

**APPEARANCE OF MOBILE PHONE(S) / SMART DEVICE(S) SUBJECT TO CONSIDERED AS AN
ACT OF CHEATING**

Page 1 of 2

College Name: _____

Student Name: _____ Seat No: _____

Copy No: _____

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION JUNE 2016; AFFILIATED COLLEGE
COST ACCOUNTING; BA (M)-511 (PART B)
BBA-V**

Date: July 14, 2016

Max Time: 2 Hrs

Max Marks: 48

INSTRUCTIONS:

1. Attempt any 4 questions. Do not write anything on the question paper.
2. Mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

Q.1 Cuervo Company manufacturer's file cabinets made to consumer specifications. The following information was available at the beginning of March:

Materials inventory.....	\$12,800
Work in process inventory.....	4,700
Finished goods inventory.....	2,300
During March, materials costing \$26,000 were purchased, direct labor cost totaled \$19,300, and factory overhead was \$12,500 (including \$2,500 of indirect materials). March 31 inventories were:	
Materials inventory.....	\$13,300
Work in process inventory.....	6,800
Finished goods inventory.....	2,800

Required: Prepare a cost of goods manufactured statement for March.

Q.2 On January 1, the ledger of the Phinney Furniture Company contained, among other accounts, the following: Finished Goods, \$25,000; Work in Process, \$30,000; Materials, \$15,000. During January, the following transactions were completed:

- (a) Materials were purchased at a cost of \$28,000.
- (b) Direct materials in the amount of \$21,000 were issued from the storeroom.
- (c) Storeroom requisitions for indirect materials and supplies amounted to \$3,200.
- (d) The total payroll for January amounted to \$31,000, including marketing salaries of \$7,500 and administrative salaries of \$5,500. Labor time tickets show that \$15,500 of the labor cost was direct labor.
- (e) Various factory overhead costs were incurred for \$12,000 on account.
- (f) Total factory overhead is charged to the work in process account.
- (g) Cost of production completed in January totaled \$58,000, and finished goods in the shipping room on January 31 totaled \$18,000.
- (h) Customers to whom shipments were made during the month were billed for \$88,000. (Also record entry for cost of goods sold.)

Required: Prepare journal entries for the transactions, including the recording, payment, and distribution of the payroll.

**APPEARANCE OF MOBILE PHONE(S) / SMART DEVICE(S) SUBJECT TO CONSIDERED AS AN
ACT OF CHEATING**

Q.3 Carlson Chemical Company produces a chemical in three departments, Mixing, Blending, and Bottling. Mixing, where the compounds are added, is the first department. The powder is then transferred to the second department where water is added to produce a liquid. After water has been added, the chemical is bottled for storage and transported to customers. A process cost system with an average cost flow assumption is used to account for work in process inventories. Data related to operations in the Blending Department during the month of October follow:

Units in beginning inventory.....	2,000
Units received from the Mixing Department this period.....	4,000
Units added to process in the Blending Department this period.....	12,000
Units transferred to Bottling Department this period.....	14,000
Units in ending inventory (100% materials, 40% labor and overhead).....	4,000

	<u>Beginning Inventory</u>	<u>Added This Period</u>
Costs charged to the department:		
Costs from the preceding department	\$2,300	\$11,200
Materials	720	2,520
Direct labor	1,150	2,750
Factory overhead	2,100	5,700

Required: Prepare a cost of production report for the Blending Department.

Q.4 During June, the following transactions took place at the Cassandra Corp.

June	3	Purchased materials, \$30,000.
	5	Requisitioned materials from inventory, \$20,000 (75% of these were direct; 25% were indirect). Direct materials of \$3,000 and indirect materials of \$1,000 were for Job 00-1. The remainder were for Job 00-2.
	7	For Job 00-2, returned \$150 of direct materials and \$200 of indirect materials.
	8	Recorded liabilities for payroll: direct labor, \$15,000 and indirect labor, \$5,000. Of the direct labor cost, 60% was for Job 00-1; the remainder was for Job 00-2.
	10	Incurred other factory overhead costs, \$20,000 (all applicable to Jobs 00-1 and 00-2).
	14	Applied overhead at the rate of 200% of direct labor cost to Jobs 00-1 and 00-2, which were completed and transferred to finished goods account today.

Required: Assuming that Jobs 00-1 and 00-2 were the only jobs during the period and that all overhead (as recorded above) is the total applicable overhead for these projects:

- (1) Prepare a job order cost sheet for each job.
- (2) Determine the difference between applied and actual overhead for the month.

Q.5 The following information relates to Department 1 of Ruiz Company for the fourth quarter. The total overhead variance is divided into three variances: spending, variable efficiency, and volume.

Actual total overhead (fixed plus variable)	\$178,500
Budget formula	\$110,000 + \$.50 per hour
Total overhead application rate	\$1.50 per hour
Actual hours worked	121,000

Required: What was the spending variance in this department during the quarter?

END OF SUBJECTIVE PAPER