

QUIZ NO. 3

TEST I - MULTIPLE CHOICE – PROBLEMS - Show all supporting computations, present it in good format. Boxed your final answer on your computation and indicate your letter choice in capital letter. (NO COMPUTATIONS, NO POINTS) (3 pts. Each)

1. The following costs relate to Antonietta Industries for the last quarter:

Conversion cost	₱ 435,000
Direct materials	215,000
Manufacturing overhead	190,000
Selling and administrative expense	185,000

What is Antonietta's prime cost for last quarter?

- A. ₱ 460,000 B. ₱ 410,000 C. ₱405,000 D. ₱375,000

Conversion cost				435,000.00
Manufacturing Overhead				(190,000.00)
Direct Materials				215,000.00
Prime cost				460,000.00

A

2. Antonietta's total manufacturing cost is

- A. ₱ 460,000 B. ₱ 645,000 C. ₱650,000 D. ₱840,000

Conversion cost				435,000.00
Direct Materials				215,000.00
Total manufacturing cost				650,000.00

C

3. Antonietta's total period cost is

- A. ₱ 185,000 B. ₱ 275,000 C. ₱400,000 D. ₱620,000

Selling and administrative expenses				185,000.00
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A

4. Jasmine Co. produced 5,500 outdoor chairs for Job Order No. 610. Total material cost was ₱51,700. Each chair required 2.2 hours of direct labor at ₱8.90/hour. A total of ₱53,845 of factory overhead was traced to Order 610. What is the prime cost per unit of this order?

- A. ₱ 19.58 B. ₱ 28.98 C. ₱29.37 D. ₱38.77

Direct Labor				
5,500 x 2.2 hrs x ₱8.90/hr				107,690.00
Direct Materials				51,700.00
Prime cost				159,390.00
Divided no. of chairs produced				5,500
Prime cost per unit				28.98

B

5. Using the information in No. 26, what is the conversion cost per unit of this order?

- A. ₱ 19.58 B. ₱ 28.98 C. ₱29.37 D. ₱38.77

Direct Labor				
5,500 x 2.2 hrs x ₱8.90/hr				107,690.00
Factory Overhead				53,845.00
Conversion cost				161,535.00
Divided no. of chairs produced				5,500
Conversion cost per unit				29.37

C

6. Using No. 12 information, what is the unit cost of this order?

- A. ₱ 37.88 B. ₱ 38.77 C. ₱28.09 D. ₱36.99

Direct Labor				
5,500 x 2.2 hrs x P8.90/hr				107,690.00
Direct Materials				51,700.00
Factory Overhead				53,845.00
Conversion cost				213,235.00
Divided no. of chairs produced				5,500
Unit cost per order				38.77

B

7. The following cost data were taken from the records of JGG manufacturing company:

Depreciation on factory equipment	₱ 1,000
Depreciation on sales office	500
Advertising	7,000
Freight out (shipping)	3,000
Wages of production workers	28,000
Raw materials used	47,000
Sales salaries and commissions	10,000
Factory rent	2,000
Factory insurance	500
Materials handling	1,500
Administrative salaries	2,000

Based upon this information, the manufacturing cost incurred during the year was:

- A. ₱ 18,500 B. **₱ 80,000** C. ₱ 80,500 D. ₱ 83,000

Depreciation on factory equipment	₱ 1,000
Wages of production workers	28,000
Raw materials used	47,000
Factory rent	2,000
Factory insurance	500
Materials handling	1,500

Manufacturing cost

₱ 80,000

B

8. Joy Corp. manufactures plastic coated metal clips. The following were among Joy's 2014 manufacturing costs:

Wages:

Machine operators	₱200,000
Maintenance workers	30,000
Factory foreman	90,000

Materials used:

Metal wire	₱500,000
Lubricant for oiling machinery	10,000
Plastic coating	380,000

In 2014, Joy's direct labor and direct materials amounted to:

	Direct Labor	Direct Materials		Direct Labor	Direct Materials
A.	₱ 230,000	₱ 510,000	C.	₱320,000	₱880,000
B.	220,000	500,000	D.	200,000	880,000

Direct labor

₱200,000

Direct materials (₱500,000 + 380,000)

880,000

D

TEST II - PROBLEM SOLVING

Celsius Company manufactures a product that requires the use of a considerable amount of natural gas to heat it to a desired temperature. The process requires a constant level of heat, so the furnaces are maintained at a set temperature for 24 hours a day. Although units are not continuously processed, management desires that the variable cost be charged directly to the product and the fixed cost to the factory overhead. The following data have been collected for the year:

	Units	Cost		Units	Cost
January.....	2,400	₱4,400	July.....	2,200	₱4,250
February.....	2,300	4,300	August.....	2,100	4,100
March.....	2,200	4,200	September.....	2,000	3,950
April.....	2,000	4,000	October.....	1,400	3,400
May.....	1,800	3,800	November.....	1,900	3,700
June.....	1,900	3,900	December.....	1,800	4,050

1. Separate the variable and fixed elements, using the high-low method. Compute for the variable cost per unit.
2. Determine the variable cost to be charged to the product for the year. (Hint: First determine the number of annual units produced)
3. Determine the fixed cost to be charged to factory overhead for the year.

1. High-low method

	Units	Cost
High volume.....	2,400	₱ 4,400
Low volume.....	<u>1,400</u>	<u>3,400</u>
Change	<u>1,000</u> units	₱ <u>1,000</u>

Variable cost per unit: $\frac{₱1,000}{1,000} = ₱1.00$ per unit **5 pts.**

Fixed cost	1,400 Units	2,400 Units	
Total cost.....	₱ 3,400	₱ 4,400	
Variable cost, \$1.00 per unit.....	<u>1,400</u>	<u>2,400</u>	
Fixed cost.....	<u>₱ 2,000</u>	<u>₱ 2,000</u>	5 pts.

2. Variable cost charged to product: $24,000 \text{ units} \times ₱1.00 \text{ per unit} = ₱24,000$. **5 pts.**

3. Fixed cost charged to factory overhead: $₱2,000 \text{ per month} \times 12 \text{ months} = ₱24,000$. **5 pts.**

***** END OF TEST *****