

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2011 SESSION

P3116 : BASIC COST ACCOUNTING

DATE : 26 APRIL 2012 (THURSDAY)
DURATION : 2 HOURS (2.30 PM – 4.30 PM)

This paper consists of **FIVE (5)** pages including the front page.
Answer all questions

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THE CHIEF INVIGILATOR

QUESTION 1

Syarikat MyMoney Sdn Bhd is a company which produces children's clothes using the brandname "D'Anak" located in Som Song Industrial Park. As the new accountant, you are required to prepare a cost statement for the company. The information below was taken from the company records:

	RM
Stock as at 01/01/07	5,211
Stock as at 31/12/07	6,300
Purchase of raw material	47,533
Freight charges	1,133
Wages	37,733
Thread	5,422
Salaries – Store keeper	7,466
- Administrative staff	13,668
- Manager	25,445
- Driver	7,939
- Salesman	19,600
Water & electricity	17,000
Telephone	4,800
Factory insurance	3,350
Cylinder oil	1,600
Machinery repairs	5,160
Advertising	3,370
Patent	9,750
Depreciation – Van	2,350
- Machinery	5,570
Stationeries	750

Note:

- (a) 30% of the manager's time is spent for factory supervision.
- (b) 80% of wages were charged to the operation activity.
- (c) Van is used to deliver finished goods to the store.
- (d) Patent is paid based on units produced.

(25 marks)

QUESTION 2

One Target Company employs a payment by results scheme where employees are paid a bonus based on hours saved at the basic wage rate. The bonus hours gained are calculated using the *Rowan* bonus scheme. Jobs are carried forward from one week to another and no overtime is required. Payment is made in full for total units produced.

Details are as follows:

	Employee			
	C	D	E	F
Units issued to worker (dozens)	40	65	35	75
Time allowed (hours)	108	125	75	129
Basic wage rate per hour	RM 1.40	RM 1.00	RM 1.60	RM 1.80
Time taken (hours)	72	75	80	85
Rejects (units)	32	68	20	15

You are required to calculate for each employee:

- (a) Bonus hours and bonus earned; (9 marks)
- (b) Gross wages earned; (6 marks)
- (c) Wage cost per completed unit produced. (10 marks)

QUESTION 3

Below is the information regarding the operation of Megah Bersatu Manufacturing Company for the year 2010:

Stock movement	- Opening stock	None
	- Output	46,000 units
	- Unit sold	40,000 units
	- Closing stock	6,000 units
Actual cost	- Material	RM1.80 per unit
	- Labour	RM1.50 per unit
	- Variable production overhead	RM1.00 per unit
	- Fixed production overhead	RM12,000
Selling and administrative expenses	- Variable	RM8,200
	- Fixed	RM3,600
Selling price		RM6.00 per unit

Megah Bersatu Manufacturing Company absorbs its fixed overhead to the product based on a predetermine overhead absorption rate which is calculated based on the information given below:

Budgeted fixed overhead	RM18, 000
Budgeted volume	45,000 units

Prepare the income statement for the year 2010 based on the methods below:

- (a) Marginal Costing (12 marks)
- (b) Absorption Costing (13 marks)

QUESTION 4

Intan Manufacturing Company has developed the following standards for one of their products.

Direct materials:	5 kg @ RM 2.60 per kg	RM13.00
Direct labour	4 hours @ RM1.50 per hours	RM6.00
Variable manufacturing overhead	5 hours @ RM2.00 per hours	RM10.00
Total standard variable cost per unit		RM 29.00

The following information is available regarding the company's operations for the period.

Direct materials purchased	5,000 kg costing RM 15,000
Direct materials used	3,500 kg
Direct labour	6,500 hours @ RM 1.60 per hour
Production	800 units

Required:

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

- (a) Direct Material Price Variances (5 marks)
- (b) Direct Material Quantity Variances (5 marks)
- (c) Cost of Material Variances (2.5 marks)
- (d) Direct Labour Rate Variances (5 marks)
- (e) Direct Labour Efficiency Variances (5 marks)
- (f) Cost of Labour Variances (2.5 marks)