UNITY UNIVERSITY

FACULTY OF DISTANC EDUCATION

DEPARTMENT OF ACCOUNTING AND FINANCE

Cost and Management Accounting I

34

WORKSHEET

Name: _____

ID No._____

Center: _____ Semester _____ Academic Year _____

This is a worksheet paper you are expected to do on your own. It carries 25 points. The paper should be completed and mailed to the Faculty of Distance Education. Do not try to complete the worksheet until you have covered all the lessons and exercises in the course material.

Any questions in the course that you have not been able to understand should be stated on a separate sheet of paper and attached to this worksheet then your tutor will clarify them for you.

After completing this paper, be certain to write your Name, Id No and Address on the first page and the answer sheet.

1. Cross Company manufactures product A by a series of four processes, all materials being introduced in department 1. From department 1 the materials pass through department 2, 3 and 4 emerging as finished product A. All inventories are costed by FIFO method.

The balances in the accounts WIP- Department 4 and finished goods were as follows on May 1:

W/P-Dep't 4 (1000 units, ¼ completed) ---------- $17,800

Finished goods (1800 units at 23.50 units) ---------- $42,300

The following costs were charged to WIP-Department 4 during May:

Direct materials transferred from department 3: 4700 units at $16 a unit =$75,200

Direct labor---------- = 25,500

Factory overhead ---------- = 15,300

During May, 5000 units of A were completed and 4800 units were sold.

Inventories on May 31 were as follows:

W/P- Department 4: 700 units, ½ completed

Finished goods: 2000 units

Required:-determine the following

a) equivalent units of production for department 4 during May
b) units conversion cost for department 4 for May
c) total and units cost of product A stated in a prior period and finished in May
d) total and units cost of product A stated and finished in May
e) total cost of goods transferred to finished goods
f) Work in process inventory for department 4, May 31.
g) Cost of goods sold (indicate the number of units and units cost)
h) Finished goods inventory, May 31.

2. St. Merry Company manufactures its product into two departments: department A and department B. The following information belongs to department A of the company for the month of January 20x4:

	Units
Started in process	60,000 units
Transferred to department B	46,000
Still in process	14,000 (100% complete as to direct material but 40% complete as to labor and FOH)

Costs charged to production by the department:

Direct material	Br. 31,200
Direct labor	36,120
Factory over head-applied	34,572

The following additional data belongs to department B of King Company:

Units received from department A

46,000

Units transferred to finished goods inventory

40,000

Units still in process (33 % complete as to conversion cost 6,000

Costs charged to production by the department:

Direct labor	Br.35, 700
Factory over head-applied	31,920

Instructions:

a. Prepare a cost production report to department A and to dep't B.
b. Prepare all journal entries to record:
    i. The issuance of direct materials.
    ii. The direct labor
    iii. The applied overhead
    iv. The transfer of costs to the next department (or to finished goods)

3. Kind Company is engaged in production of homogeneous types of products. The following information is available for you about the company's transactions for the year ended Dec 31, 20xx:

1. Beginning Raw Material

RM A…… 20.000 Br.

RMB……30,000 Br.

RMC……40,000 Br.

2. The Company has purchased the following Raw Materials during the period:

   RM A…… 50,000 Br.

   RMB……20,000 Br.

   RMC……30,000 Br.

3. The following amount of Raw Materials are used for production during the period:

   RM A…… 60,000 Br.

   RMB…… 30,000 Br.

   RMC…… 50,000 Br.

4. The following information presents the percentage of material cost incurred for the respective Jobs:

   Job 02…… 40%

   Job 03……20%.

   Job 04……40%

5. Beginning Work In Process Inventory

   WIP Job 03 …… 5,000Br

6. Beginning Finished Goods Inventory

   FG Job 01 ……100 Units @1500Br

7. Direct labor cost is equal to 50% of direct material cost

8. Factory overhead cost is applied at 10% of direct labor cost

9. The following jobs were completed during the period

   Job 02 ……..100 units

   Job 03……. 100 units

10. The following units were sold during the period

    Job 01 ……50 units

    Job 02…… 60 units

    Job 03 ……50 units

11. The following costs are found out as been incurred during the period

    Indirect material……..3, 000 Birr

    Indirect labor……500 Birr

    Machine depreciation……600 Birr

    Factory rent ……200 Birr

Required

1. Pass the necessary journal entries
2. Prepare job cost sheet
3. Pass the necessary entry for over/under applied FOH cost