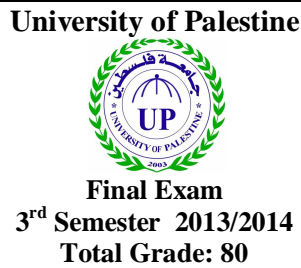


**Course No: ACC 2302 – HSM 3314**  
**Course Title: Cost Accounting**  
**Date: 14/09/2014**  
**No. of Questions: (5)**  
**Time: 2 hour**  
**Using Calculator (yes)**



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

**Answer 4 Questions Only**

**Question 1:**

Incomplete manufacturing costs, expenses, and selling data for XYZ Company are as follow:

Direct materials used	\$ 9,600
Direct labor	5,000
Manufacturing overhead	8,000
Total manufacturing costs	(a)
Beginning work in process inventory	1,000
Ending work in process inventory	(b)
Sales Revenue	24,500
Sales discounts	2,500
Cost of goods manufactured	17,000
Beginning finished goods inventory	(c)
Goods available for sale	20,000
Cost of goods sold	(d)
Ending finished goods inventory	3,400
Gross profit	(e)
Operating expenses	2,500
Net income	(f)

**Required:**

- a. Indicate the missing amount for each letter
- b. Prepare a condensed cost of goods manufactured schedule.
- c. Prepare an income statement.

**Question 2:**

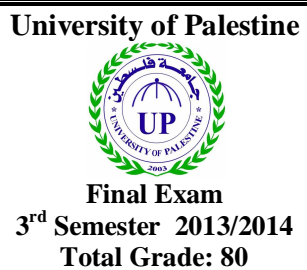
The following direct materials and direct labor data pertain to the operations of Laurel Company for the month of August:

Costs		Quantities	
Actual labor rate	\$13 per hour	Actual hours incurred and used	4,150 hours
Actual materials price	\$128 per ton	Actual quantity of materials purchased and used	1,220 tons
Standard labor rate	\$12.50 per hour	Standard hours used	4,300 hours
Standard materials price	\$130 per ton	Standard quantities of materials used	1,200 tons

**Required:**

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

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 Using Dictionary (No)

**Question 3:**

A job order cost sheet for Lowry Company is shown below:

Job No. 46		For 4,000 units	
Date	Direct materials	Direct Labor	Manufacturing Overhead
Beg. Balance Jan. 1	10,000	12,000	14,400
6	12,000		
13		16,000	20,000
22	4,000		
26		8,000	10,000
	26,000	36,000	44,400
<b>Cost of completed job:</b>			
Direct materials			\$26,000
Direct labor			36,000
Manufacturing overhead			44,400
<b>Total Cost</b>			<b>\$106,400</b>
Unit Cost (\$106,400 ÷ 4,000)			\$26.60

**Required:**

- a. On the basis of the foregoing data, answer the following questions:
  - 1) What was the balance in Work in Process Inventory on January 1 if this was the only unfinished job?
  - 2) If manufacturing overhead is applied on the basis of direct labor cost, what overhead rate was used in the current year, and the previous year?
- b. Prepare summary entries at January 31 to record the current year's transactions pertaining to Job No. 46


**Question 4:**

Wilbury Company manufactures a nutrient, Everlife, through two manufacturing processes: Blending and Packaging. All materials are entered at the beginning of each process. On August 1, 2014, inventories consisted of Raw materials \$5,000, Work in process-Blending \$0, Work in Process-Packaging \$3,945, and Finished goods \$7,500. The beginning inventory for Packaging consisted of 500 units, two-fifth complete as to conversion costs and fully complete as to materials. 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 \$10,450.
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.

**Required:** Journalize the August transactions.

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**Time: 2 hour**  
**Using Calculator (yes)**

<b>University of Palestine</b>  <b>Final Exam</b> <b>3<sup>rd</sup> Semester 2013/2014</b> <b>Total Grade: 80</b>
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**Instructor Name: Dr. Khaled Eissa**  
**Student No.:** \_\_\_\_\_  
**Student Name:** \_\_\_\_\_  
**College Name: Business Administration**  
**Dep. / Specialist: Accounting**  
**Using Dictionary (No)**

**Question 5:**

VideoPlus, Inc. manufactures 2 types of DVD players, a deluxe model and a standard model. The deluxe model is a multi-format progressive-scan DVD player with networking capability, Dolby digital, and DTS decoder. The standard model's primary feature is progressive-scan. Annual production is 50,000 units for the deluxe and 20,000 units for the standard.

Both products require 2 hours of direct labor for completion. Therefore, total annual direct labor hours are 140,000 hrs. Expected annual manufacturing overhead is \$1,050,000. Thus, the predetermined overhead rate is \$7.5 per direct labor hour. The direct materials cost per unit is \$42 for the deluxe model and \$11 for the standard model. The direct labor cost is \$18 per unit for both the deluxe and the standards models.

The company's managers identified 6 activity cost pools and related cost drivers and accumulated overhead by cost pool as follows:

Activity cost pool	Cost driver	Estimated Overhead	Expected use of Cost drivers	Expected use of drivers by product	
				Standard	Deluxe
Purchasing	Orders	\$126,000	400	100	300
Receiving	Pounds	30,000	20,000	4,000	16,000
Assembling	Number of parts	444,000	74,000	20,000	54,000
Testing	Number of tests	115,000	23,000	10,000	13,000
Finishing	Units	140,000	70,000	20,000	50,000
Packaging & Shipping	Pounds	195,000	80,000	18,000	62,000
		\$1,050,000			

**Required:**

- a. Under traditional product costing, compute the total unit cost of both products.
- b. Under ABC, prepare a schedule showing the computations of the activity based overhead rates.
- c. Prepare a schedule assigning each activity's overhead cost pool to each product based on the use of cost drivers
- d. Compute the total cost per unit for each product under ABC.

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