

FATİH UNIVERSITY
FACULTY OF ECONOMIC AND ADMINISTRATIVE SCIENCES
DEPARTMENT OF MANAGEMENT
MAN 305 COST ACCOUNTING
FINAL EXAM

Duration: 75 minutes

January 15, 2008

QUESTIONS

SELECT 5 OF THE FOLLOWING QUESTIONS AND ANSWER

Question 1. Güçlü Manufacturing Company produces furniture. It has two departments that process items: Cutting and Assembly. The Information for the Departments for September include:

Physical Flow of units:	<u>Cutting</u>	<u>Assembly</u>
Beginning Work in process inventory	5,000 units	4,000 units
Started during the period	15,000 units	17,000 units
Ending Work in process inventory	3,000 units	5,000 units
Degree of completion:	<u>Cutting</u>	<u>Assembly</u>
Beginning Work in process inventory:		
Direct material	100%	% 30
Conversion costs	40%	% 60
Ending Work in process inventory:		
Direct material	100%	% 40
Conversion costs	60%	% 70

Güçlü Manufacturing Company uses Process Costing and First in First Out Method. Compute the equivalent units for Cutting and Assembly departments.

Question 2. Tracy Company has three service departments: Repair & Maintenance (RM), Human Resources (HR), and Information Technologies (IT).

	<u>Cost</u>	<u>Allocation Base</u>
RM Department	\$40,000	standard hours used
HR Department	\$20,000	number of employees
IT Department	\$15,000	number of mail requests

There are two operating departments: A, and B. Costs of Operating Department A and B are \$180,000 and \$220,000 respectively.

Data on standard service hours and number of employees are as follows:

<u>Standard service</u>	<u>RM</u>	<u>HR</u>	<u>IT</u>	<u>Operating Departments</u>		<u>Total</u>
<u>Dept.</u>	<u>Dept.</u>	<u>Dept.</u>	<u>Dept.</u>	<u>A</u>	<u>B</u>	<u>Total</u>
Hours used	125	75	100	320	480	1,100
No of Employees	10	15	5	150	250	430
No of Requests	40	50	10	70	130	300

Allocate service department costs to operating departments using direct method.

Question 3. Carlson Company produces product X and product Y using a joint production process. During November 2007, the joint costs of processing the products were \$36,750. Production and sales value information for November were as follows:

Product	Production	Selling Price
Product X	6,000 kg	\$12 per kg
Product Y	5,000 kg	\$15 per kg

There were no beginning and ending inventory balances.

Determine the joint cost allocated to each product if the sales value at split off method is used.

Question 4. Dora Company uses a job-order costing system for manufacturing parts of calculators. Summary of the some transactions for a month included:

- Materials purchased on account \$25,000.
- Direct materials used \$18,000 and indirect material used \$1,000.
- Direct labor incurred, \$15,000 and indirect manufacturing labor costs were \$1,500. Wages will be paid in next month.
- Factory utilities were \$1,200, depreciation was \$5,500. Utilities expense was paid.
- Indirect manufacturing cost applied 2,000 machine hours at \$4.50 per machine hour.
- Costs of orders completed, \$40,000.
- Costs of goods sold, \$45,000.

Prepare journal entries to summarize transactions.

Question 5. Using the following information find the unknown amounts. Assume each set of information is an independent case.

a. Direct Materials	Beginning balance	\$ 10,000
	Ending balance	28,000
	Purchases of direct material	86,000
	Direct materials used	?
b. Work-in-process Inventory	Ending balance	\$ 4,000
	Cost of goods manufactured	42,000
	Beginning balance	15,000
	Current manufacturing costs	?
c. Finished Goods Inventory	Cost of goods manufactured	\$122,000
	Ending balance	35,000
	Cost of goods sold	112,000
	Beginning balance	?

Question 6. Kampas Company uses a normal costing system with a single manufacturing overhead cost pool and machine hours as the cost allocation base. The following data are available for the year ended December 31, 2007.

Budgeted manufacturing overhead	\$125,000
Actual manufacturing overhead	\$110,000
Budgeted machine hours	1,500 machine hours
Actual machine hours	1,250 machine hours
Budgeted direct labor hours	850 labor hours
Actual direct labor hours	870 labor hours

- Determine the budgeted manufacturing overhead rate.
- What is the manufacturing overhead allocated?
- Compute over-or under allocated manufacturing overhead in 2007.
- If actually 400 machine hours and 120 direct labor hours are used by Job 102. Compute the MOH allocated to Job 102.

Question 7. Grass Corporation manufactures three products, Ordinary, Complex and Simple. The company produced 500 units of Ordinary, 2,000 units of Complex and 3,000 units of Simple during the current year. Unit price and unit costs for direct materials and labor are:

	<u>Ordinary</u>	<u>Complex</u>	<u>Simple</u>
Direct material cost per unit	\$ 9	\$ 20	\$ 5
Direct labor cost per unit	\$ 7	\$ 15	\$ 9
Selling price per unit	\$ 35	\$ 105	\$ 25

The company's manufacturing overhead (MOH) costs can be allocated to three major activities. These activities and the amount of overhead cost to be allocated to each activity for the current year are given below:

<u>Activity Cost Pools</u>	<u>MOH Costs</u>	<u>Expected Activity</u>		
		<u>Ordinary</u>	<u>Complex</u>	<u>Simple</u>
Machine setups required	\$ 17,000	700	1,000	1,700
Purchase orders issued	3,700	300	200	500
Maintenance requests issued	<u>10,800</u>	400	600	800
	\$ 31,500			

Using the data above and an activity-based costing approach, determine the unit manufacturing cost of each product for the current year.