

College Name: _____

Student Name: _____ Seat No: _____

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KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION JUNE 2017; AFFILIATED COLLEGES
COST ACCOUNTING; BA (M)-611
MBA – III

Date: July 3, 2017

Max Time: 2 Hrs
Max Marks: 40

INSTRUCTION:

1. Attempt any 4 questions. Show necessary computations.
2. Do not write anything on the question paper, **EXCEPT** the initials mentioned above.
3. Mobile phone or any 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.

Q1 Mat company purchases of materials during March totaled \$110,000, and the cost of goods sold for March was \$345,000. Factory overhead was 50% of direct labor cost. Other information pertaining to mat company's inventories and production for March is as follows.

Inventories:	Beginning	Ending
Finished goods	\$102,000	\$105,000
Work in process	40,000	36,000
Materials	20,000	26,000

Required:

1. Prepare a schedule of cost of goods manufactured for March.
2. Compute the prime cost charged to work in process during March.
3. Compute the conversion cost charged to work in process during March.

Q2 Normal annual capacity for Remington Company is 60,000 units, with production being constant throughout the year. The October budget shows fixed factory overhead of \$2,500 and a variable factory overhead rate \$2.50 per unit. During October, actual output was 4,800 units, with a total factory overhead of \$15,500.

Required: Compute the Spending and Idle capacity variances

Q3 Norman Company produces toy plastic boats which require processing in three departments. During May 160,000 units were completed in Department 1 at a total cost of \$ 280,000 and were transferred to the next department. Of these units, Department 2 completed and transferred out 123,000 units. All materials are put into process in Department 1. The May 31 work in process of Department 2 was 34,500 units, 1/2 completed as to labor and factory overhead. Spoilage in Department 2, a normal amount, occur at the end of processing. Department 2's labor cost for May was \$ 45,680, and applied factory overhead was \$ 22,840.

Required: Prepare a cost of production report for Department 2.

Q4 The following job order cost sheets were prepared for three jobs that were in production during 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.

Q5 Show below are cost data on the activities of Calabash Manufacturing for December:

a) Account balances:	Nov. 30	Dec. 31
Finished Goods	\$ 45,602	\$?
Work in Process	60,420	52,800
Stores (direct material)	10,250	12,700
Supplies (indirect material)	5,600	5,180

b) Transaction in December:

Supplies purchased	\$ 16,500
Cost of Goods sold	290,000
Raw Material purchased	105,000
Indirect labor	22,000
Factory heat, light, and power	11,200
Factory rent	18,500
Factory insurance	2,000
Sales Commissions	48,000
Administrative expenses	25,000
Production supervisor's salary	5,000

c) 4250 direct labor hours were worked in December and are paid \$ 22 per hour.

Required:

1. Compute the factory overhead incurred in December.
2. Determine the Cost of Goods manufactured in December.
3. Determine the Ending balance in finished goods at December 31.

END OF SUBJECTIVE PAPER