


Course No: ACNE 2302  
 Course Title: Cost Accounting  
 Date: 05/06/2017  
 No. of Questions: (6)  
 Time: 2 hour  
 Using Calculator (yes)

**University of Palestine**



**Final Exam**  
 2<sup>nd</sup> Semester 2016/2017  
 Total Grade: 50

Instructor Name: Dr. Khaled Eissa  
 Mr. Mohamed Shaath  
 Student No.: \_\_\_\_\_  
 Student Name: \_\_\_\_\_  
 College Name: Business Administration  
 Dep. / Specialist: Accounting  
 Using Dictionary (No)

**أختر 5 أسئلة فقط من 6 للإجابة عليها**

**Question 1: (10 marks)**

The following data were taken from the records of Phillips Company for the fiscal year ended June 30, 2016:

Raw materials inventory 1/7/2015	\$24,000	Factory insurance	\$2,000
Raw materials inventory 30/6/2016	20,000	Factory machinery depreciation	8,000
Finished goods inventory 1/7/2015	48,000	Factory utilities	14,000
Finished goods inventory 30/6/2016	38,000	Office utilities expense	4,300
Work in process inventory 1/7/2015	10,000	Sales Revenue	270,000
Work in process inventory 30/6/2016	9,000	Plant Manager's Salary	30,000
Direct labor	70,000	Factory property taxes	5,000
Indirect labor	12,000	Factory repairs	1,000
Raw material purchase	48,000		

**Required:**

- a) Prepare a cost of goods manufactured schedule.
- b) Prepare an income statement through gross profit

**Question 2: (10 marks)**

Felon Corporation uses a job order cost system. The following data summarize the operations related to the first quarter's production:

1. Materials purchased on account \$100,000 and factory wages incurred \$44,000
2. Materials requisitioned and factory labor used by job:

Job No.	Materials	Factory labor	Manufacturing Overhead	Total Cost
A20	\$18,000	\$9,000		
A21	21,500	11,000		
A22	18,000	8,000		
A23	20,000	12,000		
General factory use	2,500	4,000		
	<b>\$80,000</b>	<b>\$44,000</b>		

3. Manufacturing overhead costs incurred on account \$25,000
4. Depreciation on factory equipment \$7,500
5. Depreciation on the company's office building was \$7,000
6. Manufactured overhead rate is 80% of direct labor cost.
7. Jobs completed during the quarter: A20, A21, and A23.

**Required:**

Prepare entries to record the operations summarized above.

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**Question 3: (10 marks)**

Wilmington, Inc. manufactures two products: missile range instruments and space pressure gauges. During April, 100 range instruments and 600 pressure gauges were produced, and overhead costs of \$190,200 were estimated. An analysis of estimated overhead costs reveals the following activities:

Activities	Cost Drivers	Total Cost
1. Materials handling	Number of requisitions	\$80,000
2. Machine setups	Number of setups	55,000
3. Quality inspections	Number of inspections	55,200
		<b>\$190,200</b>

The cost driver volume for each product was as follows:

Cost Drivers	Instruments	Gauges	Total
Number of requisitions	800	1200	2,000
Number of setups	400	600	1,000
Number of inspections	400	800	1,200

**Required:**

- Determine the overhead rate for each activity.
- Assign the manufacturing overhead costs for April to the two products using activity-based costing.

**Question 4: (10 marks)**

Huang Company uses a standard cost accounting system to account for the manufactures of exhaust fans. In July 2016, it accumulates the following data relative to 1,800 started and finished:

Cost and Production Data	Actual	Standard
Raw materials:		
Units purchased	21,000	
Units used	21,000	22,000
Unit cost	\$3.70	\$3.50
Direct labor:		
Hours worked	3,450	3,600
Hourly rate	\$11.50	\$12.00
Manufacturing overhead:		
Incurred	\$94,800	
Applied		\$100,800

Jobs finished during the month were sold for \$270,000. Selling and administrative expenses were \$20,000.

**Required:**

- Compute all of the variances for (1) direct materials and (2) direct labor
- Compute the total overhead variance.
- Prepare an income statement for management. (Ignore income taxes).

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**Question 5:**

**(10 marks)**

Fisk Company installed a standard cost system on January 1. Selected transactions for the month of January are as follows:

1. Purchased 9,000 units of raw materials on account at a cost of \$2.5 per unit. Standard cost was \$2.4 per unit.
2. Issued 9,000 units of raw materials for jobs that required 8,800 standard units of raw materials.
3. Incurred 7,000 actual hours of direct labor at an actual rate of \$11.8 per hour. The standard rate is \$12 per hour.
4. Performed 7,000 hours of direct labor on jobs when standard hours were 7,100.
5. Applied overhead to jobs at the rate of 75% of direct labor cost for standard hours allowed.

**Required:**

Journalize the January transactions.

**Question 6:**

**(10 marks)**

The Polishing department of Overton Company has the following production and manufacturing cost data for October. Materials are entered at the beginning of the process.

Production: Beginning inventory 800 units that are 100% complete as to materials and 30% complete as to conversion costs; units started during the period are 19,200; ending inventory of 2,500 units 20% complete as to conversion costs.

Manufacturing costs: Beginning inventory costs, comprised of \$10,000 of materials and \$22,000 of conversion costs; material costs added in Polishing during the month, \$90,000; labor and overhead applied in Polishing during the month, \$64,000 and 130,000, respectively.

**Required:**

- a) Compute the equivalent units of production for materials and conversion costs for the month of October.
- b) Compute the unit costs for materials and conversion costs for the month.
- c) Determine the costs to be assigned to the units transferred out and in process.

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