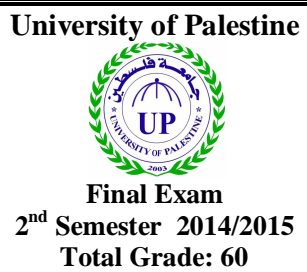


Course No: ACC 3308 – MAN 3310  
 Course Title: Managerial Accounting  
 Date: 23/05/2015  
 No. of Questions: (7)  
 Time: 2 hour  
 Using Calculator (yes)



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

أختر 5 أسئلة فقط من 7 للإجابة عليها  
 الطلاب المعتذرين عن الإمتحان النصفى: يتم الإجابة عن 7 أسئلة

**Question 1:**

Palmer Golf Accessories sells golf shoes, gloves, and a laser-guided range-finder that measures distance. Shown below are unit cost and sales data:

	<u>Pairs of Shoes</u>	<u>Pairs of Gloves</u>	<u>Range-Finder</u>
Unit Sales price	\$ 200	\$ 60	\$ 520
Unit variable costs	120	20	400
Unit contribution margin	\$ 80	\$ 20	\$ 120
Sales Mix	30%	60%	10%

Fixed Costs are \$ 1,260,000

**Required:**

- Compute the break-even point in units for the company.
- Determine the number of units to be sold at the breakeven point for each product line.

**Question 2:**

Mussatto Company is involved in producing and selling high-performance routers. The company has recently been involved in developing various types of routers, one type of routers called LongRange, appears to have large potential market. Because of competition, Mussatto does not believe that it can charge more than \$60 for LongRange. At this price, Mussatto believes it can sell 500,000 of these type. Mussatto will require an investment of \$40,000,000 to manufacture, and the company wants an ROI of 25%.

**Required:**

Determine the target cost for one router.

**Question 3:**

Leno Company manufactures toasters. For the first 8 month of 2014, the company reported the following operating results while operating at 75% of plant capacity:

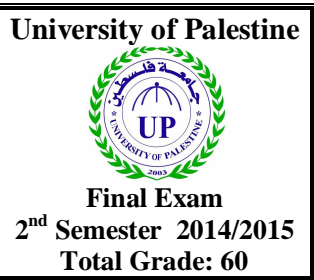
Sales (350,000 units)	\$4,375,000
Cost of goods sold	2,600,000
Gross profit	1,775,000
Operating expenses	840,000
Net Income	\$935,000

Cost of goods sold was 70% variable and 30% fixed; operating expenses were 75% variable and 25% fixed. In September, Leno Company receives a special order for 15,000 toasters at \$7.60 each from Centro Company of Ciudad Juarez. Acceptance of the order would result in an additional \$3,000 of shipping costs but no increase in fixed operating expenses

**Required:**

- Prepare an incremental analysis for special order.
- Should Leno Company accept the special order? Why or Why not?

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**Dep. / Specialist: Accounting**  
**Using Dictionary (No)**

**Question 4:**

Kaly Custom Electronics (KCE) sells and installs complete security, computer, audio, and video systems for homes. On newly constructed homes it provides bids using time-and-materials pricing. The following budgeted cost data are available:

	<u>Time charges</u>	<u>Material loading charges</u>
Technicians' wages and benefits	\$ 100,000	-
Parts manger's salary and benefits	-	\$ 20,000
Office employee's salary and benefits	15,000	10,000
Other overhead	10,000	25,000
<b>Total budgeted costs</b>	<b>\$ 125,000</b>	<b>\$ 55,000</b>

The company has budgeted for 6,250 hours of technician time during the coming year. It desires a \$25 profit margin per hour of labor and a 50% profit on parts. It estimates the total invoice cost of parts and materials in 2014 will be \$550,000

**Required:**

- Compute the rate charged per hour of labor.
- Compute the material loading percentage.
- KCE has just received a request for a bid from Adams Builders on a \$1,000,000 new home. The company estimates that it would require 60 hours of labor and \$30,000 of parts. Compute the total estimated bill.

**Question 5:**

Career, Inc. has recently started the manufacture of Quad-Robo, a machine that can scan a home for fires and gas leaks and then transmit this information to a mobile phone. The cost structure to manufacture 30,000 Quad-Robo is as follows:

	<u>Cost</u>
Direct materials (\$45 per robot)	\$1,350,000
Direct labor (\$36 per robot)	1,080,000
Variable overhead (\$5 per robot)	150,000
Allocated fixed overhead (\$25 per robot)	750,000
<b>Total</b>	<b>\$3,330,000</b>

Career is approached by Tienh Inc., which offers to make Quad-Robo for \$100 per unit or \$3,000,000.

**Required:**

Using incremental analysis, determine whether Career should accept this offer under each of the following independent assumptions:

- Assume that \$500,000 of the fixed overhead cost can be reduced.
- Assume that none of the fixed overhead can be reduced

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**University of Palestine**  
  
**Final Exam**  
**2<sup>nd</sup> Semester 2014/2015**  
**Total Grade: 60**

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Using Dictionary (No)

**Question 6:**

Rodrigues, Inc. is preparing its direct labor budget for 2014 from the following production budget based on a calendar year.

	Q1	Q2	Q3	Q4
Production units	40,000	50,000	70,000	60,000

Each unit requires 1.5 hours of direct labor

**Required:**

Prepare a direct labor budget for 2014. Wages rates are expected to be \$12 for the first 2 quarters and \$14 for quarters 3 and 4.

**Question 7:**

Duncan Aaron Corporation is projecting a cash balance of \$30,000 in its December 31, 2013, balance sheet. Aaron's schedule of expected collections from customers for the first quarter of 2014 shows total collections of \$180,000. The schedule of expected payments for direct materials for the first quarter of 2014 shows total payments of \$41,000. Other information gathered for the first quarter of 2014 is sale of equipment \$3,000; direct labor \$70,000, manufacturing overhead \$35,000, selling and administrative expenses \$45,000; and purchase of securities \$14,000. Aaron wants to maintain a balance of at least \$25,000 cash at the end of each quarter.

**Required:**

Prepare a cash budget for the first quarter

**<<< Good Luck >>>**