



AUM
American University Of The Middle East

Final Assessment – 20%

Semester	:	Summer2 -2020	Year	:	2019-2020
Course Title	:	Cost Accounting			
Course Code	:	ACT470	Version	:	
Instructor(s) (Includes names of all instructors teaching this course)	:	Dr. Suzan Dsouza			
Date			Start Time	:	
Exam Duration	:		No. of Pages (includes cover page)	:	6 (Student Must Verify)

To be completed by the students

<u>Student Name</u>	:		<u>Student ID:</u>	
Section	:			
Major	:			

Grading Scheme

Question	Earned Points	Max. Points	Question	Earned Points	Max. Points
1.		45			
2.		35			
3.		20			

Total Earned Points	Total Available Points	Instructor Signature
	100	

INSTRUCTIONS: 1. Students are requested to submit your answers in the same word document.

Question one: (45 marks)

Apco manufactures desk organizers in its Processing Department. Direct materials are included at the start of the production cycle and must be bundled in single kits for each unit. Conversion costs are incurred evenly throughout the production cycle. Inspection takes place as units reach 80% of the production. Normal spoiled units generally constitute 1% of the good units (units that pass inspection point). Data provided for March 2020 are as follows: **Apco uses FIFO method.**

WIP, beginning inventory	65,000 units
Direct materials (100% complete)	
Conversion costs (60% complete)	

Started during March	135,000 units
Completed and transferred out	140,000 units

WIP, ending inventory	30,000 units
Direct materials (100% complete)	
Conversion costs (30% complete)	

Costs:

WIP, beginning inventory:	
Direct materials	\$400,000
Conversion costs	50,000
Direct materials added	600,000
Conversion costs added	300,000

1. Compute the normal spoilage units. (10 marks)
2. Compute the equivalent units for direct material. (10 marks)
3. Compute the equivalent units for conversion cost. (10 Marks)
4. Compute the cost per equivalent. (5 marks)
5. Compute the total cost for completed units. (5 marks)
6. Compute the total cost for ending work in process. (5marks)

Question Two: (35 marks)

Apple Co. grows and processes chickens. Each chicken is disassembled into five main parts. Information pertaining to production in June 2000 is as follows:

Parts	Pounds of Product	Wholesale Selling Price per Pound When Production Is Complete
Breasts	400	\$1.5
Wings	50	0.8
Thighs	30	0.5
Bones	30	0.4
Feathers	220	0.4

Joint cost of production in June 2000 was \$200.

A special shipment of 140 pounds of breasts and 20 pounds of wings has been destroyed in a fire. Apple Co's insurance policy provides reimbursement for the cost of the items destroyed. The insurance company permits Apple Co to use a joint-cost-allocation method. The split-off point is assumed to be at the end of the production process.

Required:

1. Compute the cost of the special shipment destroyed using Sales value at split-off method (25 marks)
2. What joint-cost-allocation method would you recommend Apple Co. to use? Explain. (10 marks)

Question Three: (20 Marks)

Explain Job costing and Process costing?