(B)

A customer has been ordering 5,000 specially designed metal columns at the rate of 1000 per order during the past year. The variable production cost is $8 per unit $6 for materials and labour and $2 for factory overhead. It costs $1,500 to set up for one run of 1000 columns and the inventory carrying cost is 20%. Since this customer may buy at least 5000 columns per year the company would like to avoid making five different production runs.

Required:

.The most economical production run.

Q.No.4

The record of Reinbeck, Inc., show the following information as of March 31,19B:

Materials used	$440,000
Direct labour	290,000
Indirect Labour	46,000
Light and Power	4,260
Depreciation	4,700
Repairs to machinery	5,800
Miscellaneous factory overhead	29,000
Work in process inventory, April, 1, 19A	41,200
Finished goods inventory, April 1, 19A	34,300
Work in process inventory March 31, 19B	42,500
Finished goods inventory, March 31, 19B	31,500

During the year 18,000 units were completed.

Required:

(1) A cost of goods sold statement for the year ended March 31, 19B.
(2) The unit cost of goods manufactured.
(3) The amount of over-or under applied factory overhead if the company applies factory overhead on the basis of 30% of direct labour cost.

Q.NO.5

The Kreiter Company was totally destroyed by fire during June, however, certain fragments of its cost records were recovered with the following data idle capacity variance $1266 favourable, spending variance $779 unfavourable and applied factory overhead $16234.

Required:

(1) Budget allowance based on capacity utilized.
(2) Actual factory overhead.

Q.No.6

Mary Martin employed by the Ocean City Canning Company submitted the following labour data for the first week in June.

	Units	Hours
Monday	270	8
Tuesday	210	8
Wednesday	300	8
Thursday	240	8
Friday	260	8

A schedule showing Mary's weekly earnings the effective hourly rate and the labour cost per ;unit assuming a 100 percent bonus plan with a base wage of $6 per hour and a standard production rate of 30 unite per hour.

Q.No.7

What are the several steps followed in establishing departmental factory overhead rates?

Q.No.8

Prima Koff Inc uses process costing in its two producing departments. Materials are added at the end of the process after quality control inspection. No abnormal spoilage occurred during the month. During October, 2,500 units were received from department 01 at a cost of Rs.50, 000. Costs incurred by department 02 during October were:

Material: Rs.8, 000, Conversion Cost:-Rs.36, 000

A total of 2,000 units were transferred to finished goods inventory. The 300 unit still in process at the end of October were 2/3 complete as to conversion costs.

Required:

The Cost of Production Report for department 02.