

Cost Accounting Chapter 3 Exercises

4-1 From the financial accounting of a company we draw the following table:

Costs	61	62	63	64	65	66	68
Direct	25%	20%	10%	30%	40%	10%	20%
Indirect	75%	80%	90%	70%	60%	90%	80%
Total	20,000	10,000	20,000	10,000	5,000	10,000	20,000

Cost by nature	Cost by function (indirect costs distribution):					
	Energy	Maintenance	Purchase	Prep	Assembly	Distribution
61. External Services	-	20	10	40	30	-
62. Other external services	20	10	30	-	-	40
63. Employees costs	40	10	5	10	15	20
64. Taxes	-	-	40	-	-	60
65. Other operating costs	-	20	20	20	30	10
66. Financial costs	30	10	-	30	-	30
68. Depreciations and accruals	10	5	15	30	25	15

Complete the primary distribution.

4-2 At the beginning of January, an organization started manufacturing two types of textile clothes (A) and (B), using two types of yarn (y1) and (y2), to calculate the result for a month of January we have the following table:

Item	Purchase	Use	Production	Sale
Y1	6,000 (\$2.4/unit)	5,500 (2,500 for A)		
Y2	4,000 (\$3.5/unit)	3,800 (2,000 for A)		
A			12,000	11,200 (\$6/unit)
B			15,600	14,000 (\$6,5/unit)

- Purchase direct costs: \$3,024 for Y1 and \$2,400 for Y2
- Production direct costs: \$23,770 (\$6,570 for A and the rest for B)
- The distribution of indirect cost is shown in the table below, with taking in consideration \$4,200 as additional elements and \$3,200 unallocated costs.

Cost by nature	Assisting centers		Main centers			
	Administration	Maintenance	Purchase	Weaving	Set up	Distribution
Primary distribution	13,800	17,240	5,246	30,870	12,020	14,410
Secondary distribution	(A)	10	25	30	15	?
	20	(M)	15	30	10	25
Work Units			\$100 of purchase	Unit used	10 units produced	Unit sold

- 1- Complete the table of distribution of indirect costs
- 2- Calculate the cost of purchasing raw materials
- 3- Calculate the cost of production (manufacturing)
- 4- Calculate the final cost
- 5- Calculate operating income and net income

4-3 A company manufactures two products X and Y, using two types of raw materials m1 and m2.

At the end of April, from her accounting statements, we obtain the following information:

- *Purchases:*

Bought: 6,800 kg of m1 unit price: \$ 35, and 11,000 of m2 unit price: \$ 37.

- *Uses and Production*

To produce 700 units of X, consumed: 2,800 kg of m1 and 6,000 kg of m2

To produce 600 units of Y, consumed: 3,200 kg of m1 and 5,000 kg of m2

- *Direct costs:*

Direct working hours: 700 hours, of which 400 are for product X and the rest for product B, at an hourly cost of \$ 25

- *Sales:*

A total of 600 units of product X and 450 units of product Y were sold; The Company uses a 20% profit margin on the final cost.

- *Indirect costs are summarized in the following table:*

Cost by nature	Assisting centers		Main centers			
	Administration	Maintenance	Purchase	Workshop 1	Workshop 2	Distribution
Primary distribution	31,500	38,500	52,300	61,300	51,800	42,500
Secondary distribution	(-% 100)	% 12	% 18	% 25	% 25	% 20
	5	(-50)	10	12	15	8
Other distribution			-% 10		+% 10	
			-% 5	+% 5		
Work Units			kg of raw materials purchased	kg of raw materials used	units produced	Unit sold

- 1- Complete the indirect costs distribution table.
- 2- Calculate the purchasing cost of raw materials.
- 3- Calculate the production cost of the products.
- 4- Calculate the final cost.
- 5- Calculate the operating income.