



FINAL EXAMINATION

**COURSE : INTRODUCTION TO COST AND
MANAGEMENT ACCOUNTING**

COURSE CODE : PMA1113

DURATION : 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. Appendix 1
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 : _____
ID. NO. : _____
LECTURER : _____
SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 05 printed pages

MAR2024/B/PMA1113

1. (18 points)

AD Group is currently producing fabric products and uses job order costing to account for product costs. In order to become a finished good, all units must go through two processing departments, namely the Sewing and Assembly departments. The predetermined overhead absorption rate is calculated by using machine hours for the Sewing department and direct labor hours for the Assembly department. Data regarding both departments for the year are as follows:

	Sewing	Assembly
Actual manufacturing overhead	RM2,500,000	RM4,000,000
Estimated manufacturing overhead	RM2,900,000	RM4,500,000
Actual machine hours	10,300 hours	8,500 hours
Estimated machine hours	10,000 hours	8,800 hours
Actual direct labour hours	9,600 hours	21,500 hours
Estimated direct labour hours	8,900 hours	25,000 hours

During the month of October, AD Group received one order from its customer, named Job No. 666. Detailed information related to the job is given below:

	Sewing	Assembly
Direct material	2,000 kg @ RM11	500 kg @ RM16
Skilled labour	RM11,000	RM53,000
Semi-skilled labour	RM28,000	RM70,000
Machine hours	125 hours	180 hours
Direct labour hours	100 hours	330 hours

The company hired a special machine at a cost of RM5,500 and incurred selling and distribution expenses totaling RM3,000 specifically for the job.

Required:

- Calculate the predetermined overhead rate for each department. (3 points)
- Prepare the Job Cost Sheet for Job 666 by showing clearly the calculation of prime cost, production cost, and total cost. (8.5 points)
- Calculate the unit product cost if the job contained 500 units. (1.5 points)
- Calculate the amount of overapplied or underapplied for both departments. (5 points)

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

2. (16 points)

Luxe Deco Sdn Bhd is a manufacturing company that produces and sells porcelain ceramic pots. The main item to be used as an input to manufacture this pot is clay. The selling price of the ceramic pot is RM48 per unit, and the normal production level is 15,000 units. The data of Luxe Deco Sdn Bhd for the year are as follows:

Cost of clay	RM5.00 per unit
Salary of production worker	RM4.00 per unit
Factory overhead:	
Variable	RM0.90 per unit
Fixed	RM55,500
Selling and administrative expenses:	
Variable	RM2.00 per unit
Fixed	RM50,000
Units sold	13,200 units

Required:

- Calculate the unit product cost using the Absorption and Variable costing approaches. (2.5 points)
- Calculate the ending inventory units. Assume that Luxe Deco sell 13,200 units of porcelain ceramic pot for the period. (1.5 points)
- Prepare income statement according to Absorption costing approach. (5.5 points)
- Prepare income statement according to Variable costing approach. (5 points)
- Prepare profit reconciliation statement for the period. (1.5 points)

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

3. (16 points)

Sewangi Kasturi Boutique produces and sells wedding dress in Klang Valley area. The standard cost of making the dress is as follows:

	RM
Raw material AA (5 meters at RM90 per meter)	450
Raw material BB (4 meters at RM12 per meter)	48
Direct labour (5 hours at RM20 per hour)	100
Variable overheads (5 hours at RM10 per hour)	50
Total variable cost per unit	688

The following information is related to May operations:

Units produced	400 units
Purchased raw material AA 2,400 units (used 2,100 meters)	RM204,000
Purchased raw material BB 350 meters (used 280 meters)	RM4,375
Direct labor hours worked totaled 2,500 hours	RM47,500
Variable overhead cost incurred at RM9.80 per labour hour	RM24,500

Required:

Calculate the following variances and indicate whether it is favourable or unfavourable:

- Direct material price variance for material BB and direct material usage variance for material AA. (6 points)
- Direct labour rate and efficiency variance. (6 points)
- Variable overhead spending and efficiency variance. (4 points)

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

END OF QUESTION PAPER

APPENDIX 1

VARIANCE ANALYSIS FORMULA

COST VARIANCE

- a. $MPV = (AP - SP) \times AQ$
- b. $MUV = (AQ - SQ) \times SP$
- c. $DLRV = (AR - SR) \times AH$
- d. $DLEV = (AH - SH) \times SR$
- e. $VOSV = (AVOR - SVOR) \times AH$
- f. $VOEV = (AH - SH) \times SVOR$