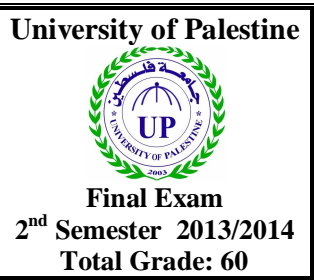


**Course No: ACC 3308 – MAN 3310**  
**Course Title: Managerial Accounting**  
**Date: 21/05/2014**  
**No. of Questions: (7)**  
**Time: 2 hour**  
**Using Calculator (yes)**



**Instructor Name: Dr. Khaled Eissa**  
**Student No.:** \_\_\_\_\_  
**Student Name:** \_\_\_\_\_  
**College Name: Business Administration**  
**Dep. / Specialist: Accounting**  
**Using Dictionary (No)**

**Answer 5 questions only**

**Question 1:**

Second Chance Welding rebuilds spot welders for manufactures. The following budgeted cost data for 2014 is available for second chance.

	Time Charges	Material Loading Charges
Technicians, wages and benefits	\$228,000	--
Parts manager's salary & benefits	--	\$42,500
Office employee's salary & benefits	38,000	9,000
Other overhead	15,200	24,000
<b>Total Budgeted Costs</b>	<b>\$281,200</b>	<b>\$75,500</b>

The company desires a \$30 profit margin per hour of labor and a 20% profit margin on parts. It has budgeted for 7,600 hours of repair time on the coming year, and estimates that the total invoice cost of parts and materials in 2014 will be \$400,000.

**Required:**

- a. Compute the rate charged per hour of labor.
- b. Compute the material loading percentage.
- c. Pace Corporation has requested an estimate to rebuild its spot welder. Second Chance estimates that it would require 40 hours of labor and \$2,000 of parts. Compute the total estimated bill.

**Question 2:**

On January 1, 2014, the Hardin Company budget committee has reached agreement on the following data for the 6 months ending June 30, 2014.

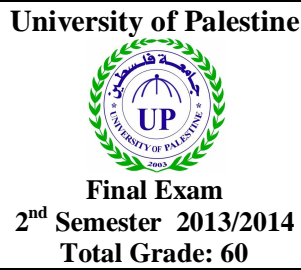
- Sales units: First quarter 5,000; second quarter 6,000; third quarter 7,000
- Ending raw materials inventory: 40% of the next quarter's production requirements.
- Ending finished goods inventory: 25% of the next quarter's expected sales units
- Third-quarter production: 7,200 units.

The ending raw materials and finished goods inventories at December 31, 2013, follow the same percentage relationships to production and sales that occur in 2014. Three pounds of raw materials are required to make each unit of finished goods. Raw materials purchased are expected to cost \$4 per pound.

**Required:**

- a. Prepare a production budget by quarters for the 6 month period ended 30/6/2014
- b. Prepare a direct materials budget by quarters for the 6 month period ended 30/6/2014.

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**Using Dictionary (No)**

**Question 3:**

Pargo Corporation produces industrial robots for high-precision manufacturing. The following information is given for Pargo Corporation.

	<u>Per unit</u>	<u>Total</u>
Direct materials	\$380	
Direct labor	290	
Variable manufacturing overhead	72	
Fixed manufacturing overhead		\$1,800,000
Variable selling & administrative expenses	55	
Fixed selling & administrative expenses		324,000

The Company has a desired ROI of 20%. It has invested assets of \$51,000,000. It anticipates production of 3,000 units per year.

**Required:**

- a. Compute the cost per unit of the fixed manufacturing overhead and the fixed selling & administrative expenses.
- b. Compute the desired ROI per unit.
- c. Compute the target selling price.

**Question 4:**

Green Landscaping Inc. is preparing its budget for the first quarter of 2014. The next step in the budgeting process is to prepare a cash receipts schedule and a cash payments schedule. To that end the following information has been collected.

Clients usually pay 60% of their fee in the month that service is provided, 30% in the month after, and 10% the second month after receiving service.

*Actual service revenue for 2013 and expected service revenues for 2014 are:*

November 2013: \$80,000 – December 2013: \$90,000 – January 2014: \$100,000 – February 2014: \$120,000 – March 2014: \$140,000

Purchases of landscaping supplies (direct materials) are paid 60% in the month of purchase and 40% in the following month.

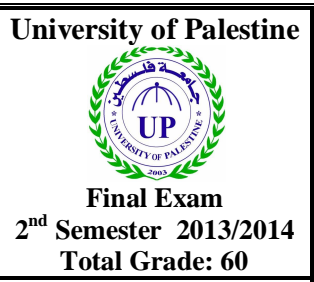
*Actual purchases for 2013 and expected purchases for 2014 are:*

November 2013: \$13,000 December 2013: \$14,000 – January 2014: \$12,000 – February 2014: \$15,000 – March 2014: \$18,000.

**Required:**

- a. Prepare the following schedules for each month in the first quarter of 2014 and for the quarter in total:
  - 1) Expected collections from the clients
  - 2) Expected payments for landscaping supplies.
- b. Determine the following balances at March 31, 2014:
  - 1) Accounts Receivable
  - 2) Accounts payable

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 College Name: Business Administration  
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 Using Dictionary (No)

**Question 5:**

Jobs, Inc. has recently started the manufacture of Tri-Robo, a three wheeled robot that can scan a home for fired and gas leaks and then transmit this information to a mobile phone. The cost structure to manufacture 20,000 Tri Robos is as follows.

	<u>Cost</u>
Direct materials (\$50) per robot	\$1,000,000
Direct labor (\$40 per robot)	800,000
Variable overhead (\$6 per robot)	120,000
Allocated fixed overhead (\$30 per robot)	600,000
<b>Total</b>	<b>\$2,520,000</b>

Jobs is approached by Tienh Inc. which offers to make Tri-Robo for \$115 per unit.

**Required:**

Using incremental analysis, determine whether Jobs should accept this offer if you know that \$405,000 of fixed cost can be reduced.

**Question 6:**

Ohio Sports Inc. manufactures basketballs for the National Basketball Association (NBA). For the first 6 months of 2014, the company reported the following operating results while operating at 80% of plant capacity and producing 240,000 units.

	<u>Amount</u>
Sales	\$9,600,000
Cost of goods sold	7,200,000
Selling & Administrative expenses	810,000
<b>Net Income</b>	<b>\$1,590,000</b>

Fixed costs for the period were cost of goods sold \$1,920,000 and selling & administrative expenses \$450,000. In July, normally a slack manufacturing month, Ohio Sports receives a special order for 20,000 basketballs at \$27 each from the France Basketball Association (FBA). Acceptance of the order would increase variable selling and administrative expenses \$0.50 per unit because of shipping costs but would not increase fixed costs and expenses.

**Required:**

- a. Prepare an incremental analysis for the special order.
- b. Should Ohio Sports Inc. accept the special order? Explain your answer.
- c. What is the minimum selling price on the special order to produce net income of \$4.00 per ball?

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University of Palestine



Final Exam  
2<sup>nd</sup> Semester 2013/2014  
Total Grade: 60

Instructor Name: Dr. Khaled Eissa

Student No.: \_\_\_\_\_

Student Name: \_\_\_\_\_

College Name: Business Administration

Dep. / Specialist: Accounting

Using Dictionary (No)

السؤال السابع مخصص فقط للطلبة الذين لم يتقدموا للإمتحان النصفى  
يجب الإجابة على هذا السؤال بالإضافة إلى 5 أسئلة مما سبق

**Question 7:**

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.

**Required:**

- Compute the break-even point in (1) units and (2) dollars
- Compute the margin of safety in (1) dollars and (2) as a ratio, assuming actual sales are \$4 million.

<<< *Good Luck* >>>