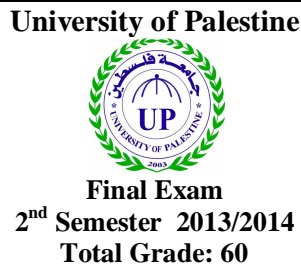


Course No: ACC 2302 – HSM 3314
Course Title: Cost Accounting
Date: 25/05/2014
No. of Questions: (6)
Time: 2 hour
Using Calculator (yes)



Instructor Name: Dr. Khaled Eissa
Student No.: _____
Student Name: _____
College Name: Business Administration
Dep. / Specialist: Accounting
Using Dictionary (No)

Question 1:

Conwell Company manufactures its product, Vitadrink, through two manufacturing processes: Mixing and Packaging. All materials are entered at the beginning of each process. On October 1, 2014, inventories consisted of Raw materials \$26,000, Work in process-Mixing \$0, Work in process-Packaging \$250,000, and finished goods \$289,000. The beginning inventory for Packaging consisted of 10,000 units that were 50% complete as to conversion costs and fully complete as to materials. During October, 50,000 units were started into production in the Mixing Department and the following transactions were completed:

1. Purchased \$300,000 of raw materials on account.
2. Issued raw materials for production: Mixing \$210,000 and Packaging \$45,000
3. Incurred labor costs of \$258,900
4. Used factory labor: Mixing \$182,500 and Packaging \$76,400
5. Incurred \$810,000 of manufacturing overhead on account.
6. Applied manufacturing overhead on the basis of \$24 per machine hour. Machine hours were 28,000 in Mixing and 6,000 in Packaging
7. Transferred 45,000 units from Mixing to Packaging at a cost of \$979,000
8. Transferred 53,000 units from Packaging to finished goods at a cost of \$1,315,000
9. Sold goods costing \$1,604,000 for \$2,500,000 on account.

Required:

Journalize the October transactions.

Question 2:

The cutting department of Cassel Company has the following production and cost data for July:

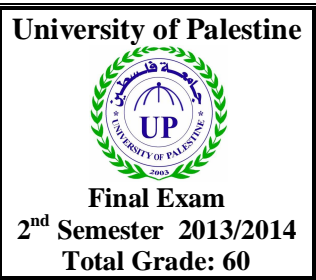
| Production | Costs |
|---|---|
| 1. Transferred out 12,000 units | Beginning work in process \$ 0 |
| 2. Started 3,000 units that are 60% complete as to conversion costs and 100% complete as to materials at July 31. | Materials 45,000 |
| | Labor 16,200 |
| | Manufacturing overhead 18,300 |

Materials are entered at the beginning of the process. Conversion costs are incurred uniformly during the process.

Required:

- a. Determine the equivalent units of production for (1) materials and (2) conversion costs.
- b. Compute unit costs and prepare a cost reconciliation schedule.

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 Using Dictionary (No)

Question 3:

Costello Corporation manufactures a single product. The standard cost per unit of product is shown below:

| | |
|--|----------------|
| Direct materials – 1 pound plastic at \$7.00 per pound | \$7.00 |
| Direct labor – 1.6 hours at \$12.00 per hour | 19.20 |
| Variable manufacturing overhead | 12.00 |
| Fixed manufacturing overhead | 4.00 |
| Total standard cost per unit | \$42.20 |

Actual costs for October in producing 4,900 units were as follows:

| | |
|----------------------------------|------------------|
| Direct materials (5,100 pounds) | \$36,720 |
| Direct labor (7,500 hours) | 93,750 |
| Variable overhead | 59,700 |
| Fixed overhead | 21,000 |
| Total manufacturing costs | \$211,170 |

The purchasing department buys the quantities of raw materials that are expected to be used in production each month. Raw materials inventories, therefore, can be ignored.

Required:

- a. Compute all of the materials variances
- b. Compute all of the labor variances

Question 4:

The information shown below was taken from the annual manufacturing overhead cost budget of Samantha Company.

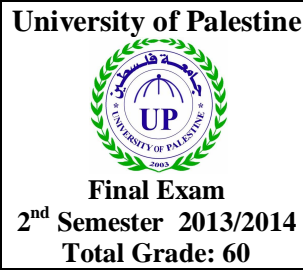
| | |
|--|----------|
| Variable Manufacturing overhead costs | \$34,650 |
| Fixed manufacturing overhead costs | \$19,800 |
| Normal production level in labor hours | 16,500 |
| Normal production level in units | 4,125 |
| Standard labor hours per unit | 4 |

During the year, 4,000 units were produced, 16,100 hours were worked, and the actual manufacturing overhead was \$55,000. Actual fixed manufacturing overhead costs equaled budgeted fixed manufacturing overhead costs. Overhead is applied on the basis of direct labor hour.

Required:

- a. Compute the total, fixed, and variable predetermined manufacturing overhead rates.
- b. Compute the total, controllable, and volume variances.

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 Using Dictionary (No)

Question 5:

Perdon Corporation manufactures two home theater systems, Elite and Preferred. As part of its annual budgeting process, Perdon is analyzing the profitability of its two products. Part of this analysis involves estimating the amount of overhead to be allocated to each product line. The information shown below relates to overhead.

| | Elite | Preferred |
|-------------------------------------|-------|-----------|
| Units planned for production | 200 | 50 |
| Material moves per product line | 300 | 200 |
| Purchase orders per product line | 450 | 350 |
| Direct labor hours per product line | 800 | 1,700 |

Required:

- The total estimated manufacturing overhead was \$260,000. Under traditional costing (which assigns overhead on the basis of direct labor hours), what amount of manufacturing overhead costs are assigned to each product line?
- The total estimated manufacturing overhead of \$260,000 was comprised of \$160,000 for material handling costs and \$100,000 for purchasing activity costs. Under activity based costing (ABC), what amounts of manufacturing overhead costs are assigned to each product line?
- Compare the amount of overhead allocated to Elite product and Preferred product under the traditional costing approach versus under ABC.

السؤال السادس مخصص فقط للطلبة الذين لم يتقدموا للإمتحان النصفي
 يجب الإجابة على هذا السؤال بالإضافة إلى 5 أسئلة مما سبق

Question 6:

Tierney Company begins operations on April 1. Information from job cost sheets show the following:

| Job Number | Manufacturing Costs Assigned | | | Month Completed |
|------------|------------------------------|---------|---------|-----------------|
| | April | May | June | |
| 10 | \$5,200 | \$4,400 | | May |
| 11 | 4,100 | 3,900 | \$2,000 | June |
| 12 | 1,200 | | | April |
| 13 | | 4,700 | 4,500 | June |
| 14 | | 5,900 | 3,600 | Not complete |

Each job was sold for 25% above its cost in the month following completion

Required:

- What is the balance in Work in Process Inventory at the end of each month?
- What is the balance in Finished Goods Inventory at the end of each month?
- What is the gross profit for May, June, and July?

<<< **Good Luck** >>>