Question 1(a) — **MARK/NOTES**

Activity-based costing (ABC) is a method of assigning overhead and indirect costs/ to products and services. It is based on activities/ which considered any event, unit of work or task. / 1 mark **(2 marks)**

Question 1(b)

- Competence /
- Confidentiality /
- Integrity /
- Objectivity

/ 1 mark **(3 marks)**

** Maximum 3 answers

Question 1(c)

i. **Planning/** - identify and select the best alternative that best suit with the organization's objective and specifying how the action will be implemented. /

ii. **Implementation/** - provide structure and capacity in which the management duties to achieve from what they have planned. /

iii. **Directing/** - Mobilizing people to carry out plans and run routine operation. /

iv. **Controlling/** - process ensuring that activities plan performed, followed and appropriately modified as circumstances change in an organization. /

/ 1 mark **(8 marks)**

Question 1(d)

i. direct material price variance

	AQ X AP	AQ X SP
	Price variances	
Flour	22,000 / X RM2.30/ = RM50, 600	22, 000 / X RM2.50/= RM55, 000
Sugar	20,000 / X RM2.20/ = RM44, 000	20,000 / X RM2.00/ = RM40, 000
TOTAL	RM94, 600	RM95, 000

Price variances

RM94,600 – RM95,000 = RM 400/ (F) / /

/ = 11/11 * 3m **(3 marks)**

ii. direct material usage variance

	AQ X SP	SQ X SP
	Usage variances	
Flour	22,000 X RM2.50= RM55, 000	2/ X 10, 000 /X RM2.50/ = RM50, 000
Sugar	20,000 X RM2.00= RM40, 000	1.5/ X 10, 000/ XRM2.00/=RM30,000
	RM95, 000	RM80,000

RM95,000 – RM80,000 = RM 15,000/ (UF) //

/ = 9/9 * 3m **(3 marks)**

iii. direct labour rate variances AH X AR — AH X SR Rate variances 50,000/ X RM3.50/ RM 175,000 — 50,000/ X RM 3.20/ RM160,000 RM175,000-RM160,000 = 15,000/(UF)/	**MARK/NOTES** / = 6/6 * 2.5m **(2.5 marks)**
iv. direct labour efficiency variances AH X SR — SH X SR efficiency variances 50,000 X RM3.20 RM 160,000 — 4/ X 10, 000/ X RM 3.20/ RM128,000 RM160,000-RM128,000 = 32,000/(UF)/	/ = 5 * 0.5m **(2.5 marks)**
Question 1(e) • Differences in quality/ • Handling of material/ • Use substitutes/ • Nature of material • Method of production • Waste • Condition of machine *or any relevant answer ** Maximum 3 answers	/ = 2 marks **(6 marks)** **Total : 30 marks**

Question 2(a)	**MARK/NOTES**
Two (2) advantages. • It is a simple and easy method to use. / • The mark-up percentage can be varied, and so mark-up pricing can be adjusted to reflect demand conditions. / • It draws management attention to contribution, and the effects of higher or lower sales volumes on profit. / • 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.	/ 1 mark **(4 marks)**
Disadvantages of marginal cost-plus pricing • 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. / • 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. /	**Any 2 answer for advantages and disadvantages**
Question 2(b) If the marginal revenue = a – 2bQ when the selling price (P) = a – 0.1Q, calculate the profit-maximizing selling price for "Coco". 100 = a - 0.1(10000) / a = 1100 / MR = 1100 – 2 (0.1)Q MR = 1100 – 0.2Q / Profit maximizing units is when MC = MR 35 = 1100 – 0.2Q / 0.2Q = 1100 – 35 Q = 5325 units / Profit maximizing selling price : P = a – 0.1Q P = 1100 – 0.1 (5325) P = RM567.50 /	/ 1 mark **(6 marks)**

MARK/NOTES

Question 2c(i)
Show the profit or loss if the company decided to ceased the operation of product Chi.

	Continue	**Discontinue**	**Differential**
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			
Salaries	(30,500)	(24,500)/	(6000)/
Extra direct fixed costs		(6000)/	6000/
Profit / (Loss)	**12,500**	**26,500**	**14,000**

/ 1 mark
(13 marks)

Question 2c(ii)
Based on (i) above, figure out whether ABCD should ceased the operation of product Chi.

/ 1 mark
(2 marks)

Should discontinue Chi / because the additional profit to discontinue is RM14,000 /

Total : 25 marks

Question 3(a)

The margin of Safety is the excess of budgeted (or actual) sales over BEP of sales volume /.
It is the amount by which sales can drop before losses begin to be incurred /.

/ 1 mark
(2 marks)

Question 3b(i)

Breakeven point in both units and RM.

$$\text{BEP (units)} = \frac{\text{RM 1,136,250*}}{\text{RM700 * - RM280 *}}$$

$$= 2{,}705 \text{ units *}$$

$$\text{BEP (RM)} = 2{,}705^* \text{ X RM700*}$$
$$= \text{RM1,893,500**}$$

* = 0.5 mark
(4 marks)

Question 3b(ii)

Company's margin of safety in both RM and percentage.

$$\text{MOS} = \text{Total sales} - \text{BEP Sales}$$
$$= \text{RM3,150,000 *} - \text{RM1,893,500 *}$$
$$= \text{RM1,256,500 **}$$

$$\text{MOS (\%)} = \frac{\text{RM1,256,500 *}}{\text{RM3,150,000 *}}$$
$$= 0.3989 \text{ @ } 40\% \text{ **}$$

* = 0.5 mark
(4 marks)

Question 3c(i)

MARK/NOTES

$$Q = \frac{FC + profit}{P - Vc} = \frac{RM\ 1,228,500 + RM900,000}{RM805 - RM280} \quad // \quad //$$

= 4,054 Units / / = 1 mark

(5 marks)

Increase in advertising = 20% (fixed selling and administrative expenses)
So:
New Fixed selling and administrative expenses = RM553,500
New Fixed cost = RM675,000 + RM553,500
= RM1,228,500

Increase in selling price = 15%;
So, new selling price = RM805

Question 3c(ii)

$$BEP\ (units) = \frac{RM2,128,500\ /}{RM805\text{-}RM310\ /}$$

= 4,300 units /

BEP (RM) = 4,300 X RM805 /
= RM3,461,500 /

Variable manufacturing expenses $= \frac{RM810,000}{4,500\ units}$
= RM180

/ = 1 mark

(5 marks)

Increase RM30 = RM180 + RM30
= RM210

Variable selling and administrative expenses per unit = RM100
So, new variable cost = RM210 +RM100
= RM31

Total = 25 marks

Question 4(a) | **MARK/NOTES**

Determination of relevent range

Full capacity = 420,000/70% = 600,000 (///)
75% = (75% x 600,000) = 420,000 units (/)
95% = (95% x 600,000) = 570,000 units (/)

High – Low method

Maintenance and Repairs
Variable = (RM 12,600 – RM 11,400) /
(480,000 – 420,000) /

=RM 0.02 Per unit (/)
==========

Fixed = RM 11,000 – (480,000 x RM 0.02)//

= RM 3,000(/)
========

Commission

Variable = (RM 14,900 – RM13,100)/
(480,000 – 420,000)/

= RM 0.03 Per unit (/)
==========

Fixed = RM 14,900 – (480,000 x RM 0.01)//

= RM 500 (/)
========

Raw meterial cost increase by 20% at 90% capacity and more

= 120/100 X RM0.40 = RM0.48 per unit

Selling Price increase by 2% at 90% capacity and more

=102/100 X RM1.50 = RM1.53

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)

	MARK/NOTES
Question 4(c) Answer in Question 4(b) above marked as * ***"If the working method is different from the solution given, make an appropriate adjustment to the marking scheme with approval from Program Leader"***	*= 11/11x4 **(4 marks)** **Total = 25 marks**