Course No: ACC 3308 – MAN 3310 Course Title: Managerial Accounting Date: 28/03/2013 No. of Questions: (3) Time: 1 hour Using Calculator (yes)



Instructor Name: Dr. Khaled Eissa

Student No.:

Student Name:

College Name: Business Administration Dep. / Specialist: Accounting Using Dictionary (No)

Question 1:

a. Presented below are incomplete manufacturing cost data. Determine the missing amounts for 3 different situations

Total Grade: 20

	Direct Materials	Direct Labor	Factory	Total Manufacturing
	Used	Used	Overhead	Costs
1)	\$40,000	\$61,000	\$50,000	?
2)	?	\$75,000	\$140,000	\$296,000
3)	\$55,000	?	\$111,000	\$310,000

b. Use the data above in (a) and the data below. Determine the missing amounts

	Total Manufacturing Costs	Work in Process (1/1)	Work in Process (31/12)	Cost of Goods Manufactured
1)	?	\$120,000	\$82,000	?
2)	\$296,000	?	\$98,000	\$321,000
3)	\$310,000	\$463,000	?	\$715,000

Question 2:

Naylor company estimates that variables cost will be 62.5% of sales, and fixed costs will total \$1,200,000. The selling price of the product is \$8.

- a. Compute the break-even point in (1) units and (2) dollars
- b. Compute the margin of safety in (1) dollars and (2) as a ratio, assuming actual sales are \$2 million.

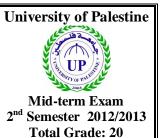
Question 3:

McCure Corporation had a bad year in 2013, operating at a loss for the first time in its history. The Company's income statement showed the following results from selling 200,000 units of product: net sales \$2,400,000; total costs and expenses \$2,472,000; and net loss \$72,000. Costs and expenses consisted of the following:

	Total	Variable	Fixed
Cost of Goods sold	\$1,486,000	\$1,070,000	\$416,000
Selling expenses	681,000	356,000	325,000
Administrative expenses	305,000	110,000	195,000
	\$2,472,000	\$1,536,000	\$936,000

- 1. Management is considering the following independent alternatives for 2014:
- 2. Increase unit selling price 25% with no changes in costs and expenses

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- 3. Change the compensation of salesperson from fixed annual salaries totaling \$170,000 to total salaries of \$50,000 plus a 6% commission on net sales
- 4. Purchase new high-tech factory machinery that will change the proportion between variable and fixed cost of goods sold to 40:60.

Required:

- a. Compute the break-even point in dollars for 2013
- b. Compute the break-even point in dollars under each alternative courses of action. Which course do you recommend?

<<< Good Luck >>>