

90502



905020



NEW ZEALAND QUALIFICATIONS AUTHORITY
 MANA TOHU MĀTAURANGA O AOTEAROA

For Supervisor's use only

Level 3 Accounting, 2009

90502 Process financial information for a manufacturing job cost subsystem

Credits: Three

9.30 am Thursday 26 November 2009

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

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 2–7 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.	<input type="checkbox"/>
			Prepare and explain a wide range of accounting entries correctly for a manufacturing job cost subsystem. <input type="checkbox"/>
Overall Level of Performance <input type="checkbox"/>			

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

Note: Do NOT use abbreviations.

QUESTION ONE

Funtimes Ltd makes and sells kitset playground equipment to retailers all over New Zealand. Both the Moulding Department and the Assembly Department are involved in the manufacturing of the kitsets.

Overhead is allocated to the Moulding Department, using machine hours as the cost driver. In the Assembly Department, direct labour hours are used to allocate overhead costs. *Funtimes Ltd* has a separate Work in Progress account for each department.

The information below relates to the cost of Job 675.

Funtimes Ltd Work in Progress

	Moulding Department		Assembly Department
	\$		\$
Balance 1/2/09	3 000		–
Raw materials	5 000		1 200
Direct labour	4 000		500
Overhead	1 000		300
Transferred to assembly department 20/9/09	13 000		–

- (a) Prepare the General Journal entry to record the transfer of Job 675 from **Work in Progress – Moulding** to **Work in Progress – Assembly**.
No narrations are required.

Funtimes Ltd General Journal

20/9/09			

- (b) Prepare the General Journal entry to record raw material costs in the **Assembly** Department for Job 675. No narrations are required.

Assessor's
use only

Funtimes Ltd
General Journal

28/9/09			

- (c) Explain why the two departments have **different cost drivers** for allocating overhead.

QUESTION TWO

Quality Kitchens is a manufacturer of kitchen cabinets and bench tops. The business sells some of what it manufactures directly to builders and the rest to the public from a showroom next to the factory. Job 86 and Job 87 were two of the jobs worked on during May.

Job **86** involved the manufacture of four sets of kitchen cabinets. The **total cost** of the job was \$24 000. The mark-up on this job was 150%, and it was sold on credit to local builder J Manu on 15 May 2009.

- (a) Complete the invoice below to record the sale of Job 86 to J Manu.

Quality Kitchens	Tax Invoice	8291
3 Snell Drive Hastings	GST #	67-549-216
Invoice to:	Date:	15/5/2009
J Manu		
PO Box 34 Hastings	Customer Order No.	332
Description	Quantity	Amount \$
	Sub-total	
	GST	
	Total \$	

Job **87** was completed on 19 May 2009 and transferred to the showroom on the same day. The total cost of Job **87** was \$18 000, **which included both raw material costs and direct labour costs** for a total of \$14 000. Labour hours for the job totalled 80 hours. The cost driver for allocating overhead is **direct labour** hours.

- (b) (i) Calculate *Quality Kitchens'* allocation rate for overhead.

\$ _____ per direct labour hour

Quality Kitchens' management will use actual labour hours to determine the direct labour cost of Job 87.

- (ii) Apart from calculating the direct labour cost of a job, explain **how** else direct labour hours will be used in the costing of Job **87**.

- (iii) Prepare the General Journal entry to record the transfer of Job **87** to *Quality Kitchens'* showroom.

Assessor's
use only

**Quality Kitchens
General Journal**

19/5/09			

On 30 May, the showroom staff sold Job **87** for \$36 000 including GST.

- (iv) Record the sale of Job **87** in the Finished Goods Control Account using EITHER the 3-column format OR the T- form format.

DO NOT write in both versions.

If you choose the T-Form, you **must** balance the ledger appropriately.

EITHER 3-column:

**Quality Kitchens
General Ledger**

Finished Goods Control Account

30/5/09	Balance			150 000	Dr

OR T-form:

**Quality Kitchens
General Ledger**

Finished Goods Control Account

30/5/09	Balance	150 000	30/5/09		

Balance sheet day for *Quality Kitchens* is 30 June 2009. The following information is a summary of costs associated with the factory and showroom for the year:

- Lease expense \$60 000 excluding GST (factory 70%, showroom 30%)
- Factory expenses \$81 000 including GST
- Showroom staff salaries \$100 000
- Factory supervisor's salary \$75 000.

Overhead applied to jobs for the year ended 30 June 2009 totalled \$225 000. Over- or under-applied overhead is closed to the Cost of Goods Sold Control Account.

- (c) (i) Select the relevant information above to prepare the Overhead Control Account for the year ended 30 June 2009 using EITHER the 3-column format OR the T- form format. **DO NOT write in both versions.**

***EITHER* 3-column:**

Quality Kitchens
General Ledger

Overhead Control Account

30/6/09					

***OR* T-form:**

Quality Kitchens
General Ledger

Overhead Control Account

30/6/09				30/6/09	

- (ii) Indicate whether overhead was **over-applied** or **under-applied** for the year ended 30 June 2009 by circling the correct option below.

Under-applied Over-applied

