

**FATİH UNIVERSITY**  
**FACULTY OF ECONOMIC AND ADMINISTRATIVE SCIENCES**  
**DEPARTMENT OF MANAGEMENT**  
**MAN 305 COST ACCOUNTING**  
**2. MIDTERM EXAM**

Instructor: Ali COSKUN  
Duration: 70 Minutes

January 4, 2008

**QUESTIONS**

**Question 1. (35 points)** YAK Company produces product A and product B using a joint production process. During November 2007, the joint costs of processing the products were \$90,000. Production and sales value information for November were as follows:

<u>Product</u>	<u>Production</u>	<u>Selling Price</u>
Product A	60,000 kg	\$2.00 per kg
Product B	50,000 kg	\$1.80 per kg

Product A may be processed further to yield Product SA for an additional processing cost of \$78,000. Product SA is sold for \$3,30 per kg.

Product B may be processed further to yield Product SB for an additional processing cost of \$50,000. Product SB is sold for \$2,20 per kg.

There were no beginning and ending inventory balances.

- Determine the amount allocated to each product if the estimated net-realizable value method is used.
- Compute the cost per case for each product.

**Question 2. (30 points)** Julianne Battery Company has two service department's Human Resources and Maintenance. The Maintenance Department's costs of \$100,000 are allocated on the basis of standard hours used. The Human Resources Department's costs of \$30,000 are allocated based on the number of employees. Costs of Departments A and B are \$90,000 and \$110,000, respectively.

Data on standard service hours and number of employees are as follows:

<u>Standard service</u>	<u>Maintenance Department</u>	<u>Hum. Res. Department</u>	<u>Production Departments</u>	
			<u>A</u>	<u>B</u>
Hours used	400	200	480	320
Number of Employees	20	20	180	220

Allocate service department costs to production departments using step down method. Allocate Maintenance Department firstly.

**Question 3. (35 points)** Scala Woolens is a manufacturer of wool cloth. It has two departments that process items, Cutting and Assembly.

The information for Cutting Department for March is as follows:

Beginning work-in-process .....	5,000 units
Units started .....	16,000 units
Units completed .....	18,000 units

Cost of beginning work-in-process

Direct materials .....	\$ 4,840
Conversion .....	\$ 2,700

Costs added during month:

Direct materials .....	\$ 20,000
Conversion .....	\$ 27,000

Degree of Completion:

Beginning work-in-process is 80% as to direct materials and 50% as to conversion costs.

Ending work-in-process is 90% as to direct materials and 60% as to conversion costs.

Prepare a production cost worksheet using the weighted average method.