

ANSWER SCHEME		<u>MARK/NOTES</u>																														
Answer 1																																
(a) List FIVE (5) advantages for a company which prepare cost accounting:																																
1. Easy for the company to achieve certain goals. /																																
2. Managerial decisions for future performance improvement are easy to ascertain. /																																
3. Planning process will be accurate if the company know the cost information. /																																
4. The budgeted product cost will be easy to fix. /																																
5. Avoid wastage. /																																
(or any relevant answer accepted)		5/@5 marks																														
(b) Identify the statements given either Cost Accounting or Financial Accounting and fill the answer.																																
<table border="1"> <thead> <tr> <th></th> <th>STATEMENTS</th> <th>CA OR FA?</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Follows the double entry system.</td> <td>FA /</td> </tr> <tr> <td>(ii)</td> <td>Concerned with future information as well as past information</td> <td>CA /</td> </tr> <tr> <td>(iii)</td> <td>The Financial Reporting Standards (FRS) is important and is used extensively.</td> <td>FA /</td> </tr> <tr> <td>(iv)</td> <td>Classifies, records, present and interprets in a significant manner the material, labour, overhead costs involved in manufacturing and selling each product, job and service.</td> <td>CA /</td> </tr> <tr> <td>(v)</td> <td>Data and statement are developed for a definite period, usually a year.</td> <td>FA /</td> </tr> <tr> <td>(vi)</td> <td>The users are internal users. They are members of the management.</td> <td>CA /</td> </tr> <tr> <td>(vii)</td> <td>Classifies, records, presents and interprets in terms of financial character and provides the figures for the preparation of the financial statements.</td> <td>FA /</td> </tr> <tr> <td>(viii)</td> <td>Data and statements are prepared whenever needed. Reports may be prepared on a monthly, weekly or even daily basis.</td> <td>CA /</td> </tr> <tr> <td>(ix)</td> <td>All information is in term of money.</td> <td>FA /</td> </tr> </tbody> </table>			STATEMENTS	CA OR FA?	(i)	Follows the double entry system.	FA /	(ii)	Concerned with future information as well as past information	CA /	(iii)	The Financial Reporting Standards (FRS) is important and is used extensively.	FA /	(iv)	Classifies, records, present and interprets in a significant manner the material, labour, overhead costs involved in manufacturing and selling each product, job and service.	CA /	(v)	Data and statement are developed for a definite period, usually a year.	FA /	(vi)	The users are internal users. They are members of the management.	CA /	(vii)	Classifies, records, presents and interprets in terms of financial character and provides the figures for the preparation of the financial statements.	FA /	(viii)	Data and statements are prepared whenever needed. Reports may be prepared on a monthly, weekly or even daily basis.	CA /	(ix)	All information is in term of money.	FA /	9/@18 marks
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		Total 23 marks																														

		<u>MARK/NOTES</u>
Answer 2		
(a)		
(i)	Economic Order Quantity $EOQ = \sqrt{\frac{2DCo}{PCs}}$	$= \sqrt{\frac{2 \times 3,600 \times 2.5}{0.80 \times 25\%}}$ $= 300 \text{ kg. } \frac{1}{2}$
(ii)	Re-Order Level = Maximum Consumption x Maximum Re-Order Period	$= 500 \times 4$ $= 2,000 \text{ kg. } \frac{1}{2}$
(b)		
Time Allowed	$\frac{1.75}{60} \text{ min.} \times 1,500 \text{ units} = 44 \text{ hours//}$	
Time Taken	40 hours/	
Time Saved	4 hours/	
Halsey Scheme		
Bonus Pay	$50\% \times 4 \text{ hours} \times \text{RM}2.90 = \text{RM}5.80///$	
Basic Pay	$40 \text{ hours} \times \text{RM}2.90 = \text{RM}116.00//$	
Total Pay	RM121.80/	
Rowan Scheme		
Bonus Pay	$\frac{40}{44} \times 4 \text{ hours} \times \text{RM}2.90 = \text{RM}10.55///$	
Basic Pay	$40 \text{ hours} \times \text{RM}2.90 = \text{RM}116.00$	
Total Pay	RM126.55/	
		7/@7 marks
		14/@7 marks

(c)(i)						<u>MARK/NOTES</u>
Overhead	Basis	Amount	A	B	C	
Repair and Maintenance	Hours spent	1,500	600/	600/	300/	
Rental	Area (sq. feet)	2,000	1000/	750/	250/	
Depreciation	Cost of machinery (RM)	5,000	2000/	2000/	1000/	
Supervisor Salary	No. of direct workers	1,000	500/	250/	250/	
Electricity	Actual usage (KW hours)	2,000	1000/	800/	200/	
Total			5,100/	4,400/	2,000/	
(c)(ii) THREE (3) Advantages of ABC:						
1. Accurate Product Cost /						
ABC brings accuracy and reliability in product cost determination by focusing on cause and effect relationship in the cost incurrence.						
2. Information on Cost Behaviour /						
ABC identifies the real nature of cost behaviour and help in reduce cost and identify activities that do not add value to the product.						3/@3 marks
3. Tracing of Activities for the Cost Object /						
ABC uses multiple cost drivers and concerned with all activities within and beyond the factory to trace more overheads to the products.						
(or any relevant answer accepted)						Total 35 marks

MARK/NOTES

(c)

Cutting Process Account

	Qty	CPU	RM		Qty	CPU	RM
Materials	5,500/	0.50/	2,750/	Normal loss	1,100/	0.30/	330/
Labour			880/	(20%)			
Production overhead			1,320/	Abnormal loss	400/	1.05	420/
				To Process B	4,000/	1.05	4,200/
	5,500		4,950		5,500		4,950

$$\text{Unit cost} = \frac{\text{RM}4,950 - \text{RM}330}{5,500\text{kg} - 1,100\text{kg}} = \text{RM}1.05$$

24/@12 marks

Frying Process Account

	Qty	CPU	RM		Qty	CPU	RM
From Process A	4,000/	1.05	4,200/	Normal loss	900/	0.70	630/
Materials added	5,000/	0.90	4,500/	(10%)			
Labour			2,500/	Finished goods	8,350/	1.6136	13,473/
Production overhead			2,500/				
Abnormal gain	250/	1.6136	403/				
	9,250		14,103		9,250		14,103

$$\text{Unit cost} = \frac{\text{RM}13,700 - \text{RM}630}{9,000\text{kg} - 900\text{kg}} = \text{RM}1.6136$$

Total 30 marks

		<u>MARK/NOTES</u>
Answer 4		
(a) List THREE (3) example of fixed cost.		
1. Factory rental / 2. Manager salary / 3. Insurance /		3/@1.5 marks
(b)		
	Marginal (RM)	Absorption (RM)
Material	2.60/	2.60/
Labour	1.80/	1.80/
Variable overhead	0.60/	0.60/
Fixed overhead	-	<u>RM14,500</u> 10,000 units =
Production Cost/Unit	5.00/	1.45/ 6.45/
		9/@3 marks

			<u>MARK/NOTES</u>
(c)			
Delaila Sdn. Bhd.			
Income Statement For The Year Ended 31 Mac 2020 (Absorption Costing)			
	RM	RM	
Sales	[RM7.20 x 10,000 units]	72,000/	
(-) Cost of Goods Sold :			
Opening stock	-		
(+) Production cost	[RM6.45 x 12,000 units]	77,400/	
(-) Closing stock	[RM6.45 x 2,000 units]	12,900/	
		7,500	
(+) Over Absorbed	[RM15,000 – (RM1.45 x 12,000 units)]	2,400/	
	Gross Profit	9,900/	
(-) Selling and administration expenses			
Variable	[6% x RM72,000]	4,320/	
Fixed		1,800/	
		6,120	
	Net Profit	3,780 ¹/₂	
			7.5/@7.5 marks
			Total 12 marks
<i>“If the working method is different from the solution given, make an appropriate adjustment to the marking scheme with approval from Program Leader”</i>			

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