

	<u>MARKS</u>
QUESTION 1	<u>Total 23</u>
<u>Answer</u>	<u>marks</u>
<p>(a) Define the meaning of Direct Material Cost and Direct Labour Cost . Give ONE (1) example of each cost.</p> <p><u>Direct Material Cost</u></p> <p>The acquisition costs of all materials that are physically identified as a part of the manufactured goods and may be traced to the manufactured goods. ✓*</p> <p>Examples: raw cotton in textiles ✓</p> <p><u>Direct Labour Cost</u></p> <p>The wages of all labour that work directly and can be identified specifically and exclusively in producing the product. ✓*</p> <p>Example: carpenter ✓</p> <p>(or any other relevant answers accepted)</p>	<p>✓= 1 mark *= ½ mark</p> <p>Total 5 marks</p>
<p>(b) You are required to report the Statement of Cost for the year ended 31st December 2020 for Liana Resources Sdn. Bhd.</p>	

Liana Resources Sdn Bhd		
Cost Statement for the year ended 31/12/2020√		
	RM	RM
Opening stock	3,450√	
(+) purchase	103,050√	
(+) import duty of raw material	1,500√	
(-) closing stock	(4,320)√	
Raw material consumed		103,680√
Direct wages		60,300√
Prime cost		163,980√
Factory overhead		
Indirect wages	13,350√	
Factory insurance	2,334√	
Factory rental	10,000√	
Maintenance expenses	2,100√	
Factory general expenses	2,205√	
Depreciation on Plant & machinery	5,400√	35,389
Factory Cost		199,369√
Administration overhead		
Depreciation Office Equip.		1,800√
Selling & Distribution overhead		
Sales and distrib, expenses		10,200√
Total cost		211,369√

√=1 mark
Total 18 marks

QUESTION 2

Answer

(a) List **THREE (3)** advantages and **FOUR (4)** disadvantages of centralized store

THREE (3) advantages

- A better store layout where less space is occupied. √
- Placing bulk orders for all department's requirement √
- It is economical for storing materials. √

Total 35 marks

FOUR (4) disadvantages

- Increase in material handling cost. ✓
- Greater risk of loss by fire. ✓
- Delay and inconvenience in sending materials. ✓
- Increase in cost of movement of stocks. ✓

✓=1mark

**Total 7
marks****(or any other relevant answers accepted)**

(b) Explain the following:

- i. Overhead Absorption Rate (OAR), Predetermined Overhead Absorption rate(POR) and give **ONE (1)** formular for each rate.

Overhead Absorption Rate (OAR)

- Is the process to assign overhead accumulated against production cost centres to the cost units. ✓*
- Formular : ✓
$$\text{OAR} = \frac{\text{Production Overhead}}{\text{Amount of Allocation base}}$$

✓=1mark

*=1/2mark

**Total 5
marks****Predetermined Overhead Absorption rate(POR)**

- Is calculated in advance of the period. They are based on budgeted overhead and budgeted allocation base. ✓*
- Formular: ✓
$$\text{POR} = \frac{\text{Budgeted Production Overhead}}{\text{Budgeted Amount of Allocation base}}$$

(or any other relevant answers accepted)

<p>ii. Activity- Based Costing (ABC). ABC is a costing method whereby overhead costs are assigned to activities instead of assigning them to products and services. ✓✓ (or any other relevant answers accepted)</p> <p>(c) You are required to calculate total wages for each worker based on the Straight Piecework Scheme.</p>	<p>✓=1 mark Total 2 marks</p>																				
<table border="1"> <thead> <tr> <th>Employee</th> <th>Zizie</th> <th>Kirana</th> <th>Lisa</th> <th>Jenny</th> </tr> </thead> <tbody> <tr> <td>“Whitening”</td> <td>950 x RM3 = RM2,850//</td> <td>900 x RM3 = RM2,700//</td> <td>760 x RM3 = = RM2,280//</td> <td>570 x RM3 = RM1,710//</td> </tr> <tr> <td>“Glowing”</td> <td>850 x RM5.5 = RM4,675//</td> <td>820 x RM5.5 = RM4,510//</td> <td>840 x RM5.5 = RM4,620//</td> <td>780 x RM5.5 = = RM4,290//</td> </tr> <tr> <td>Total Wages</td> <td>RM7,525/</td> <td>RM7,210/</td> <td>RM6,900/</td> <td>RM6,000/</td> </tr> </tbody> </table>	Employee	Zizie	Kirana	Lisa	Jenny	“Whitening”	950 x RM3 = RM2,850//	900 x RM3 = RM2,700//	760 x RM3 = = RM2,280//	570 x RM3 = RM1,710//	“Glowing”	850 x RM5.5 = RM4,675//	820 x RM5.5 = RM4,510//	840 x RM5.5 = RM4,620//	780 x RM5.5 = = RM4,290//	Total Wages	RM7,525/	RM7,210/	RM6,900/	RM6,000/	<p>(✓20/20 x 21) Total 21 marks</p>
Employee	Zizie	Kirana	Lisa	Jenny																	
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<p>QUESTION 3</p> <p><u>Answer</u></p> <p>(a) List SIX (6) reasons for abnormal losses in process costing.</p> <p><u>SIX (6) reasons</u></p> <ul style="list-style-type: none"> • wastage✓ • Machine breakdown✓ • Spoilage✓ • Errors✓ • Accidents✓ • Poor quality material✓ <p>(or any other relevant answers accepted)</p>	<p>Total 30 marks</p> <p>✓=1 mark Total 6 marks</p>																				

<p>(b) Explain SIX (6) characteristics for each job order costing and service costing.</p> <p><u>Job order costing</u></p> <ul style="list-style-type: none"> • Is used when the job is according to customer specification. ✓ • Many different jobs are worked on during each period. ✓ • Each job can be identified from the beginning to the end of the manufacturing process. ✓ • Cost are accumulated by individual job. ✓ • Each job has different production requirement. ✓ • Each job generally uses a different amount of resources. ✓ <p><u>Service costing</u></p> <ul style="list-style-type: none"> • Is used by the companies operating in service industry. ✓ • Operating cost or service cost may be collected for different cost units. ✓ • Services are rendered according to customer's need. ✓ • A service provided may be not standardized and may vary every time. ✓ • Operating or service cost are usually collected under variable cost and fixed cost. ✓ • Service costing is different from costing for manufactured goods. ✓ <p>(or any other relevant answers accepted)</p>	<p>✓=1 mark</p> <p>Total 12 marks</p>
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- (c) You are required to compute for each department the overhead absorption rate (OAR), overhead absorbed and prepare the Job Cost Sheet for Job No.9001. (Show the detail calculation).

predetermine overhead absorption rate

Design department	Printing Department
RM60000 / 30000 = Rm2.00 / DLH√	RM75000/ 30000 = Rm2.50 / MH√

overhead absorbed

Design department	Printing Department
RM2.00 x 4 hours = Rm8.00√	RM2.50 x 8 hours = Rm20 √

√=1 mark

**Total
12 marks**

Job Cost Sheet for Job No.9001

Remy Sdn Bhd
Job cost Sheet No. 9001

	RM	RM
Direct material:		
Design department	8.00√	
Printing department	9.50√	17.50
Direct labour:		
Design department	10.00√	
Printing department	12.80√	22.80
PRIME COST		40.30√
Overhead absorbed:		
Design department	8.00√	
Printing department	20.00√	28.00
TOTAL COST		68.30√

QUESTION 4**Answer**

(a) Define the Absorption Costing Methods.

- Absorption costing method means that all the manufacturing costs are absorbed to the unit product. Its also knowns as full costing. ✓*

(or any other relevant answers accepted)

(b) You are required to calculate the unit product cost under marginal costing method and absorption costing method.

Items	Marginal Costing (RM)	Absorption costing (RM)
Direct material	6/	6/
Direct wages	9/	9/
Variable manufacturing overhead	2/	2/
Fixed manufacturing overhead (RM150,000/30000unit)	-	5/
Total	17/	22/

Total 12 marks

✓= 1 mark

*= ½ mark

Total 1.5 marks

(✓/9 x 3)

Total 3 marks

- (c) Based the information (b) , you are required to prepare the income state for the year ended 31/3/2020 using marginal costing method.

Income Statement Using Marginal Costing Method

Item	RM	RM
Sales (25000 x RM40)		1,000,000/
Less: Cost Of Good Sold:-		
Opening stock	-	
+ Production cost (30,000 x RM17)	510,000/	
- Closing stock(5,000 x RM17)	(85,000)/	<u>(425,000)</u>
		575,000
Less:		
Variable selling expenses(25000 x RM1)		<u>(25,000)/</u>
Contribution Margin		550,000/
Less:		
Fixed Manufacturing Overhead		(150,000)/
Fixed Selling and Administrative Overhead		<u>(75,000)/</u>
Operating Profit		325,000*

√=1 mark

*=1/2 mark

Total 7.5 marks

“ If the working method is different from the solution given , make an appropriate adjustments to the marking scheme with approval from Program Leader”

“ Jika cara kerja berbeza dari bentuk penyelesaian yang diberikan, lakukan penambahbaikan yang sesuai kepada skema pemarkahan ini dan dapatkan persetujuan dari Ketua Program”

