



iii. direct labour rate variances	<u>MARK/NOTES</u>
<p style="text-align: center;">AH X AR <span style="margin-left: 200px;">AH X SR</span></p> <p style="text-align: center;"> ----- Rate variances ----- </p> <p>50,000/ X RM3.50/ <span style="margin-left: 150px;">50,000/ X RM 3.20/</span></p> <p>RM 175,000 <span style="margin-left: 150px;">RM160,000</span></p> <p style="text-align: center;"> ----- </p> <p style="text-align: center;">RM175,000-RM160,000 = 15,000/(UF)/</p>	<p>/ = 6/6 * 2.5m <b>(2.5 marks)</b></p>
<p>iv. direct labour efficiency variances</p> <p style="text-align: center;">AH X SR <span style="margin-left: 200px;">SH X SR</span></p> <p style="text-align: center;"> ----- efficiency variances ----- </p> <p>50,000 X RM3.20 <span style="margin-left: 150px;">4/ X 10, 000/ X RM 3.20/</span></p> <p>RM 160,000 <span style="margin-left: 150px;">RM128,000</span></p> <p style="text-align: center;"> ----- </p> <p style="text-align: center;">RM160,000-RM128,000 = 32,000/(UF)/</p>	<p>/ = 5 * 0.5m <b>(2.5 marks)</b></p>
<p><b>Question 1(e)</b></p> <ul style="list-style-type: none"> <li>• Differences in quality/</li> <li>• Handling of material/</li> <li>• Use substitutes/</li> <li>• Nature of material</li> <li>• Method of production</li> <li>• Waste</li> <li>• Condition of machine</li> </ul> <p>*or any relevant answer ** Maximum 3 answers</p>	<p>/ = 2 marks <b>(6 marks)</b></p> <p><b>Total : 30 marks</b></p>

<b>Question 2(a)</b>	<b><u>MARK/NOTES</u></b>
<p>Two (2) advantages.</p> <ul style="list-style-type: none"> <li>• It is a simple and easy method to use. /</li> <li>• The mark-up percentage can be varied, and so mark-up pricing can be adjusted to reflect demand conditions. /</li> <li>• It draws management attention to contribution, and the effects of higher or lower sales volumes on profit. /</li> <li>• In practice, mark-up pricing is used in businesses where there is a readily-identifiable basic variable cost. / Retail industries are the most obvious example, and it is quite common for the prices of goods in shops to be fixed by adding a mark-up (20% or 33.3%, say) to the purchase cost.</li> </ul> <p>Disadvantages of marginal cost-plus pricing</p> <ul style="list-style-type: none"> <li>• Although the size of the mark-up can be varied in accordance with demand conditions, it does not ensure that sufficient attention is paid to demand conditions, competitors' prices and profit maximisation. /</li> <li>• It ignores fixed overheads in the pricing decision, but the sales price must be sufficiently high to ensure that a profit is made after covering fixed costs. /</li> </ul>	<p style="text-align: right;">/ 1 mark <b>(4 marks)</b></p> <p style="text-align: center;"><b>Any 2 answer for advantages and disadvantages</b></p>
<p><b>Question 2(b)</b> If the marginal revenue = <math>a - 2bQ</math> when the selling price (P) = <math>a - 0.1Q</math>, calculate the profit-maximizing selling price for “Coco”.</p> $100 = a - 0.1(10000) /$ $a = 1100 /$ $MR = 1100 - 2(0.1)Q$ $MR = 1100 - 0.2Q /$ <p>Profit maximizing units is when <math>MC = MR</math></p> $35 = 1100 - 0.2Q /$ $0.2Q = 1100 - 35$ $Q = 5325 \text{ units} /$ <p>Profit maximizing selling price :</p> $P = a - 0.1Q$ $P = 1100 - 0.1(5325)$ $P = RM567.50 /$	<p style="text-align: right;">/ 1 mark <b>(6 marks)</b></p>

				<u>MARK/NOTES</u>
<b>Question 2c(i)</b>				
Show the profit or loss if the company decided to ceased the operation of product Chi.				
	<b>Continue</b>	<b>Discontinue</b>	<b>Differential</b>	
Sales	90,000	70,000/	20,000/	
(-) marginal cost of sales	(47,000)	(33,000)/	(14,000)/	
Contribution margin (Dzo)		20,000//	(20,000)/	
Contribution margin	43,000	57,000/	14,000/	
(-) Fixed costs				/ 1 mark
Salaries	(30,500)	(24,500)/	(6000)/	<b>(13 marks)</b>
Extra direct fixed costs		(6000)/	6000/	
Profit / (Loss)	<b>12,500</b>	<b>26,500</b>	<b>14,000</b>	
<b>Question 2c(ii)</b>				
Based on (i) above, figure out whether ABCD should ceased the operation of product Chi.				/ 1 mark
Should discontinue Chi / because the additional profit to discontinue is RM14,000 /				<b>(2 marks)</b>
				<b>Total : 25 marks</b>
<b>Question 3(a)</b>				
The margin of Safety is the <u>excess of budgeted (or actual) sales over BEP of sales volume</u> /.				/ 1 mark
It is the amount by which <u>sales can drop before losses begin to be incurred</u> /.				<b>(2 marks)</b>
<b>Question 3b(i)</b>				
Breakeven point in both units and RM.				
$\text{BEP (units)} = \frac{\text{RM } 1,136,250^*}{\text{RM}700^* - \text{RM}280^*}$				
$= 2,705 \text{ units}^*$				* = 0.5 mark
$\text{BEP (RM)} = 2,705^* \times \text{RM}700^*$				<b>(4 marks)</b>
$= \text{RM}1,893,500^{**}$				
<b>Question 3b(ii)</b>				
Company's margin of safety in both RM and percentage.				* = 0.5 mark
$\text{MOS} = \text{Total sales} - \text{BEP Sales}$				<b>(4 marks)</b>
$= \text{RM}3,150,000^* - \text{RM}1,893,500^*$				
$= \text{RM}1,256,500^{**}$				
$\text{MOS (\%)} = \frac{\text{RM}1,256,500^*}{\text{RM}3,150,000^*}$				
$= 0.3989 @ 40\%^{**}$				

Question 3c(i)	<u>MARK/NOTES</u>
$Q = \frac{FC + \text{profit}}{P - V_c} = \frac{RM 1,228,500 + RM900,000}{RM805 - RM280} //$ $= 4,054 \text{ Units} /$ <p><i>Increase in advertising = 20% (fixed selling and administrative expenses)</i>  <i>So:</i>  <i>New Fixed selling and administrative expenses = RM553,500</i>  <i>New Fixed cost = RM675,000 + RM553,500</i>  <i>= RM1,228,500</i></p> <p><i>Increase in selling price = 15%;</i>  <i>So, new selling price = RM805</i></p>	/ = 1 mark <b>(5 marks)</b>
<p><b>Question 3c(ii)</b></p> $\text{BEP (units)} = \frac{RM2,128,500}{RM805 - RM310} /$ $= 4,300 \text{ units} /$ $\text{BEP (RM)} = 4,300 \times RM805 /$ $= RM3,461,500 /$ <p><i>Variable manufacturing expenses = <math>\frac{RM810,000}{4,500 \text{ units}}</math></i>  <i>= RM180</i></p> $\text{Increase RM30} = RM180 + RM30$ $= RM210$ <p><i>Variable selling and administrative expenses per unit = RM100</i>  <i>So, new variable cost = RM210 + RM100</i>  <i>= RM31</i></p>	
	<b>Total = 25 marks</b>

Question 4(a)	<u>MARK/NOTES</u>
<p>Determination of relevent range</p> <p>Full capacity = <math>420,000/70\% = 600,000</math> (//)</p> <p>75% = <math>(75\% \times 600,000)</math> = 420,000 units (/)</p> <p>95% = <math>(95\% \times 600,000)</math> = 570,000 units (/)</p> <p>High – Low method</p> <p><u>Maintenance and Repairs</u></p> <p>Variable = <math>\frac{(RM\ 12,600 - RM\ 11,400)}{(480,000 - 420,000)}</math></p> <p>=RM 0.02 Per unit (/)</p> <p>=====</p> <p>Fixed = <math>RM\ 11,000 - (480,000 \times RM\ 0.02)</math>//</p> <p>= <math>RM\ 3,000</math>(/)</p> <p>=====</p> <p><u>Commission</u></p> <p>Variable = <math>\frac{(RM\ 14,900 - RM13,100)}{(480,000 - 420,000)}</math></p> <p>= <math>RM\ 0.03</math> Per unit (/)</p> <p>=====</p> <p>Fixed = <math>RM\ 14,900 - (480,000 \times RM\ 0.01)</math>//</p> <p>= <math>RM\ 500</math> (/)</p> <p>=====</p> <p>Raw materiel cost increase by 20% at 90% capacity and more</p> <p>= <math>120/100 \times RM0.40 = RM0.48</math> per unit</p> <p>Selling Price increase by 2% at 90% capacity and more</p> <p>= <math>102/100 \times RM1.50 = RM1.53</math></p>	

**Flexible budget.**

Production Level %	75%(450,000 units)	95%(570,000)
	RM	RM
Sales	675,500 (/)	872,100 (/)
(-) Variable costs		
Raw material	180,000 (/)	273,600 (/)
Labour	135,000 (/)	171,500 (/)
Overhead	22,500 (/)	28,500 (/)
Electric and Water	4,500 (/)	5,700 (/)
Maintenance and Repairs	9,000 (/)	11,400 (/)
Commision	13,500 (/)	17,100 (/)
Contribution Margin	311,000	364,300
(-) Fixed costs		
Maintenance and Repairs	3,000 (/)	3,000 (/)
Commision	500 (/)	500 (/)
Supervision	15,000 (/)	20,000(/)
Depreciation	25,000 (/)	25,000 (/)
Administration expenses	13,000 (/)	13,000 (/)
Net profit	254,500	302,800

/ = 44/44 X 11  
(11 marks)

**Question 4(b)****Syarikat Aman performance report for the December ended 2021.**

	Budget	Actual	Result
	(RM)	(RM)	
Sales	675,500 (/)	675,500(/)	(F) *
(-) Variable costs			
Raw material	180,000 (/)	168,750(/)	(UF) *
Labour	135,000 (/)	150,000(/)	(UF) *
Overhead	22,500 (/)	11,250(/)	(F) *
Electric and Water	4,500 (/)	3,750(/)	(F) *
Maintenance and Repairs	12,000 (/)	10,500(/)	(F) *
Commision	14,000 (/)	15,500(/)	(UF) *
Supervision	15,000 (/)	15,000(/)	(F) *
Depreciation	25,000 (/)	25,000(/)	(F) *
Administration expenses	13,000 (/)	15,000(/)	(UF) *
Net profit	254,500	260,750	(F) *

/ = 20/20 x10  
(10 marks)

<p><b>Question 4(c)</b> Answer in Question 4(b) above marked as *</p> <p><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></p>	<p><b><u>MARK/NOTES</u></b></p> <p>*= 11/11x4 <b>(4 marks)</b></p> <p><b>Total = 25 marks</b></p>
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