

## PASS MOCK EXAM – FOR PRACTICE ONLY

Course: BUSI 1005 DEFGH Facilitator: Graeme MacDonald  
Dates and locations of mock exam take-up:

Thurs, Feb 7th 6 - 8 PM SH 402 & Fri, Feb 8 1 – 3 PM ME 3328

### **IMPORTANT:**

It is **most beneficial** to you to write this mock midterm **UNDER EXAM CONDITIONS**. This means:

- Complete the midterm in 1.5 hour(s).
- Work on your own.
- Keep your notes and textbook closed.
- Attempt every question.

After the time limit, go back over your work with a different colour or on a separate piece of paper and try to do the questions you are unsure of. Record your ideas in the margins to remind yourself of what you were thinking when you take it up at PASS.

The purpose of this mock exam is to give you practice answering questions in a timed setting and to help you to gauge which aspects of the course content you know well and which are in need of further development and review. Use this mock exam as a *learning tool* in preparing for the actual exam.

Please note:

- Come to the PASS session with your mock exam complete. There, you can work with other students to review your work.
- Often, there is not enough time to review the entire exam in the PASS session. Decide which questions you most want to review – the facilitator may ask students to vote on which questions they want to discuss.
- Facilitators do not bring copies of the mock exam to the session. Please print out and complete the exam before you attend.
- Facilitators do not produce or distribute an answer key for mock exams. Facilitators help students to work together to compare and assess the answers they have. If you are not able to attend the PASS session, you can work alone or with others in the class.

**DISCLAIMER: PASS handouts are designed as a study aid only for use in PASS workshops. Handouts may contain errors, intentional or otherwise. It is up to the student to verify the information contained within. PLEASE NOTE: THIS HANDOUT IS NOT TO BE POSTED ON THE INTERNET**

### **Part A: Multiple Choice**

1. Which of the following is **not** an example of a product cost?
  - a) Cost of tires for an automobile manufacturer
  - b) Advertising costs for Nike for 2012
  - c) Cost of assembly worker wages for Microsoft
  - d) Costs of running machinery for Coca Cola in their bottling plants
  
2. Which of the following labour costs would **not** be categorized under direct labour?
  - a) Cost of bus driver wages for OC Transpo
  - b) Carpenter in a custom furniture store
  - c) Chief Financial Officer of Apple, Inc.
  - d) Assembly line worker at a Ford manufacturing plant
  
3. Direct Material, Direct Labour, and Manufacturing Overhead follow the following cost flows in which order?
  - a) Work in Process Inventory, Cost of Goods Sold, Finished Goods Inventory
  - b) Finished Goods Inventory, Work in Process Inventory, Cost of Goods Sold
  - c) Cost of Goods Sold, Finished Goods Inventory, Work in Process Inventory
  - d) Work in Process Inventory, Finished Goods Inventory, Cost of Goods Sold
  
4. If a company's Cost of Goods Manufactured at year end equals \$225,000, and the total manufacturing costs equalled \$250,000, and the beginning work-in-process inventory equalled \$10,000, what is the ending work-in-process inventory?
  - a) \$25,000
  - b) \$35,000
  - c) \$15,000
  - d) \$10,000

*Use the following information for questions 5-7:*

- Dunder Mifflin Paper Company produced 10,000 units in the month of July, at a cost of \$15,000
  - In August, they produced 20,000 units at a cost of \$25,000
  - In September, they produced 30,000 units at a cost of \$35,000
5. What is Dunder Mifflin's variable cost per unit?
    - a) \$1.50
    - b) \$2.00
    - c) \$2.50
    - d) \$1.00
  
  6. What is Dunder Mifflin's fixed cost, per month?
    - a) \$5,000
    - b) \$10,000
    - c) \$15,000
    - d) \$0

7. What is Dunder Mifflin's average cost per unit, at 10,000 units?
  - a) \$1.00
  - b) \$2.00
  - c) \$1.50
  - d) \$3.00
  
8. Which of the following is the correct order, from smallest to largest, of Activity Cost Pools for Activity Based Costing?
  - a) Batch Level, Unit Level, Facility Level, Product-Sustaining Level
  - b) Unit Level, Batch Level, Facility Level, Product-Sustaining Level
  - c) Unit Level, Batch Level, Product-Sustaining Level, Facility Level
  - d) Unit Level, Product-Sustaining Level, Batch Level, Facility Level
  
9. Which of the following is **not** a cost estimation method?
  - a) Visual-Fit Method
  - b) High-Low Method
  - c) Least-Squares Regression Method
  - d) Variable Calculation Method
  
10. If a company's variable cost per unit is \$10, and they produce 2,500 units in the month of July, and their fixed cost equals \$10,000 every month, what is the company's mixed cost for July?
  - a) \$25,000
  - b) \$35,000
  - c) \$10,000
  - d) \$15,000

**Part B: Short Answer**

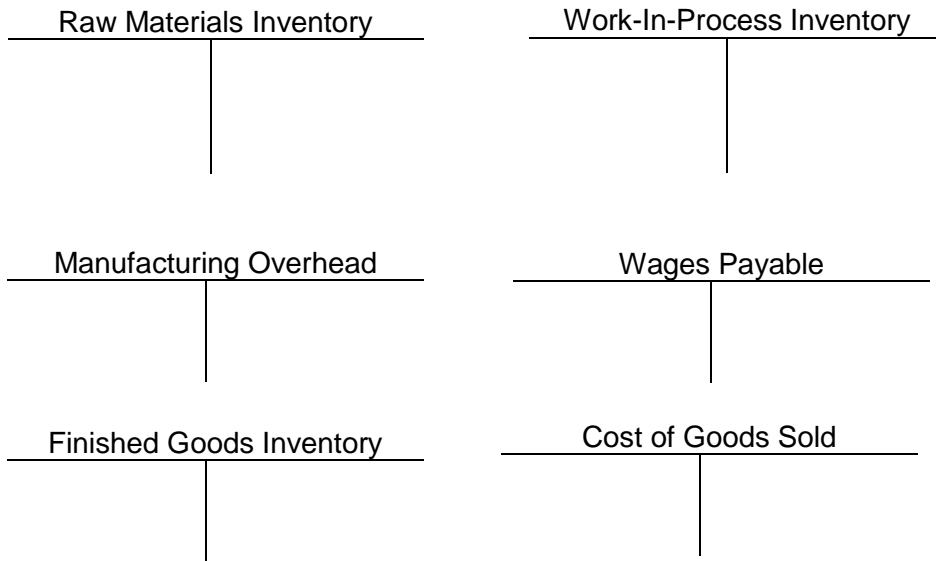
Show all of your work for the following questions.

**Question 1**

The following activity levels and corresponding costs have been recorded for the year 2011 for Stark Industries:

Month	Units	Cost
January	4,500	\$23,000
February	3,250	\$18,000
March	3,750	\$20,000
April	6,500	\$31,000
May	4,750	\$24,000
June	5,500	\$27,000
July	2,800	\$13,200
August	4,600	\$23,400
September	5,400	\$26,600
October	2,300	\$14,200
November	6,300	\$32,200
December	5,800	\$28,200





- a) What is the remainder in Raw Materials Inventory at year end?
  
- b) What is the total amount paid for labour by Wayne Enterprises in 2011?
  
- c) What was the under/overapplied overhead?
  
- d) What is the remainder in Work-In-Process Inventory at year end?
  
- e) What is the remainder in Finished Goods Inventory at year end?

### Question 3

William and Albert, two employees at Umbrella Corporation, are debating about whether to use Traditional or Activity-Based Costing. They are specifically looking into the costs of producing two of their products, simply titled "T" and "G". Use the following information gathered to help the two employees decide which costing system to use:

Total manufacturing overhead for the year was budgeted at \$5,000,000. Manufacturing overhead is charged on the basis of estimated machine hours of 250,000.

	<b>T</b>	<b>G</b>
Direct Material	\$25	\$10
Direct Labour	\$10	\$15
Machine hours worked	30,000	10,000
Direct labour hours worked	10,000	4,000
Machine set-ups	1300	700
Units produced	40,000	8,000

- a) Compute the unit of cost of T and G using the traditional costing method.

The following information was gathered by William regarding Activity Based Costing:

<u>Item or Category</u>	<u>Cost Driver</u>	<u>Dollar Value</u>
Machine Related Costs	Machine Hours	\$2,000,000
Labour Related Costs	Direct Labour Hours	\$1,400,000
Machine Setups	Machine Setups	<u>\$1,000,000</u>
Total		<u>\$4,400,000</u>

b) Compute the unit cost of T and G using Activity-Based Costing