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CONFIDENTIAL

SET B

UNIVERSITI KUALA LUMPUR
Malaysia France Institute

FINAL EXAMINATION
JANUARY 2010 SESSION

SUBJECT CODE	: FFD 33302
SUBJECT TITLE	: PRODUCTION COSTING PRINCIPLES
LEVEL	: DIPLOMA
TIME / DURATION	: 4.00pm – 6.30pm (2.5 HOURS)
DATE	: 27 APRIL 2010

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. Please write your answers on the answer booklet provided.
4. Answer should be written in blue or black ink except for sketching, graphic and illustration.
5. This question paper consists of TWO (2) sections. Section A and B. Answer all questions in Section A. For Section B, answer one (1) question only.
6. Answer all questions in English.

THERE ARE 4 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 60 marks)

SECTION A (Total: 60 marks)

INSTRUCTION: Answer all questions.
Please use the answer booklet provided.

Question 1

Capacity is the number of units a facility can hold, receive, produce or store in a period of time. The capacity affects a large portion of fixed cost, and can determine if demand will be met or if facilities will be idle. Describe what is effective capacity of capacity planning?

(10 Marks)

Question 2

A company produces End Cap for two clients. The factory operates 250 days per year, with one eight-hour shift. Management believes that a capacity of 15% is the best. It currently has three machines. Based on the table, determine how many machines are needed to complete the End Cap fabrication?

Item	Client X	Client Y
Annual demand forecast (parts)	2000.00	6000.00
Standard processing time (hour/part)	0.50	0.70
Average lot size (part/batch)	20.00	30.00
Standard setup time (hours)	0.25	0.40

(10 Marks)

Question 3

The design capacity for grinding repair in our company is 80 grinder/day. The effective capacity is 40 grinder/day and the actual output is 36 grinder/day. Calculate the utilization and efficiency of the operation. If the efficiency for next month is expected to be 82%, what is the expected output?

(20 Marks)

Question 4

A key concept in cost assignment is whether costs have a direct or an indirect relationship to the particular cost object.

a) Define cost object and give three example (5 Marks)

b) Define direct cost and indirect cost (10 Marks)

c) Why do manager consider direct cost to be more accurate than indirect cost? (5 Marks)

SECTION B (Total: 40 marks)

INSTRUCTION: Answer ONE (1) question.
Please use the answer booklet provided.

Question 1

Total manufacturing overhead costs of the plant in July 2009 are $150 million, $20 million of which are fixed. This total amount is allocated to each product line on the basis of the direct manufacturing labor costs of each line. Summary data (in million) for July 2009 are as follows

	Supreme Structure Line	Deluxe Structure Line	Regular Structure Line
Direct Material Cost	$84	$54	$62
Direct Manufacturing Labor Cost	$14	$28	$8
Manufacturing Overhead Cost	$42	$84	$24
Units Produced	80	123	130
Total Manufacturing Cost	$140	$166	$94

Calculate the following costs:

1. Fixed cost allocated of the plant in July 2009 (4 Marks)
2. Fixed cost allocated at rate of direct manufacturing labor for each lines (9 Marks)
3. Variable cost for each lines (9 Marks)
4. Cost per unit for each lines (9 Marks)
5. Variable manufacturing cost for each lines (9 Marks)

Question 2

Flow of Inventory Cost, Graha Maju Sdn Bhd selected date for August 2009 are presented here in $ Millions:

Direct Material Inventory 1/8/2009	90
Direct Material Purchase	360
Direct Material Used	375
Total Manufacturing Overhead	480
Variable Manufacturing Overhead	250
Total Manufacturing Overhead	1600
Work in process inventory 1/8/2009	200
Cost of good manufacturing	1650
Finished good inventory 1/8/2009	125
Cost of goods sold	1700

1. Computed the manufacturing cost per unit product produce in July 2009

(20 Marks)

2. Suppose in August 2009, production was $120 million units of Supreme, $150 million units of Regular, what might the July 2009 information on manufacturing cost per unit be misleading when predicting total manufacturing cost in August 2009.

(20 Marks)

END OF QUESTION