

90502



NEW ZEALAND QUALIFICATIONS AUTHORITY
 MANA TOHU MĀTAURANGA O AOTEAROA

For Supervisor's use only

Level 3 Accounting, 2008

90502 Process financial information for a manufacturing job cost subsystem

Credits: Three

2.00 pm Thursday 27 November 2008

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should answer ALL the questions in this booklet.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–6 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

<i>For Assessor's use only</i>		Achievement Criteria	
Achievement		Achievement with Merit	Achievement with Excellence
Prepare and/or explain accounting entries correctly for a manufacturing job cost subsystem.	<input type="checkbox"/>	Prepare and/or explain a range of accounting entries correctly for a manufacturing job cost subsystem.	Prepare and explain a wide range of accounting entries correctly for a manufacturing job cost subsystem.
		<input type="checkbox"/>	<input type="checkbox"/>
		Overall Level of Performance	
		<input type="checkbox"/>	

You are advised to spend 25 minutes answering the questions in this booklet.

Gaia Bags manufactures eco-friendly cotton bags and allocates factory overhead expenses using **machine hours**.

Gaia Bags recently completed the manufacture of 1 500 cotton bags for a local farmers' market. A summary of **Job 71** below shows the costs associated with this job.

Gaia Bags Job Card	Job 71
	Total \$
Direct materials	6 000
Direct labour	4 500
Overhead	3 000
Total cost	13 500

- (a) Calculate the overhead allocation rate given that **Job 71** took 40 machine hours to complete.

Overhead allocation rate: \$ _____ per machine hour

- (b) Show the General Journal entry to record the overhead allocation to **Job 71**. A narration is **not** required.

**Gaia Bags
General Journal**

21/09/07			

- (c) Explain why *Gaia Bags*' cost accountant has chosen machine hours as the **cost driver** for overhead allocation.

- (d) A time sheet was used to record the direct labour cost to **Job 71**.

State TWO pieces of important information that should be recorded on this time sheet.

(1) _____

(2) _____

- (e) Show the General Journal entry to record the cost of **Job 71** when sold. A narration is **not** required.

**Gaia Bags
General Journal**

30/09/07			

- (f) Explain how the management of *Gaia Bags* will use pre-numbered material requisition forms and job cost cards to determine that the **total of all** direct materials has been **correctly charged to all** jobs.

The following information is available for *Gaia Bags* for the year ended 31 March 2008:

Assessor's
use only

**Gaia Bags
General Ledger
Raw Materials Account**

01/04/07	Balance			12 000	Dr
31/03/08	Accounts payable	295 000		307 000	Dr
	Work-in-progress control		285 000	22 000	Dr
	Factory overhead control		15 000	7 000	Dr

Work-in-progress control

- Balance 01/04/07 \$19 000 Dr
- Balance 31/03/08 \$33 000 Dr

Selected **actual** expenses include:

	\$
Direct factory wages	200 000
Indirect factory wages	45 000
Factory electricity	65 000
Depreciation factory equipment	35 000
Depreciation office equipment	16 000

Note from management: Overhead was **under-applied** by \$17 000 for the year ended 31 March 2008.

- (g) Calculate the total **actual** factory overheads for the year. **Show your working.**

Actual factory overheads: \$ _____

- (h) Calculate the total **allocated** factory overheads for the year. **Show your working.**

Allocated factory overheads: \$ _____

- (i) Explain how the **under-applied** factory overhead of \$17 000 will be treated in the cost of goods sold account of *Gaia Bags* for the year ended 31 March 2008. Include reasons for this treatment in your answer.

- (j) Complete the work-in-progress control account for the year ended 31 March 2008.
Use *EITHER* the 3-column format *OR* the T-form format. **DO NOT write in both versions.**

***EITHER* 3-column:**

Gaia Bags
General Ledger
Work-in-progress Control Account

01/04/07					
31/03/08					

***OR* T-form:**

Gaia Bags
General Ledger
Work-in-progress Control Account

01/04/07			31/03/08		
31/03/08					

