



Q 1 - True or False (10 marks marks):

- 1- Direct material are normally considered as unit level cost.
- 2-ABC is appropriate for a company that manufacturing a single product.
- 3-An average contribution margin per unit can be computed based on the mix of individual units.
- 4-When the actual sales are less than the budget sales the sales variance is favorable.
- 5- The static budget variance is the deference between an actual result and a budgeted amount in the static budget.
- 6-The problems of computing the market share and the market size variance are the lack of accurate measures of market and market size.
- 7-Both the number of entries and the number of ledger accounts decrease when you change to a backflash costing system.
- 8-In a backflush costing system record of work in process appears in the accounting records.
- 9-Rework is an example of external failure
- 10-Cost of quality classified into four categories : prevention costs, appraisal costs, inspection cost ,external failure.

Q 2// –Multiple choice questions (10 marks):

use the following data to answer 1-4 , A company produces two products A and B information about the two products flows:

	Product A	Product
Units produced	15,000	30,000
Direct material cost per unit	\$125	\$8.
Direct labor cost per unit	\$30	\$10
Direct labor hours	45,000	30,000
Machine hours	60,000	45,000
Batches	1,000	1,000

Production costs are as follows:

	<u>Activity cost</u>	<u>Activity Driver</u>
Machining	\$840,000	Machine hours
Material moving	\$510,000	Batches

1- The material moving activity rate is:

- a- \$255 per batch b-\$11.33 per unit c-\$675 per batch. d-\$30 per unit

2-The machine activity rate is:

- a- \$10.00per MH. b-11 per MH c-\$8.00 per MH. d-\$18.67 per unit

3- Under ABC the total product cost per unit for the product A is:

- a- \$49. b-\$155 c-\$174. d-\$204

4- Under ABC the total product cost per unit for the product B is:

- a- \$110.50 b-\$1205 C-\$112. d-\$105.10

Al Noor company manufactures two types of bags. Budgeted and actual , operating data for 2022 are as follows:.

Budgeted data:

	Selling price per unit	Variable cost per unit	Unit sold
Small bag	\$ 20	\$ 12	10,000 units
Large bag	\$ 40	\$ 30	5,000 units

Actual data:

	Selling price per unit	Variable cost per unit	Unit sold
Small bag	\$ 19	\$ 10	12,000 units
Large bag	\$ 42	\$ 35	4,000 units

The company estimated budgeted market size of 50,000 units and budget market share of 30%. The actual market size is 64,000 units and actual market share is 25%.

5—Flexible budget variance is:

A – \$ 6,100 (U) B – \$ 0 C – 8,600 (F) D – \$ 6,100 (F)

6- Sales mix variance:

A - \$ 2,560 (F) B – 27,712 (U) C – \$ 2,560 (U) D – \$ 36,372 (F)

7-Under backflush costing approach the three trigger points are used (stage A, stage C, and stage D) the purchase of material is:

- a- Debited to the materials inventory control system.
- b- credited to the materials and in-process inventory control account.
- c- debited to the material and in -process inventory control account.
- d- ignored because the manufacturing process moves so quickly from acquisition of

8-- Returned goods one categories of :

- a- prevention costs b-Appraisal costs.
- c-internal failure cost d- external failure costs

9-- Cost incur for defective products before their shipment to customers can be categorized as:

- a- prevention costs. b- External failure costs.
- c-Appraisal costs. d- internal failure costs.

10-2- Sales mix variance equals the difference between:

- a- Actual sales mix and budget sales mix x budget units sold for all product x budget contribution margin per unit.
- b- Actual sales mix and budget sales mix x budget units sold for all product x actual contribution margin per unit.
- c- Actual sales mix and budget sales mix x actual units sold for all product x budget contribution margin per unit.
- d- Actual sales mix and budget sales mix x actual units sold for all product x

Answer only three of four questions below:

Al Rafdeen Company produces and sells two types of prayer rugs : model X and model Y The budget and actual data for November 2022 as follow:

Budget data

	Selling price	Variable cost per unit	Sales volume in unit
Model X	\$ 20	\$ 15	24,000
Model Y	\$ 25	\$ 20	16,000

Actual data:

	Selling price	Variable cost per unit	Sales volume in unit
Model X	\$ 20	\$ 15	31,500
Model Y	\$25	\$ 21	13,500

The company estimated the market share percentage of 25% and budget market size of 160,000 units the actual market share is 20% and actual market size of 225,000 units.

Required: calculate The market share and market size variance for November 2022

Q 4//// IT Company manufacturing and sold a personal computer. for April 2023 there were no beginning inventories conversion costs and direct materials are the only cost pools the company fixes a standard direct material cost per unit of ID 230 and standard conversion costs of ID 170. Additional information is as follows:

Purchase of direct materials	ID 1,610,000
Conversion costs incurred	ID 1,170,000
Units produced	14,000
Units sold	13,800

At the end of April any under allocated or overallocated is writ-off to cost of goods sold.

Required: Record all journal using backflush costing with

1 A// 3 trigger points : purchase of direct materials, completion of finished units and sale of finished units.

- B//2 triggers points : completion of finished units and sale of finished units

2- Post to the ledger accounts according to the requirement number 1 (A) only.

3- compare with the additional system according to requirement number 1 (A) only.

Q 5//// Basrah technology company produces mathematical and financial calculators. Data related to the two product are as follows:

Detail	Mathematical	Financial
Units produced	50,000	100,000
Direct material	ID 1,500,000	ID 3,000,000
Direct labor	ID 500,000	ID 1,000,000
Direct labor hours	2,500	5,000
No. of production runs	50	50
Inspection hours	1,000	500

Total MOH costs are as follows:

Machining costs	ID 375,000
Set-up costs	ID 120,000
Inspection costs	ID 105,000

Required: Compute cost per unit of each product using ABC system.

Q 6//// Al Messar company produce and sells watches. The following data is pertaining to cost of quality in two years:

Details	2020(in\$)	2021(in\$)
sales	3,920,000	3,520,000
Cost of quality:		
Scrap	28,800	30,100
Warranty repair	70,000	75,000
Repair of returned product units	272,000	195,000
Preventive maintenance	220,000	152,000
Incoming material testing	105,000	75,000
Product inspection	150,000	150,000

Required: Compute cost of quality as a percentage of sales for each of the two years.

Good luck

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The standard labor time for produce one unit of product X is 2 direct labor hour at a standard labor rate of ID 10 per hour; actual labor hours 2.5 hours per unit and the total actual labor costs for actual production is ID 220,000 number units produced were 10,000 units.

10- Total labor variance is:

A – ID 22,000 (F) B – ID 20,000 (U) C – ID 20,000 (F) D – ID 22,000 (U)

11- Labor time variance is:

A – ID 50,000 (F) B – ID 50,000 (U) C – ID 55,000 (F) D – ID 45,000 (F)

12- The labor rate variance is:

A – ID 20,000 (F) B – ID 30,000 (F) C - ID 25,000 (F) D - ID 20,000 (U)

According to the standard, the production 180 kg of product (Z) requires 2 types of direct material as following:

Materials A = 80 kg at standard price of ID 20 per kg, Material B = 120 kg at standard price of ID 30 per kg the actual quantity and actual prices of the 2 types materials is as following:

Materials A = 90 kg at actual price of ID 18 per kg, Materials B = 110 kg at actual price of ID 34 per kg

13- Materials quantity variance for material A:

A – ID 180 (F) B – ID 180 (U) C – ID 200 (U) D – ID 300 (U)

14- Material mix variance for material B:

A – ID 200 (F) B – ID 300 (U) C – ID 300 (F) D – ID 180 (F)

15- Material yield variance for material A:

A – ID 180 (F) B – ID 180 (U) C – ID 110 (U) D – Zero

Answer one question from the two following questions

Q 3 – If you know the following data: (10 marks):

Standard direct materials, 5 kg at ID 10 per kg, direct materials used in production, 5,500 kg at actual price, ID 9 per kg, units produced; 1,000 units.

Required: Record the journal entry of direct materials issued, assuming the price variance is recorded at usage point using single plan.

Q 4 – If you know the following data: (10 marks):

Standard MOH allocated, ID 11,000, Controllable variance, ID 100 (F), volume variance, ID 50 (F), actual MOH, ID 10,850.

Required: Record the entry of recording MOH variances using single plan.

Good luck