Q1. What items are included in manufacturing overhead? [1.5 marks]

Q2. If your fixed monthly utility charge is SR 200, your variable cost is SR2 per kilowatt hour, and your monthly activity level is 3,000 kilowatt hours, what is the amount of your utility bill?

[0.5 mark]

Q3. The following information relates to ALFAHD Corporation (AMOUNTS IN SAUDI RIYAL)

|  |  |
| --- | --- |
| Advertising Costs | SR12,470 |
| Administrative Salaries | 28,700 |
| Delivery Vehicle Depreciation | 1,000 |
| Factory Repair and Maintenance | 910 |
| Indirect Labor | 11,700 |
| Indirect Materials | 9,360 |
| Manufacturing Equipment Depreciation | 2,080 |
| Office Rent | 42,300 |
| President's Salary | 60,000 |
| Sales Revenue | 450,000 |
| Sales Salary | 38,000 |

Required:

How much were ALFAHD period costs and product costs? [1 mark]

Q4. ABC Company had the following inventories on May 1, 2019(amounts in SR)

Raw Material 30,000

Finished Goods 40,000

WIP – Material 20,000

WIP – Labor 20,000

WIP – Manufacturing overhead 15,000

During the month, the cost of material purchased was 130,000 direct labor cost incurred was 140,000 and factory overhead applicable to production was 70,000, on May 31, inventories were:

Raw Material 40,000

Finished Goods 50,000

WIP – Material 15,000

WIP – Labor 25,000

WIP Manufacturing overhead 10,000

Required:

Prepare Journal entries on May 31, to show the flow of cost through the proper summary T accounts.

Assume that sales values were 500,000 on credit. [2 marks]