

Course No: ACNE 3308
Course Title: Managerial Accounting
Date: 12/03/2017
No. of Questions: (3)
Time: 1 hour
Using Calculator (yes)

University of Palestine



First Mid-term Exam
2nd Semester 2016/2017
Total Grade: 15

Instructor Name: Dr. Khaled Eissa

Student No.: _____

Student Name: _____

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

Question 1:

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

	<u>iPad Division</u>	<u>iPod Division</u>	<u>Total</u>
Sales	\$ 420,000	\$ 280,000	\$ 700,000
Variable costs	294,000	182,000	476,000
Contribution Margin	<u>\$ 126,000</u>	<u>\$ 98,000</u>	224,000
Fixed Costs			84,000
Net Income			<u>\$ 140,000</u>

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 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.

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.

Question 3:

The Eatery is a restaurant in DeKalb, Illinois. It specializes in deluxe sandwiches in a moderate price range. Micheal Raye, the manager of the Eatery has determined that during the last 2 years the sales mix and contribution margin ratio of its offerings are as follows:

	Percent of Total sales	Contribution margin ratio
Appetizers	15%	60%
Main entrees	60%	25%
Desserts	10%	40%
Beverages	15%	80%

Michael is considering a variety of options to try to improve the profitability of the restaurant. His goal is to generate a target net income of \$176,000. The company has fixed costs of \$352,000 per year

Required:

Calculate the total restaurant sales and the sales of each product line that would be necessary to achieve the desired target net income.

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