

## PART B: PRACTICAL QUESTIONS

### Question 1

#### Variable Costing Income Statement for Mines Company

Description	Amount (RM'000)
Opening Stock	-
Production Cost	1,403
Closing Stock	-
Cost of Sales	1,403
Fixed Costs	275
Total Costs	1,678
Sales	2,110
Gross Profit	432
Less Non-Manufacturing Costs	0
Net Profit	432



#### Absorption Costing Income Statement for Mines Company

Description	Amount (RM'000)
Opening Stock	-
Production Cost	1,425
Closing Stock	-
Cost of Sales	1,425
Fixed Costs	0
Total Costs	1,425
Sales	2,110
Gross Profit	685
Less Non-Manufacturing Costs	253
Net Profit	432

## Question 2

### A. Variable Costing Statement:

Particulars	Product Slim (RM)	Product Thin (RM)	Total (RM)
Sales Revenue	$230,000 \times 7 = 1,610,000$	$110,000 \times 8 = 880,000$	2,490,000
Variable Costs:			
- Production Costs	$230,000 \times 4 = 920,000$	$110,000 \times 5 = 550,000$	1,470,000
- Selling & Admin Costs	$(230,000 \times 0.50) = 115,000$	$(110,000 \times 0.40) = 44,000$	159,000
Total Variable Costs			1,629,000
Contribution Margin			861,000
Fixed Costs:			
- Production Overheads	$250,000 \times 1.00 = 250,000$	$100,000 \times 1.00 = 100,000$	350,000
- Selling & Admin Overheads	$0.50 \times 230,000 + 0.50 \times 110,000 = 115,000 + 55,000$		170,000
Total Fixed Costs			520,000
Net Profit (Variable Costing)			341,000

### B. Absorption Costing Statement:

Particulars	Product Slim (RM)	Product Thin (RM)	Total (RM)
Sales Revenue	1,610,000	880,000	2,490,000
Cost of Goods Sold:			
- Opening Stock	-	$10,000 \times 6 = 60,000$	60,000
- Production Costs	$230,000 \times 5 = 1,150,000$	$100,000 \times 6 = 600,000$	1,750,000
- Closing Stock	$20,000 \times 5 = 100,000$	-	100,000
Total Cost of Sales			1,710,000
Gross Profit			780,000
Selling & Admin Costs:			
- Variable Costs	115,000	44,000	159,000
- Fixed Costs	170,000		170,000
Total Selling & Admin Costs			329,000
Net Profit (Absorption Costing)			451,000