**Assignment (3)**

**Deadline: Saturday 30/04/2022 @ 23:59**

|  |  |
| --- | --- |
| Course Name: Cost Accounting | Student’s Name: |
| Course Code: ACCT 301 | Student’s ID Number: |
| Semester: 2nd | CRN: |
| Academic Year: 1443 H | |

**For Instructor’s Use only**

|  |  |
| --- | --- |
| Instructor’s Name: | |
| Students’ Grade: /10 | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. **This includes filling your information on the cover page.**
* Students must mention question number clearly in their answer.
* Late submission will **NOT** be accepted.
* Avoid plagiarism, **the work should be in your own words**, copying from students or other resources without proper referencing will result in **ZERO** marks. No exceptions.
* All answers must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism.
* Submissions without this cover page will NOT be accepted.

**Assignment Question(s): (Marks 10)**

**Q1. State the reasons for allocating support department costs to the operating department. What are its various methods? Provide numerical examples of any two methods and discuss how these methods could be used to allocate these costs?** **(CH 8, 2.5 Marks)**

**Answer:**

**Q2. Z&C has two support departments, A1 and A2, and two operating departments, B1 and B2. Z&C has decided to use the direct method and allocate variable A1 dept. costs based on the number of transactions and fixed A1 dept. costs based on the number of employees. A2 dept. variable costs will be allocated based on the number of service requests and fixed costs will be allocated based on the number of computers. The following information is provided:** **(CH 8, 2.5 Marks)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Support Departments** | | **Operating Departments** | |
|  | **A1** | **A2** | **B1** | **B2** |
| Total Department variable costs | 5,000 | 6,000 | 38,000 | 21,000 |
| Total department fixed costs | 5,800 | 11,000 | 42,000 | 18,000 |
| Number of transactions | 15 | 18 | 80 | 45 |
| Number of employees | 5 | 7 | 15 | 12 |
| Number of service requests | 12 | 7 | 15 | 10 |
| Number of computers | 6 | 8 | 10 | 12 |

**Allocate variable and fixed costs.**

**Answer:**

**Q3. JTC Corporation is a metal product manufacturer that produces three products: A, B, and C. The joint costs of the three products in 2018 were SAR 50,000. The total number of units for each product and the selling price per unit are given below:** **(CH 9, 2.5 Marks)**

|  |  |  |
| --- | --- | --- |
| **Product** | **Units** | **Selling Price per unit** |
| A | 20,000 | SAR 6 |
| B | 12,500 | SAR 5 |
| C | 7,500 | SAR 4 |

Using the physical volume method and sales value at the split-off method, allocate the joint costs to each product.

**Answer:**

**Q4. ABC Ltd. is preparing a budget for 2018. Following are the information related to budget preparation:** **(CH 10, 2.5 Marks)**

Budgeted selling price per unit = SAR 200 per unit

Total fixed costs = SAR 250,000

Variable costs = SAR 65 per unit

Required:

Prepare flexible budget for 2,000, 2,500, 3,000 and 3,500 units.

**Answer:**