annum)	RM300,000
Administration overheads:	
Variable overheads	4% of revenue
Fixed overheads (per annum)	RM150,000

Additional information:

- (i) Fixed factory overheads are absorbed at a predetermined rate based on the direct labour hours.
- (ii) Normal annual capacity of Deakin Sdn Bhd is 200,000 units. Activity levels for the year are expected as follows:

	Units
Sales	150,000
Production	170,000

- (iii) The company financial year ended on 30 June 2021. The finished goods held on 1 July 2020 was 120,000 units.

Required

- a) Prepare profit or loss statement for the period ending on 30 June 2021 under each of the following methods
 - (i) Marginal costing (8 marks)
 - (ii) Absorption costing (7 marks)
- b) Reconcile the profit calculated at (a) (i) and (ii) above. (3 marks)
- c) Suggest **TWO** (2) reasons why the company should use absorption costing. (2 marks)

[Total 20 marks]

QUESTION 3

HiTech is a small medium electronic components manufacturer to supply to retailers. The following is a budgeted profit or loss statement for the business for June 2021:

	RM	RM
Sales revenue		29,800
Direct material	4,000	
Direct labour	960	
Production overheads	3,600	
Selling overheads	560	9,120
Profit		20,680

The following information is also supplied:

- (i) The monthly budgeted production and sales is 4,000 units.
- (ii) The following breakdown between fixed and variable costs applies:

	Variable	Fixed
Direct materials	100%	-
Labour	45%	55%
Production overheads	40%	60%
Selling overheads	80%	20%

During the review of the budget, the management proposed to spend another RM10,000 advertisement being fixed costs to boost the sales volume and planned to increase the sales value to RM50,000. At the same time, they are confident that the total variable costs could further reduced by RM1,000.

Required

- a) Calculate the following:
 - (i) Contribution margin per unit (3 marks)
 - (ii) Contribution/sales ratio (2 marks)
 - (iii) Break-even point in units and sales value (2 marks)
 - (iv) Margin of safety (units) (2 marks)
 - (v) Number of units that need to be sold to achieve a profit of RM40,000. (2 marks)

- b) For the review of the budget, justify with supporting break-even point (RM) whether HiTech should accept the new proposed structure. (6 marks)

- c) List **THREE** (3) assumptions on which the Cost-Volume-Profit model is based. (3 marks)

[Total 20 marks]

QUESTION 4

JBH Chemicals Bhd produces an industrial grade adhesive. The product passes through several processes and uses the first-in first-out method of valuation. Details of the first process "Polymerization", for the month of January 2021 are given below:

	Units	RM
Opening stock of work-in-progress consists of the following: (note 1)	1,000	
- Direct materials		49,700
- Conversion costs		9,438
Cost incurred during the period:		
- Direct materials	5,100	250,000
- Conversion costs		215,000
Transfer to Process 2	4,250	
Closing stock of work-in-progress (note 2)	750	

Note:

- 1) The opening stock of work in progress was 25% complete with respect to conversion costs.
- 2) The closing stock of work-in-progress was 50% complete with respect to conversion costs.
- 3) A normal loss of 10% of the units transferred out to Process 2 was expected.
- 4) A scrap value was disposed at RM0.20 per kg.
- 5) All losses are detected at the end of the process and are at 100% complete.

Required

- a) For the last period, prepare the worksheet indicate clearly the following:
 - (i) Equivalent units and the cost per unit for each element of cost (to two decimal places) (4 marks)
 - (ii) Value of the transfer to finished goods, normal and abnormal spoilages and the closing stock of work-in-progress. (6 marks)
- b) Prepare the process account showing both quantities and values (4 marks)
- c) Prepared the normal loss accounts and abnormal loss accounts. (4 marks)
- d) Define normal loss and abnormal loss in the context of cost accounting. (2 marks)

[Total 20 marks]

END OF QUESTION PAPER