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KARACHI UNIVERSITY BUSINESS SCHOOL
University of Karachi
FINAL EXAMINATION DECEMBER 2010; AFFILIATED COLLEGES
COST ACCOUNTING BA (H) – 511
BS – V

Date: January 8, 2011 Max Time: 2.5 Hrs
Instruction Attempt any 5 questions Max Marks: 35

Q1. The manufacturing account of the safe lock manufacturing company was made up of the following accounts:

Factory overhead (actual)	Rs 45000
Indirect Labor	25000
Direct Labor	40000
Indirect Materials	10000
Direct Materials	45000
Raw Materials Inventory_beginning	10250
Raw Materials Inventory_ending	20000
Purchases of raw materials	64750

Required:

a. Prepare entries to close the above individual accounts
b. What is the balance remaining in the manufacturing account and what does this balance represent?
c. How is the manufacturing account closed?

Q2. The Pak Plastic Co. maintains a general ledger and a factory ledger. The following transactions occurred during January:

Jan 1 Purchased Materials on account for Rs 10000 for use in the factory and supplies for Rs 2500 for use in the home office.
8 Placed Rs 7500 of direct materials in process.
15 Factory and home office payroll (prepared and paid).

Factory Payroll:

Direct labor	Rs 2500
Indirect labor	1500
Office payroll	1000

Jan 19 Paid factory rent Rs 600 for January
31 Recorded depreciation on factory equipment of Rs 175
31 Recorded finished goods of Rs 5000

Required:

- Record the proceeding transactions in the general ledger and factory ledger.

Q3. The Swift Manufacturing Co. manufactures a product in tow departments. The following data relates to production for March:

Cost added by Department – A:	
Materials	Rs 31200
Labor	361200
Factory overhead	34572
Work-in Process Inventory Ending	14952

Cost added by Department – B:	
Cost form Department – A	?
Cost added:	
Labor	Rs 35700
Factory overhead	31920
Work-in Process Inventory Ending	14560

Required:

- Prepare all the necessary general journal entries for Department – A and Department – B including entries for the cost of production transferred in from Department – A to Department – B, and the cost of finished goods.

Q4. Assume the following information for the Alfa Company:

Factory overhead	Rs 425,000
Units of Production	Rs 500,000
Direct Materials Cost	Rs 1,000,000
Direct Labor Cost	Rs 150,000
Direct Labor hours	Rs 250,000
Machine Hours	Rs 1,100,000

Required:

Compute the FOR for the Alfa Co. under the following bases:

a. Units of production
b. Direct materials cost
c. Direct labor cost
d. Direct labor hours
e. Machine hours

Q5. The Communication Manufacturing Co. provides the following cost information for the year ended December 31, 2010:

- Materials put into production Rs 120000, of which Rs 80000 was considered direct materials
- Factory labor costs for the year: Rs 90000, of which Rs 25000 was for indirect labor
- Factory overhead costs for utilities; Rs 40000.
- Beginning and ending work-in-process inventories: 0
- Selling, general and administrative expense: Rs 60000
- Units of product completed during the year: 10000

Required: Compute the following:

a. Cost of goods manufactured
b. Total cost of operation
c. Prime costs
d. Conversion costs
e. Product costs
f. Period costs
g. Unit cost of product

Q6. The ABC Co. recently adopted an incentive plan. Factory workers are paid Rs 8 per unit with a guaranteed minimum wage of Rs 2000 per week. Following is a report on the employees' productivity for the week ended December 31, 2010. All employees had worked the full 40 –hour week.

WEEKLY SUMMARY

Name	Units Produced
Mehtab	240
Jamshed	275
Haroon	250
Atif	285
Kaleem	225
Viqar	265
Total	1540

Required

a. Compute each employee's total wages.
b. Prepare a schedule showing employee's name, units produced, piece rate, piecework earnings, below minimum, total earnings.
c. Given an entry in general journal debiting work-in-process account and factory overhead account and crediting cash account by appropriate amounts.

KARACHI UNIVERSITY BUSINESS SCHOOL
University of Karachi
FINAL EXAMINATION, JUNE 2010: AFFILIATED COLLEGES
COST ACCOUNTING: BA (H) – 511
BS – V

Date: June 26, 2010 Max Time: 2.5 Hrs
Instruction: Attempt all questions Max Marks: 40

Q.1 On October 1, the Florida Company had the following inventories:
Materials, 200% of WIP beg; WIP, 2/6 of finished goods (beg.); and finished goods, Rs 36,000.
During the month, materials purchases totaled Rs 56000. Direct labor for October was 5% of sales, at a uniform wage of Rs 6.40 per hour. Marketing and administrative expenses for the month amounted to 10% of net sales.
Inventories on October 31 were as follows:
Materials 20,000; WIP 20% of Direct labor for October; and finished goods, Rs 40,000. Net sales for October totaled 5 times of finished goods ending. FOH is applied on the basis of Rs 8 per direct labor hour.

Calculate:
1. Prime Cost 2. Conversion cost 3. Cost of goods manufactured
4. Cost of goods sold 5. Income from operation.

Q.2 Dahal Inc. uses the FIFO method in its process costing system. The following data concern the operations of the company's first processing department for a recent month.
Work in process, beginning:
Units in process 900
Stage of completion with respect to materials 80%
Stage of completion with respect to conversion..... 90%
Costs in the beginning inventory:
Materials cost ..... Rs 1,008
Conversion cost ..... Rs 27,621
Units started into production during the month 19,000
Units completed and transferred out 19,700
Costs added to production during the month:
Materials cost ..... Rs 22,992
Conversion cost ..... Rs 650,504
Work in process, ending:
Units in process 200
Stage of completion with respect to materials 90%
Stage of completion with respect to conversion..... 10%

Required:
- Prepare a production report for the department using the FIFO method.

Q.3 Landis Company uses a job order cost system in each of its two manufacturing departments. Manufacturing overhead is applied to jobs on the basis of direct labor cost in Department A and machine hours in Department B. In establishing the predetermined overhead rates for 2002, the following estimates were made for the year:

	Department	
	A	B
Manufacturing overhead	Rs 2,100,000	Rs 1,600,000
Direct labor cost	1,200,000	1,200,000
Direct labor-hours	100,000	100,000
Machine hours	200,000	400,000

During January the job cost sheet showed the following costs and production data:

	Department	
	A	B
Direct materials used	Rs 195,000	Rs 128,000
Direct labor cost	100,000	110,000
Manufacturing overhead incurred	180,000	135,000
Direct labor hours	8,000	8,400
Machine hours	16,000	34,000

Required:
(a) Compute the predetermined overhead rate for each department.
(b) Compute the balance in the Manufacturing Overhead account at the end of January and indicate whether overhead is over- or underapplied.

Q.4 Finn Manufacturing Company uses a job order cost accounting system and keeps perpetual inventory records.

Prepare journal entries to record the following transactions during the month of June.

June 1 Purchased raw materials for Rs 25,000 on account.

8 Raw materials requisitioned by production:

Direct materials	Rs 6,000
Indirect materials	1,000

15 Paid factory utilities, Rs 2,100 and repairs for factory equipment, Rs 3,000.

25 Incurred Rs 72,000 of factory labor

25 Time tickets indicated the following:

Direct Labor	(4,000 hrs × Rs 12 per hr)	=	Rs 48,000
Indirect Labor	(3,000 hrs × Rs 8 per hr)	=	24,000
			Rs 72,000

25 Applied manufacturing overhead to production based on a predetermined overhead rate of Rs 9 per direct labor hour worked.

28 Goods costing Rs 18,000 were completed in the factory and were transferred to finished goods.

30 Goods costing Rs 15,000 were sold for Rs 25,000 on account.

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION, JUNE & JULY 2009: AFFILIATED COLLEGES
COST ACCOUNTING: BA (H) – 511
BS – V

Date: June 23, 2009 Max Marks: 60
Instruction: Attempt all questions. Max Time: 3 Hours

Q1. Dekker Company actual factory overhead to Work in Process. Following are selected accounts of September:

	September 1	September 30
Finished Goods	$ 34,000	$ 30,000
Work in Process	7,000	?
Materials and Supplies	20,000	15,000
Accrued Payroll (ignore payroll taxes)	13,000	9,000
Accounts Receivable	54,000	22,000
Accounts Payable	18,000	6,000
Sales		500,000

Additional information:
(a) All sales are on account.
(b) The accounts payable is used for the purchase of materials and supplies only.
(c) Dekker's markup is 30% of sales.
(d) Work in process at the end of September had $ 2,000 of materials, & 6,000 of direct labor and $ 3,000 of factory overhead charged to it.
(e) Actual factory overhead costs for September were:

Supplies	$ 20,000
Indirect labor	55,000
Depreciation	10,000
Insurance	2,000
Miscellaneous	13,000

(f) Materials and Supplies purchased on account, $ 65,000.

Required: **Using T-Accounts, determine:**
(1) Materials issued to production.
(2) Direct labor.
(3) Total factory overhead.
(4) Cost of goods manufactured.
(5) Cost of goods sold.
(6) Payment of accounts payable.
(7) Collection of accounts receivable.
(8) Payment of payroll.

Q2. During February, the Assembly Department received 60,000 units from the Cutting Department at a unit cost of $ 3.54. Costs added in the Assembly Department were: materials, $ 41,650; labor, $ 101,700; and factory overhead, $ 56,500. There was no beginning inventory. Of the 60,000 units received 50,000 were transferred out; 9,000 units were in process at the end of the month (all materials, 2/3 converted); 1,000 lost units were 1/2 completed as to materials and conversion costs. The entire loss is considered abnormal and is to be charged to factory overhead.

Required:
- Prepare a cost of production report.

Q3. The following job order cost sheets were prepared for three jobs that were in production during in January:

	Job 97	Job 98	Job 99
Materials	$ 60,000	$ 30,000	$ 40,000
Labor	120,000	70,000	80,000
Applied factory overhead	60,000	35,000	40,000
Gross profit margin	60,000		

On January 1, Job 97 was 40% complete as to materials, labor, and factory overhead and was completed and sold on account during the month. Job 98 was started and completed during January but was not sold and Job 99 was started but not completed during the month.

Required:

- Prepare the journal entries for January to record job costs in Work in Process and Finished Goods and to record the sale. Show subsidiary record detail for job orders.

Q4. The Cutting Department is the first stage of Monk Company's production cycle. Conversion cost for this department was 80% complete as to the beginning work in process and 50% complete as to the ending work process. Information as to conversion cost in the Cutting Department for January is as follows:

	Units	Conversion Cost
Work in process at January 1.....	25,000	$ 22,000
Units started and costs incurred during January.....	135,000	143,000
Units completed and transferred to next Department during January.....	100,000	

Required:

- Compute the conversion cost of the Cutting Department's January 31 work in process inventory using (1) the Average Method and (2) the FIFO Method (Carry unit cost computations to three decimal places)

Q5 (a) Lancaster Co. assembles and sells electric mixers. All parts are purchased, and the cost of the parts per mixer totals $ 40. Labor is paid on the basis of $ 32 per mixer assembled. Since the company handles only this one product, the unit cost base for applying factory overhead is used. Estimated factory overhead for the coming period, based on a production of 30,000 mixers, is as follows:

Indirect materials.....	$ 220,000
Indirect labor.....	240,000
Light and power.....	30,000
Depreciation.....	25,000
Miscellaneous.....	55,000

During the period, 29,000 mixers were assembled and actual factory overhead was & 559,600. These units were completed but not yet transferred to the finished goods storeroom.

Required:

1) Prepare the journal entries to record the above information.
2) Determine the amount of over- or under-applied factory overhead.

Q5 (b) Normal annual capacity for Maddax Company is 36,000 labor hours, with fixed factory overhead budgeted as $ 16,920 and an estimated variable factory overhead rate of $ 2.10 per labor hour. During October, actual production required 2,700 labor hours, with a total overhead of $ 7,959.

Required:

1) Compute the applied factory overhead
2) Compute the spending and idle capacity variances.

Q6 (a) The normal capacity of the Assemble Department is 12,000 machine hours per month. At normal capacity, the standard factory overhead rate is $ 12.50 per machine hour, based on $ 96,000 of budgeted fixed expenses per month and a variable expense rate of $ 4.50 per machine hour. During April, the department operated at 12,500 machine hours, with actual factory overhead of $ 166,000. The number of standard machine hours allowed for the production actually attained is 11,000.

Required:

- Compute the overall factory overhead variance and analyze it using the two-variance method. Indicate whether the variances are favorable or unfavorable.

Q6 (b) The normal capacity of the Die Cutting Department is 4,500 machine hours per month. At normal capacity, the standard factory overhead rate is $ 24.80 per machine hour, based on budgeted fixed factory overhead of $85,500 per month and a variable expense rate of $ 5.80 per machine hour. During July, the department operated at 4,600 machine hours with actual overhead of $ 121,000. The number of standard machine hours allowed for the production actually attained is 4,200.

Required:

- Compute the overall factory overhead variances and analyze it using the three-variance method B. Indicate whether the variances are favorable or unfavorable.

BEST OF LUCK.

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KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI

FINAL EXAMINATION DECEMBER- 2007: AFFILIATED COLLEGES
COST ACCOUNTING:BA(P) - 431
BBA-III

Time Allowed: 3 Hours | Max: Marks: 60
Dated: 12-12-07

Attempt any four questions. Each question carries equal marks.

Question # 1 (a) ***Journal entries for the cost accounting cycle.*** ***5 marks***

Waterlex Company incurred Rs.50,000 direct labor cost in 19A and had the following selected account balances at the beginning and end of 19A.

	January 1	December 31
Finished Goods	28,000	45,000
Work in Process	12,000	14,000
Materials	17,000	24,000
Cost of Goods Sold	-	140,000
Factory Overhead Control	-	25,000

Required: Reconstruct the journal entries that recorded the above information in 19A.

Question # 1 (b) ***Cost of goods manufactured statement.*** ***5 marks***

ABC Company manufactured special machines made to customer specifications. The following information was available at the beginning of October.

Materials inventory	Rs.16,200
Work in process inventory	3,600

During October, direct materials costing Rs.20,000 were purchased direct labor cost totaled Rs.16,500 and factory overhead was Rs.8,580. Selling, general and administrative expenses Rs.9620.

Materials inventory	Rs.17,000
Work in process inventory	7,120

Required: Prepare a cost of goods manufactured statement for October 19A.

Question # 1 (c) ***5 marks***

Take the cost data from Question # 1 (b) above in this paper.

Required:

Compute (1) Prime cost (2) Product cost (3) Conversion cost (4) Period cost (5) Total FOH based on direct labor.

Question # 2 (a) ***5 marks***

Cost incurred by production department DF company are as under:

Direct Labour	Rs.4000
Indirect Material	Rs.110
Indirect Labour	1000
Miscellaneous expense	1000
Utilities Charges	490
Depreciation Machine	220
Depreciation Factory	290

Required:

Give entries from the above available data to record factory over-head cost, direct labour cost & applied FOH cost @70% of direct labour.

Question # 2 (b) ***Quantity to order.*** ***5 marks***

Gladewater company's production schedule calls for 5,000 units of Material B for January operations, 4,950 for February, and 5,550 for March. On January 1, the Material B inventory is 5,600 units, with 4,100 on order for January delivery and 5,100 for February delivery. The desired inventory level to begin second-quarter production is 75% of the January 1 inventory.

Required: Compute the number of Material B units to order for March delivery.

Question # 2 (c) ***Usage forecast and inventory balances.*** ***5 marks***

On January 1, a materials analyst is asked to determine the number of units of Material Z to order for March delivery. The production schedule calls for 4,800 units of this material for January operations. 5,000 units for February, and 5,600 units for March. On January 1,the Material Z inventory is 6,000 units. 3,800 units are on order for January delivery, and 4,600 units are on order for February delivery. The desired inventory level to begin second quarter production is 80% of the January 1 inventory.

Required:

1. Compute the quantity to order for March delivery.
2. If the planned usage occurs and outstanding orders are received on expected delivery dates, compute the number of units on hand (a) on March 1 and (b) on March 31.

Q#4: A product called aggregate is manufactured in one department of Junaid corporation. Materials are added at the beginning of the process. Shrinkage of 10% to 14% , all occurring at the beginning of the process, is considered normal. Labour and factory overhead are added continuously through out the process. The following information relates to November production.

Work in process, Nov 1 (4000 pounds 75% complete)

Materials	$22800
Labor	$24650
Factory overhead	$21860

November costs

Materials (FIFO costing)	
Inventory , Nov 1, 2000 pounds	$10000
Purchased, Nov 3, 10000 pounds	$51000
Purchased Nov 18, 10000 pounds	$51500
Released to production during Nov	16000 pounds
Labor	$103350
Factory overhead	$93340

Transferred out, 15000 pounds
Work in process, Nov 30, 3000 pounds, 33 1/3% complete (average costing)

Required:
Prepare a cost of production report for November.

Q#5: (a) Salman corporation estimates factory overhead of $ 276000 for the next fiscal year. it is estimated that 47500 units will be produced at a material cost of $40000, conversion will require 28750 direct labor hours at a cost of $ 9.60 per hour, with 23000 machine hours.

Required:
Compute the factory overhead rate that may be used in applying factory overhead to production on each of the following basis;

1. Units of production
2. Material cost
3. Direct labor hours
4. Direct labor cost
5. Machine hours

Q#5: (b) Normal operating capacity of Nafees corporation is 150000 machine hours per month, the level used to compute the predetermined factory overhead application rate. At this level of activity, fixed factory overhead is estimated to be $300000 and variable factory overhead is estimated to be $150000. during March, Actual production required 140000 machine hours and actual factory overhead totaled $435000.

Required:

1. Determine the fixed portion of the factory overhead application rate.
2. Determine the variable portion of the factory overhead application rate.
3. Is factory overhead for March over or under applied and by how much?
4. How much is the spending variance; and it is favorable or un favorable.
5. How much is the idle capacity variance, and it is favorable or un favorable.

Name: _____ (1) Enrolment No._____

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI

Final Examination : Affiliated colleges

Cost Accounting (BA (P) – 431)
(BBA – III)

DATE: 11-6-2007 MAX. MARKS: 60
TIME ALLOWED: 03 HOURS

Attempt any four questions . Q.1. is compulsory. Show all computation, it will be treated as a part of your answer.

Q.1. Some of the general ledger accounts of the Sharman Manufacturing Company appear as follows on January 31, 19-1. The accounts are incomplete because the accountant had an emergency operation for uleers after he ate lunch in the company cafeteria on January 31. The treasurer, an old friend of yours, supplied you with the following inconiplete accunts and three bits of additional information.

DIRECTO MATERIAL STORES CONTROL		
Bal. Jan 1.	15,000	
	35.000	

WORK-IN-PROCESS CONTROL		
Bal. Jan, 1	1,000	40,000
Direct materials Requisitioned	20,000	

FINISHED GOODS CONTROL		
Bal. Jan 1	10,000	20,000

COST OF GOODS SOLD		

ACCRUED FACTORY PAYROLL		
	Bal. Jan 1	1,000
	Gross earning Of all factory Workers	40,000

Additional information:

a. Factory Overhead Applied is credited for all indirect costs that are applied to production orders.
b. Work tickets for the month totaled 5,500 direct man-hours. All factory workers received $6,00 per hour.
c. Indirect costs are applied at a rate of $4.00 per direct man-hour.

Required: Cmplete the T-Accounts and show:

1) The January 31 balance of Direct Material Stores Control.
2) The amount of total direct-labor cost that should have been charged to all the individual production orders worked on during January.
3) The total factory-labor cost for the month of January (ignoring employer's Social Security contributions.
4) The total indirect cost that should have been applied to production.
5) The January 31 balance of Work-in-Process Control.
6) The January 31 balance of Finished-Goods Control.
7) Total indirect costs actually incurred during the month amount to $24,000. The balance in Factory-Overhead Control at the end of January.
8) The cost of Goods sold during January.
9) The January 31 balance of Factory Overhead Applied.
10) The amount of underapplied (or over applied)

(2)

Q.2. The following items pertain to the Engle Corporation:

FOR YEAR 19-2

Work in process, Dec. 31, 19-2	$ 2,000	Selling and administrative expenses (total)	$70,000
Finished goods Dec. 31, 19-1	40,000	Direct materials purchased	80,000
Accounts receivable, Dec,31 19-2	30,000	Direct labor	70,000
Accounts payable, Dec.31 19-1	40,000	Factory supplies	6,000
Direct materials, Dec.31, 19-1	30,000	Property taxes on factory	1,000
Work in process, Dec, 19-1	10,000	Factory utilities	5,000
Direct materials, Dec. 31, 19-2	5,000	Indirect labor	20,000
Finished goods, Dec 31, 19-2	12,000	Depreciation-plant and equipment	21,000
Accounts payable, Dec, 31, 19-2	20,000	Sales	350,000
Accounts receivable, Dec.31, 19-1	50,000	Miscellaneous factory overhead	10,000

Required:

1. Prepare an income statement and a supporting schedule of cost of goods manufactured and sold,
2. Suppose that both the direct materials and the depreciation were related to the manufacturing of the equivalent of 105,000 units. What is the unit cost for the direct materials assigned to those units? What is the unit cost of the depreciation. Assume that depreciation is a straight-line fixed cost.

Q.3. The following accounts of a manufacturing company appeared in the balance sheets of December 31, 19-1 and December 31, 19-2:

	Dec. 31, 19-1	Dec. 31, 19-2
Raw materials inventory	$30,000	$48,000
Goods-in-process inventory	17,500	19,000
Finished goods inventory	23,000	20,000
Accrued factory payroll	3,400	2,400
Accrued interest on notes receivable	120	80

The following amounts appeared in the income statement for 19-2

Raw materials used	$300,000
Cost of goods sold	920,000
Factory labor	275,000
Interest income	500

Required: Construct T-Accounts and show:

1. Raw materials purchased in 19-2
2. Direct labor incurred
3. Factory over head
4. Manufacturing cost
5. Cost of goods manufactured for 19-2
6. Factory labor paid in 19-2
7. Interest received on notes in 19-2.

Q.4. The Dyer Processing Company had work in process at the beginning and end of 19-1 as follows:

	PERCENTAGE OF COMPLETION	
	MATERIALS	CONVERSION COSTS
January 1, 19-1-3,000 units	40%	10%
December 31, 19-1- 2,000 units	80%	40%

The company completed 40,000 units of finished goods during 19-1. Manufacturing costs incurred during 19-1 were: materials, $242,600; conversion costs, $445,200. Inventory at January 1, 19-1 was carried at a cost of $10,600 (materials, $7,000; conversion costs, $3,600).

Q.5. Prepared by William Crum The Hickory company manufactures a product processed through two departments. The process is lengthy, taking two weeks in Department M and ten days in Department S. Miscellaneous data include:

Dept. S. work in process. Dec. 1, 19-0-6,000 gallons.
Dept. M cost in work in process $24,000
Materials added in S in work in process $ 7,500 (100%)
Conversion cost added in S in work in process $12,000 (60%)
Production brought in from Dept. M during month—30,000 gallons, costing--$123,000
Materials added in Dept. S in December--$18,000
Conversion costs added in Dept. S in December--$62,000
Gallons completed and transferred to finished product—32,000.
On hand in process in Dept. S at Dec., 31, 19-0—4,000 gallons, with 80% of the material added in S, and 30% of the conversion costs of Dept. S

Required: Compute:

1. Unit cost for December, using FIFO method, carrying unit costs to four decimals.
2. December 31, 19-0, inventory of work in process in Department S.
3. Cost of work completed in Department S in December and transferred to finished product.

Q.6. a) The D. Hayes Cramer Company manufactures 10,000 units of product C, whose cost per unit is $1 of materials, $2 of labor, and $3 of overhead cost. During the month of May, 1,000 units of product C were spoiled. These units could be sold for 60 paisas each.

Required: Pass the necessary entries under the normal spoilage.

Q.6. b) K Company was totally destroyed by fire during June. However, Certain fragments of its cost records with the following data were recovered: idle capacity variance, $1,266 favorable; spending variance, $879 unfavorable; and applied factory overhead, $16,234.

Required: Determine (1) the budget allowance, based on capacity utilized, and (2) the actual factory overhead.

X

...conversion costs, $3,600). ...January 1, 19-1 was