

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

College Name: \_\_\_\_\_

Student Name: \_\_\_\_\_ Seat No: \_\_\_\_\_

Copy No: \_\_\_\_\_

**KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION JUNE 2015; AFFILIATED COLLEGE  
COST ACCOUNTING; BA (H)-611 (PART B)  
MBA-III**

Date: June 15, 2015

Max Time: 1.5 Hrs

**INSTRUCTIONS:**

1. Attempt any 3 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 manufacturers 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.

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Q.3

Winkel Woodcrafters produces special-order wood products. The company uses job order costing for pricing and cost accumulation purposes. The following costs were incurred on two recent jobs:

<u>Cost Item</u> .....	<u>Job Pine-20</u>	<u>Job Birch-10</u>
Direct materials:		
Issued .....	\$6,500	\$8,000
Returned .....	500	0
Indirect materials used .....	500	400
Direct labor .....	\$9,000	\$15,000
Direct labor rate .....	\$9 per hour	\$10 per hour
Overhead application rate .....	\$10 per direct labor hour	\$15 per direct labor hour

The company adds a 50% markup on cost in determining the amount to charge for each job.

*Required:* Prepare a schedule showing the cost and the amount to be charged for each job.

Q.4

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</u>	<u>Added</u>
	<u>Inventory</u>	<u>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.

**END OF SUBJECTIVE PAPER**