



FINAL EXAMINATION

COURSE : INTRODUCTION TO COST ACCOUNTING

COURSE CODE : PMA0014

DURATION : 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. Answer Booklet
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO : _____

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The question paper consists of 05 printed pages

MAR2024/A/PMA0014

1. (13 points)

EduToys manufactures and sells children's toys designed to stimulate the learning process. The company manufactures two types of products, Blocks and STEM, and employs 40 people across three departments. The following is detailed information about four workers from the company's Assembly department.

Assembly Department					
Employees		Nasrun	Izudin	George	Hazim
Hours worked		52	49	53	54
Units produced	Blocks	46	54	48	58
	STEM	50	52	40	60
Rejected units	Blocks	4	3	5	3
	STEM	3	2	6	2

The normal working hours for a week are 48 hours. It is the policy of the company to pay its workers using the time-based scheme method. Among the four workers in the department, Izudin and Hazim are considered skilled workers. The hourly rate paid to skilled and semi-skilled workers is RM10.20 and RM8.50, respectively. According to the information extracted from the employment contract, any workers who worked more than the normal hours will be paid at a rate of one and a half of the normal rates for the first three hours, and the rate will be doubled after that.

Required:

- Calculate the gross wages for each worker using the existing method. (8 points)
- The management is now considering paying its workers based only on good-quality units. The accounting department has proposed a rate per unit of RM6.60 for product Blocks and RM4.40 for product STEM. Determine the gross wages to be paid to Izudin and George if the weekly minimum gross wage is RM450. (5 points)

(Note: Show all the calculations and round off your answer to two decimal points.)

2. (20 points)

Maxwell Sdn Bhd applies overhead to jobs using a predetermined overhead rate based on the machine hour for the Moulding department, the direct labour cost for the Assembly department, and the direct labour hour for the Packaging department. The following information pertains to the overhead and other crucial information to calculate the predetermined overhead rate.

	Moulding	Assembly	Packaging
Actual overhead	RM1,070,000	RM256,700	RM587,000
Estimated overhead	RM955,000	RM251,600	RM622,400
Actual direct labour cost	RM106,400	RM299,800	RM154,000
Estimated direct labour cost	RM99,700	RM296,000	RM164,200
Actual machine hours	78,900 hours	30,500 hours	36,700 hours
Estimated machine hours	77,800 hours	32,600 hours	37,900 hours
Actual direct labour hours	19,400 hours	58,100 hours	65,400 hours
Estimated direct labour hours	19,200 hours	59,600 hours	68,800 hours

Job 442 is one of the jobs that has been completed in the month of February and took two weeks to complete. The job was received from Dany Enterprise, which ordered 5,500 exquisite tea gift sets. The set consists of a teapot made of clay and a box of organic black tea. To make the teapot, the company hired special equipment from ATC Sdn Bhd at a cost of RM3,250 per week. Further details with regard to the job are provided below:

	Moulding	Assembly	Packaging
Direct materials	RM28,450	RM13,390	RM12,770
Skilled labour hours	895 hours	1,224 hours	675 hours
Semi-skilled labour hours	680 hours	100 hrs	830 hours
Machine hours	2,900 hours	1,100 hours	990 hours

The company pays its skilled labour at RM8.50 per hour and semi-skilled labour at RM5 per hour. The general administrative cost of the company is allocated at 2% of the prime cost, while the selling and distribution expense is absorbed at 1% of the production cost.

Required:

- a. Calculate the predetermined overhead rate for each department. (3 points)
- b. Prepare a job cost sheet for Job 442 by showing clearly the calculation of prime cost, production cost, and total cost. (14.5 points)
- c. Calculate the cost per tea set. (1 point)
- d. Calculate the selling price per set if the profit margin is 30%. (1.5 points)

(Note: Show all the calculations and round off your answer to two decimal points.)

3. (17 points)

Ideas Sdn Bhd is a company that makes high-quality silicone baking moulds. Selling its product for RM29.90 per unit, the company has budgeted production for next year at 57,000 units. The variable cost per unit of producing the product is presented below:

	RM
Direct materials	10.25
Direct labour	6.10
Direct expense	1.55
Variable manufacturing overhead	2.20

Other information:

- Fixed manufacturing overhead is RM102,600 per annum.
- The company pays fixed administrative expenses of RM14,300 per quarter and fixed distribution expenses of RM24,000 per year.
- Looking at the company's large potential and past experience, Ideas' top management aspires to have a larger market share in the industry next year. It has been decided that the company will spend more on fixed marketing and promotion costs, where the allocation will be 15% higher than fixed distribution costs starting next year. Aside from this change, the company will also incur variable selling costs of RM0.50 per unit sold.
- The company anticipates selling 62,800 units next year, with a balance of inventory at the end of the year equal to 30% of the budgeted production units.

Required:

- Calculate the unit product cost under both absorption and variable costing approach. (3 points)
- Calculate the opening inventory units for the next year. (2 points)
- Prepare an income statement under absorption and variable costing approach. (11 points)
- Prepare a profit reconciliation statement. (1 point)

(Notes: Show all the calculations and round off your answer to two decimal points)

END OF QUESTION PAPER