**Question 5**

a. The following information pertains to CJ Corporation:



Twenty percent of purchases are paid for in cash in the month of purchase, and the balance is paid the following month. A 2 percent discount is allowed on cash paid out at the time of purchase.

Cash is collected from customers in the following manner:



**Required:**

i) Prepare a summary of cash collections for the 4th quarter.

ii) Prepare a summary of cash disbursements for the 4th quarter.

b. Wetland Bhd uses a standard cost system employing the following standards for direct materials and direct labour.

Direct material: 4 gallons per can @ RM4 per gallon

Direct labour: 1 hour per can @ RM30 per hour

The following actual cost information was compiled for a job J81.

Direct material: 22,000 gallons purchased and used @ RM4.40 per gallon

Direct labour: 6,400 hours @ RM28 per hour

Production: 12,000 cans

**Required:**

i) Calculate the material price variance.

ii) Calculate the material usage variance.

iii) Calculate the labour rate variance.

iv) Calculate the labour efficiency variance.

c. Explain the possible reasons for the variances calculated in (b) (i) to (iv) above.