

FATİH UNIVERSITY
FACULTY OF ECONOMIC AND ADMINISTRATIVE SCIENCES
DEPARTMENT OF MANAGEMENT
MAN 305 COST ACCOUNTING
2. MIDTERM EXAM

Instructor: Ali COSKUN
Duration: 70 Minutes

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QUESTIONS

Question 1. (35 points) YAK Company produces product A and product B using a joint production process. During November 2007, the joint costs of processing the products were \$90,000. Production and sales value information for November were as follows:

<u>Product</u>	<u>Production</u>	<u>Selling Price</u>
Product A	60,000 kg	\$2.00 per kg
Product B	50,000 kg	\$1.80 per kg

Product A may be processed further to yield Product SA for an additional processing cost of \$78,000. Product SA is sold for \$3,30 per kg.

Product B may be processed further to yield Product SB for an additional processing cost of \$50,000. Product SB is sold for \$2,20 per kg.

There were no beginning and ending inventory balances.

- Determine the amount allocated to each product if the estimated net-realizable value method is used.
- Compute the cost per case for each product.

Question 2. (30 points) Julianne Battery Company has two service department's Human Resources and Maintenance. The Maintenance Department's costs of \$100,000 are allocated on the basis of standard hours used. The Human Resources Department's costs of \$30,000 are allocated based on the number of employees. Costs of Departments A and B are \$90,000 and \$110,000, respectively.

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

<u>Standard service</u>	<u>Maintenance</u> <u>Department</u>	<u>Hum. Res.</u> <u>Department</u>	<u>Production Departments</u>	
			<u>A</u>	<u>B</u>
Hours used	400	200	480	320
Number of Employees	20	20	180	220

Allocate service department costs to production departments using step down method. Allocate Maintenance Department firstly.

Question 3. (35 points) Scala Woolens is a manufacturer of wool cloth. It has two departments that process items, Cutting and Assembly.

The information for Cutting Department for March is as follows:

Beginning work-in-process	5,000 units
Units started	16,000 units
Units completed	18,000 units

Cost of beginning work-in-process

Direct materials	\$ 4,840
Conversion	\$ 2,700

Costs added during month:

Direct materials	\$ 20,000
Conversion	\$ 27,000

Degree of Completion:

Beginning work-in-process is 80% as to direct materials and 50% as to conversion costs.

Ending work-in-process is 90% as to direct materials and 60% as to conversion costs.

Prepare a production cost worksheet using the weighted average method.