

Course No: ACNE 2302  
Course Title: Cost Accounting  
Date: /04/ 2019  
No. of Questions: 3  
Time: 1 hour  
Using Calculator :(Yes)

University of Palestine



Second Midterm Exam  
Second Semester  
2018/2019  
Total Grade: 15

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

• Answer all Questions

**First Question: Multiple Choice**      **No. of Branches (5)**      **( / 5) (6-10 Minutes)**

**1) For a manufacturing company, direct labor costs may be included in:**

- A) direct materials inventory only
- B) merchandise inventory only
- C) both work-in-process inventory and finished goods inventory
- D) direct materials inventory, work-in-process inventory, and finished goods inventory accounts

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**2) \_\_\_\_\_ are the acquisition costs of all materials that eventually become part of the cost object and can be traced to the cost object.**

- A) Direct manufacturing labor costs
- B) Direct material costs
- C) Indirect manufacturing costs
- D) Manufacturing overhead costs

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**3) Which of the following formulas determine cost of goods sold in a merchandising entity?**

- A) Beginning inventory + Purchases + Ending inventory = Cost of goods sold
- B) Beginning inventory + Purchases - Ending inventory = Costs of goods sold
- C) Beginning inventory - Purchases + Ending inventory = Cost of goods sold
- D) Beginning inventory - Ending inventory - Purchases = Cost of goods sold

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**4) O'Reilly Enterprises manufactures digital video equipment. For each unit \$2,950 of direct material is used and there is \$2,000 of direct manufacturing labor at \$20 per hour. Manufacturing overhead is applied at \$35 per direct manufacturing labor hour. Calculate the cost of each unit.**

- A) \$4,950
- B) \$9,950
- C) \$8,450
- D) \$11,950

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**5) In a process-costing system, the calculation of equivalent units is used for calculating:**

- A) the dollar amount of ending inventory
- B) the dollar amount of the cost of goods sold for the accounting period
- C) the dollar cost of a particular job
- D) Both A and B are correct.

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**Second Question**

**No. of Branches (2)**

**( /5) (20-25 Minutes)**

Rivera Company has several processing departments. Costs charged to the Assembly Department for November 2019 totaled \$2,280,000 as follows.

Work in process, November 1		
Materials	\$79,000	
Conversion costs	<u>48,150</u>	\$ 127,150
Materials added		1,589,000
Labor		225,920
Overhead		337,930

Production records show that 35,000 units were in beginning work in process 30% complete as to conversion costs, 660,000 units were started into production, and 25,000 units were in ending work in process 40% complete as to conversion costs. Materials are entered at the beginning of each process.

**Instructions**

***(1) Determine the equivalent units of production and the unit production costs for the Assembly Department.***

***(2) Determine the assignment of costs to goods transferred out and in process.***

**Answer**

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**Using Dictionary (No)**

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**Using Dictionary (No)**

**Third Question**

**No. of Branches (1)**

**( /5) (15-20 Minutes)**

Wilbury Company manufactures a nutrient, Ever life, through two manufacturing processes: Blending and Packaging. All materials are entered at the beginning of each process. During August, 9,000 units were started into production in Blending, and the following transactions were completed.

1. Purchased \$25,000 of raw materials on account.
2. Issued raw materials for production: Blending \$18,930 and Packaging \$9,140.
3. Incurred labor costs of \$25,770.
4. Used factory labor: Blending \$15,320 and Packaging \$10,450.
5. Incurred \$36,500 of manufacturing overhead on account.
6. Applied manufacturing overhead at the rate of \$28 per machine hour. Machine hours were Blending 900 and Packaging 300.
7. Transferred 8,200 units from Blending to Packaging at a cost of \$44,940.
8. Transferred 8,600 units from Packaging to Finished Goods at a cost of \$67,490.
9. Sold goods costing \$62,000 for \$90,000 on account.

**Instructions**

***Journalize the August transactions.***

**Answer:**

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**End of Questions**  
***Good Luck***