

MAF451 – COST AND MANAGEMENT ACCOUNTING
SEMESTER MARCH 2023 – JULY 2023

SOLUTION TEST 1

QUESTION 1

a. Classification:

- i. Salary paid to administrative clerk.
- ii. Advertising expenses on television.
- iii. Factory electricity expenses
- iv. Indirect materials for production.
- v. Travelling expenses of Production Manager.

Behaviour			Classified as:	
Variable	Fixed	Mixed	Period Costs	Product Costs
	√		√	
	√		√	
		√		√
√				√
		√		√

(10 ✓ x ½ mark = 5 marks)

b. Multiple choice questions

i.	D
ii.	D
iii.	C
iv.	A
v.	B

(5 ✓ x 1 mark = 5 marks)

QUESTION 2: Jingga Sdn Bhd

a.

Overhead Analysis Statement

Overhead	Basis	RM	Machining	Assembly	Finishing	Maintenance	Store
Allocated Overhead	Direct Allocation	120,000	36,000	24,000	30,000	18,000	12,000
Insurance of Building	Area	96,000	17,778	21,334	28,444	14,222	14,222
Insurance of Machinery	Value of machinery	30,000	15,000	7,500	2,500	2,500	2,500
Rent on factory	Area	48,000	8,889	10,667	14,222	7,111	7,111
General supervision	No of employee	74,400	11,904	23,808	29,760	5,952	2,976
Electricity (lighting)	Area	18,000	3,333	4,000	5,333	2,667	2,667
Electricity (power)	Kilowatt	64,800	30,780	16,200	9,720	6,480	1,620
Depreciation of machinery	Value of machinery	72,000	36,000	18,000	6,000	6,000	6,000
TOTAL		523,200	159,684	125,509	125,979	62,932	49,096
Re-apportionment							
Maintenance	40:20:40		25,173	12,586	25,173	(62,932)	
Store	45:25:30		22,093	12,274	14,729		(49,096)
TOTAL		523,200	206,950	150,369	165,881	0	0

(30 x ½ = 15 marks)

b. OAR

Machining	Assembly	Finishing
= <u>RM206,950</u> 60,000 = RM3.45 / MC hour	= <u>RM150,369</u> 60,000 = RM2.51 / DL hour	= <u>RM165,881</u> 30,000 = RM5.53 / DL hour

6 x ½ marks = 3 marks

c.

Overabsorbed of overhead occurs when overhead absorbed is more than actual overhead incurred.

Underabsorbed of overhead occurs when actual overhead is more than overhead absorbed.

2 ✓ x 1 mark = 2 marks

QUESTION 3: Wakala Sdn Bhd

a)
$$\text{OAR} = \frac{\text{RM1,050,000}}{70,000\text{DLH}} = \text{RM15 per DLH}$$

(4 x ½ = 2 marks)

b) Present System

	Zenith (RM)	Venus (RM)
Direct material	40	52
Direct labour	40	80
Mfg OH @RM15	30	60
Total cost per unit	110	192

ABC System

Cost Pool	Total cost (RM)	Activity cost driver	Cost Driver Rate (RM)
Order processing	275,000	1,000 CO	275 per CO
Machine processing	632,000	80,000 MH	7.90 per MH
Product inspection	143,000	22,000 IH	6.5 per IH
Total	1,050,000		

	Zenith RM	Venus RM
Order processing	525 x 275 = 144,375	475 x 275 = 130,625
Machine processing	37,600 x 7.9 = 297,040	42,400 x 7.9 = 334,960
Product inspection	4,800 x 6.5 = 31,200	17,200 x 6.5 = 111,800
Total	472,615	577,385
÷ No of units	5,000	15,000
Total cost per unit	RM94.52	RM38.49

	Zenith RM	Venus RM
Direct material	40	52
Direct labour	40	80
Mfg OH	94.52	38.49
Total cost per unit	174.52	170.49

(28 x ½ = 14 marks)

c. Reasons

- Lead to better cost control since the manager can control the activities that generate the costs
 - Lead to more accurate product cost (based on the usage of cost driving activities)
 - Costs are assigned on the basis of the portion of cost driving activities that can be traced to the product
- (any 2 or any relevant answers)

(2 x 2 marks = 4 marks)
(Total: 20 marks)