



**First Question**                      **No. of Branches (10)**                      ( /05) (10-15 Minutes)

• Answer all Questions

1. In an actual cost system, overhead is assigned to Work in Process Inventory with a debit entry to the account (.....)
2. The final figure in the Schedule of Cost of Goods Manufactured represents the total cost of goods completed for the period (.....)
3. A company that produces sugar will use a job order costing system to track production costs (.....)
4. In a job order costing system, factory overhead is applied using predetermined rates times actual input (.....)
5. When manufacturing overhead is charged to a job, the manufacturing overhead account is debited (.....)
6. Machine setup is normally considered a unit-level cost (.....)
7. Building depreciation is generally considered an organizational or facility cost (.....)
8. Process costing is most appropriate when manufacturing large batches of homogenous products (.....)
9. The first step in the development of an activity-based costing system is identify cost drivers (.....)
10. Ideal standards are standards based on the optimum level of performance under perfect operating conditions (.....)

**Second Question**                      **No. of Branches (13)**                      ( /13) (20-25 Minutes)

**1. A cost driver**

- a. causes fixed costs to rise because of production changes.
- b. has a direct cause-effect relationship to a cost.
- c. can predict the cost behavior of a variable, but not a fixed, cost.
- d. is an overhead cost that causes distribution costs to change in distinct increments with changes in production volume.

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**2. A credit to Work in Process Inventory represents**

- a. work still in process.
- b. raw material put into production.
- c. the application of overhead to production.
- d. the transfer of completed items to Finished Goods Inventory.

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3. For the year, Redder Company has cost of goods manufactured of \$600,000, beginning finished goods inventory of \$200,000, and ending finished goods inventory of \$250,000.

**The cost of goods sold is:**

- a. \$450,000.
- b. \$500,000.
- c. \$550,000.
- d. \$600,000.

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4. The Mixing Department's output during the period consists of 20,000 units completed and transferred out, and 5,000 units in ending work in process 60% complete as to materials and conversion costs. Beginning inventory is 1,000 units, 40% complete as to materials and conversion costs. **The equivalent units of production are:**

- (a) 22,600.
- (b) 23,000.
- (c) 24,000.
- (d) 25,000.

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**Answer Q5 and Q6 using the information below:**

The Lum Company manufactures a standard recliner. During February, the firm's Assembly Department started production of 150,000 chairs. During the month, the firm completed 170,000 chairs and transferred them to the Finishing Department. The firm ended the month with 20,000 chairs in ending inventory. All direct materials costs are added at the beginning of the production cycle. Weighted-average costing is used by Lum.

**5. How many chairs were in inventory at the beginning of the month?**

- A) 10,000 chairs
- B) 20,000 chairs
- C) 30,000 chairs
- D) 40,000 chairs

**6. What were the equivalent units for materials for February?**

- A) 190,000 chairs
- B) 170,000 chairs
- C) 160,000 chairs
- D) 150,000 chairs



Answer Q7 and Q8 using the information below:

Manufacturing costs	\$2,000,000
Units manufactured	50,000
Units sold	47,000 units sold for \$75 per unit
Beginning inventory	0 units

7. What is the average manufacturing cost per unit?

- A) \$40.00
- B) \$42.55
- C) \$0.025
- D) \$75.00

8. What is the amount of ending finished goods inventory?

- A) \$1,880,000
- B) \$120,000
- C) \$225,000
- D) \$105,000

9. ABC systems:

- A) highlight the different levels of activities
- B) limit cost drivers to units of output
- C) allocate costs based on the overall level of activity
- D) generally undercost complex products

10. Which of the following would be the *best* cost driver for the assembling cost pool?

- (a) Number of product lines.
- (b) Number of parts.
- (c) Number of orders.
- (d) Amount of square footage.

11. An activity that adds costs to the product but does not increase its perceived market value is a:

- (a) value-added activity.
- (b) cost driver.
- (c) cost/benefit activity.
- (d) non-value-added activity.

12. Standards differ from budgets in that:

- (a) budgets but not standards may be used in valuing inventories.
- (b) budgets but not standards may be journalized and posted.



- (c) budgets are a total amount and standards are a unit amount.
- (d) only budgets contribute to management planning and control.

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**13. Each of the following formulas is correct *except*:**

- (a) Labor price variance = (Actual hours x Actual rate) - (Actual hours x Standard rate).
- (b) Total overhead variance = Actual overhead - Overhead applied.
- (c) Materials price variance = (Actual quantity x Actual price) - (Standard quantity x Standard price).
- (d) Labor quantity variance = (Actual hours x Standard rate) - (Standard hours x Standard rate).

**Third Question**                      **No. of Branches (3)**                      ( /12) (15-20 Minutes)

Flynn Industries has three activity cost pools and two products. It expects to produce 3,000 units of Product BC113 and 1,500 of Product AD908. Having identified its activity cost pools and the cost drivers for each pool, Flynn accumulated the following data relative to those activity cost pools and cost drivers.

Annual Overhead Data		Expected Use of Cost Drivers per Product			
Activity Cost Pool	Cost Drivers	Estimated Overhead	Expected Use of Cost Drivers per Activity	Product BC113	Product AD908
Machine setup	Setups	\$ 16,000	40	25	15
Machining	Machine hours	110,000	5,000	1,000	4,000
Packing	Orders	30,000	500	150	350

**Instructions:**

- (a) Prepare a schedule showing the computations of the activity-based overhead rates per cost driver.
- (b) Prepare a schedule assigning each activity’s overhead cost to the two products.
- (c) Compute the overhead cost per unit for each product. (Round to nearest cent.)

**University of Palestine**



**Final Exam  
Second Semester  
2018/2019  
Total Grade: 50**

**Course No: ACNE 2302  
Course Title: Cost Accounting  
Date: / / 2019  
No. of Questions: 5  
Time: 120 Minutes  
Using Calculator :(Yes)**

**Instructor Name:Tareq Y. Abu Al-Ajeen  
Student No.: \_\_\_\_\_  
Student Name: \_\_\_\_\_  
College Name: \_\_\_\_\_  
Dep. / Specialist: \_\_\_\_\_  
Using Dictionary (No)**

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**Answer:**



**Fourth Question**

**No. of Branches (1) ( /10) (15-20 Minutes)**

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

1. Purchased 18,000 units of raw materials on account at a cost of \$4.50 per unit. Standard cost was \$4.40 per unit
2. Issued 18,000 units of raw materials for jobs that required 17,500 standard units of raw materials.
3. Incurred 15,300 actual hours of direct labor at an actual rate of \$5.00 per hour. The standard rate is \$5.50 per hour.
4. Performed 15,300 hours of direct labor on jobs when standard hours were 15,400.
5. Applied overhead to jobs at the rate of 100% of direct labor cost for standard hours allowed.

**Instructions**

**Journalize the January transactions.**

**Answer:**

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Using Dictionary (No)

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**Fifth Question**

**No. of Branches (1)**

**( /10) (15-20 Minutes)**

**Nona Inc., which produces a single product, has prepared the following standard cost sheet for one unit of the product.**

Direct materials (8 pounds at \$2.50 per pound)	\$20
Direct labor (3 hours at \$12.00 per hour)	\$36

During the month of April, the company manufactures 235 units and incurs the following actual costs.

Direct materials purchased and used (1,900 pounds)	\$5,035
Direct labor (700 hours)	\$8,260

**Instructions**

**Compute the total, price, and quantity variances for materials and labor**

**Answer:**

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Using Dictionary (No)**

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**End of Questions  
Good Luck**