


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

University of Palestine



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Mid-term Exam
2nd Semester 2014/2015
Total Grade: 20

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

Question 1:

Mozena Corporation has collected the following information after its first year of sales. Sales were \$1,500,000 on 100,000 units; selling expenses \$250,000 (40% variable and 60% fixed); direct materials \$511,000; direct labor \$290,000; administrative expenses \$270,000 (20% variable and 80% fixed); manufacturing overhead \$350,000 (70% variable and 30% fixed). Top management has asked you to do CVP analysis so that it can make plans for the coming year.

Required:

- Compute: (1) the contribution margin for the current year, and (2) the fixed costs for the current year
- Compute the breakeven point in units and sales dollars for the current year
- The company has a target net income of \$200,000. What is the required sales in dollars for the company to meet its target?
- If the company meets its target net income number, what is its margin of safety ratio?

Question 2:

Personal Electronix sells iPads and iPods. The business is divided into 2 divisions along product lines. Data for sales and variable cost for a recent quarter's activity are presented below:

	<u>iPad Division</u>	<u>iPod Division</u>
Sales	\$ 450,000	\$ 300,000
Variable costs	315,000	195,000

Company fixed cost is \$90,000

Required:

- Determine sales mix percentage and contribution margin ratio for each division
- Calculate the company's weighted-average contribution margin ratio
- Calculate the company's break-even point in dollars
- Determine the sales level in dollars for each division at the break-even point.

Question 3:

The following CVP income statements are available for Viejo Company and Nuevo Company

	<u>Viejo Company</u>	<u>Nuevo Company</u>
Sales	\$ 500,000	\$ 500,000
Variable costs	280,000	180,000
Contribution margin	220,000	320,000
Fixed costs	180,000	280,000
Net Income	\$40,000	\$40,000

Required:

- Compute the degree of operating leverage for each company.
- Assuming that sales revenue increases by 20%. What is the net income for each company?

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