


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

University of Palestine



Mid-term Exam
 2nd Semester 2012/2013
 Total Grade: 20

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

| | Direct Materials Used | Direct Labor Used | Factory Overhead | Total Manufacturing 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 |
| | <u>\$2,472,000</u> | <u>\$1,536,000</u> | <u>\$936,000</u> |

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* >>>