

**UNIVERSITY COLLEGE TATI (UCTATI)****FINAL EXAMINATION QUESTION BOOKLET**

COURSE CODE	: DTG 2433
COURSE	: COST ACCOUNTING
SEMESTER/SESSION	: 2- 2023/2024
DURATION	: 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hands and ask the invigilator.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO

THIS BOOKLET CONTAINS 5 PRINTED PAGES INCLUDING COVER PAGE

QUESTION 1

a) Give a concise definition of:

- i. Relevant range (2 marks)
- ii. Contribution (2 marks)

b) Classify the following items (i -v) into categories of:

- A. Prime Cost**
- B. Production Overhead**
- C. Administration Overhead**
- D. Marketing Overhead**
- E. Distribution Overhead**

- i. Depreciation (machinery)
- ii. Advertising
- iii. Hire of computer
- iv. Raw material used
- v. Transportation charges for delivery to customers (5 marks)

QUESTION 2

- a) Differentiate between Direct cost and Indirect cost. (4 marks)
- b) Pocket Umbrella, Inc., is considering producing a new type of umbrella. This new pocket-sized umbrella would fit into a coat pocket or purse. Classify the following costs of this new product **as direct materials, direct labor, manufacturing overhead, selling, or administrative.**
- i. Cost of advertising the product.
 - ii. Fabric used to make the umbrellas.
 - iii. Maintenance of cutting machines used to cut the umbrella fabric so it will fit the umbrella frame.
 - iv. Wages of workers who assemble the product.
 - v. President's salary.
 - vi. The salary of the supervisor of the people who assemble the product.
 - vii. Wages of the product tester who stands in a shower to make sure the umbrellas do not leak.
 - viii. Cost of market research survey.
 - ix. Salary of the company's sales managers.
 - x. Depreciation of administrative office building (10 marks)

QUESTION 3

The following data are extracted from the current year's budget of Najwan Berhad.

	<u>Machine Shop</u>	<u>Assembly Shop</u>	<u>Finishing shop</u>
Direct labour hours	20,000	18,000	10,000
Hourly wage rate (RM)	9.75	9.30	9.00
Production overhead(RM)	210,000	135,000	60,000

A customer has requested a quotation for supplying a special piece of equipment and the estimator has worked out the following details:

Component to be purchased	RM 648
Materials from store	RM 810
Direct labour times:	
Machining	80 hours
Assembling	40 hours
Finishing	30 hours

Delivery cost to customer RM 180

Administration and marketing costs are covered by adding 10% to the cost of manufacturer 12 ½% is added to the total (delivered) cost for profit.

Required: Calculate the price to be quoted.

(23 marks)

QUESTION 4

Imagine you are a consultant advising a company that is considering implementing an ABC system. Write a report to demonstrate the implementation and utilization of ABC for improved cost management and profitability. Your report should include the following:

- a) Definition and the main purpose of Activity-Based Costing (ABC) (4 marks)
- b) **Six (6)** key considerations and steps you would recommend to ensure a successful implementation and utilization of ABC (18 marks)
- c) The differences between Activity-Based Costing (ABC) and Traditional Costing (5 marks)

QUESTION 5

A company has three production departments, Boiling, Frying and Plating, and two service departments, Maintenance (M) and Servicing (S). The following table shows how costs have been allocated and the relative usage of each service department by other departments.

Department	Production			Service	
	Boiling	Frying	Plating	Maintenance	Servicing
	RM	RM	RM	RM	RM
Overhead cost	3000	4000	2000	2500	2700
Proposition (M)%	20	30	25	-	25
Proposition (S)%	20	30	25	-	25

Required:

Reapportion the service department overheads to the production departments using the reciprocal method. (27 marks)

-----End of question-----

