

**Managerial Accounting (ACC 212)**  
**Uses of Accounting Information II (ACC 240)**  
**Final Exam Review (Yellow)**

1)	Beginning Raw Materials Inventory	\$ 1
	Ending Raw Materials Inventory	3
	Purchases of Raw Materials	6
	Direct Labor	4
	Indirect Labor	1
	Rent, office	5
	Rent, factory	4
	Depreciation, office	2
	Depreciation, factory	8
	Beginning Work In Process Inventory	2
	Ending Work In Process Inventory	4

The company's cost of goods manufactured was \$ \_\_\_\_\_

2)	Sales	\$ 80
	Beginning Finished Goods Inventory	9
	Ending Finished Goods Inventory	5
	Cost of Goods Manufactured	42
	Selling Expenses	20
	General & Administrative Expenses	15

The company had a net (income or loss)? \_\_\_\_\_

of \$ \_\_\_\_\_

3)	Estimated manufacturing overhead	\$160
	Actual manufacturing overhead	172
	Estimated direct labor hours	10
	Actual direct labor hours	11

Overhead is applied based on direct labor hours.

Overhead was (over or under) applied? \_\_\_\_\_

in the amount of \$ \_\_\_\_\_

4)	<u>Expense Title</u>	<u>April</u>	<u>May</u>
	Advertising	\$ 40	\$ 40
	Utilities	50	70
	Depreciation	30	30
	Shipping	2	3
	Cost of Goods Sold	60	90
	Sales (in units)	20	30

The relevant range for these expenses is between 10 and 60 units.

The company's expenses can be divided as follows (supply expense titles):

Fixed expense(s) \_\_\_\_\_

Mixed expense(s) \_\_\_\_\_

Variable expense(s) \_\_\_\_\_

5)		<u>Utility Cost</u>	<u>Machine Hours</u>
	October	\$ 26	6
	November	40	9
	December	53	15
	Totals	\$ 119	30
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Using the high-low method:

the variable rate per machine hour is

\$ \_\_\_\_\_ per machine hour

the total fixed cost is

\$ \_\_\_\_\_

6)	Sales (\$10 per unit)	\$900
	Variable Expenses	60%
	Fixed Expenses	\$240

This company's break-even point in UNITS is \_\_\_\_\_

7)	Sales	\$360
	Contribution Margin	108
	Fixed Expenses	60

This company's current margin of safety is \$ \_\_\_\_\_

8)	Variable expense	\$ 35
	Contribution margin	15
	Fixed expense	10

This company's degree of operating leverage is \_\_\_\_\_

9) The following budget is for a merchandising company:

	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>
Sales (all credit)	\$50,000	\$60,000	\$50,000	\$60,000	\$50,000

Selling price is \$10 per unit.

- a) Cash is collected: 10% in the month of sale  
60% in the month following sale  
30% in the 2nd month following sale

Cash collections during September should be \$ \_\_\_\_\_

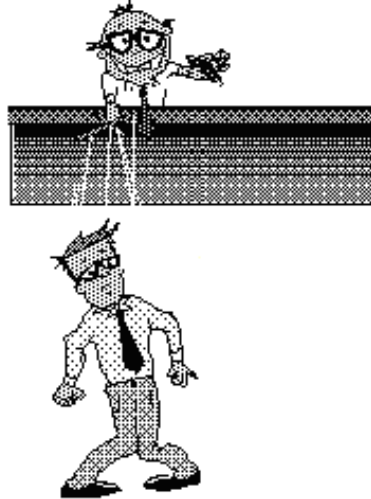
b) Any month's ending inventory is 10% of the following month's sales. The units that should be purchased during the month of August are

\_\_\_\_\_ units

c) Each unit costs the company 60% of selling price. Payments are made 50% in the month of purchase and 50% in the month following purchase. During the months of June and July, 5,100 and 5,900 units were purchased, respectively. Cash payments for July should be:

\$ \_\_\_\_\_

10) Diamondback Puppet Company applies overhead based on direct labor hours.



**Standard Cost Card**

Direct materials, 3 lbs @ \$5	\$15.00
Direct labor, 2 hrs @ \$12	24.00
Overhead, 2 hrs @ \$9	18.00
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Standard cost per unit	\$ 57.00
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5,000 puppets were budgeted & produced using the following inputs:

**ACTUALS**

Direct material - 16,000 pounds of material were purchased at an actual unit price of \$4.80, for a total actual cost of \$76,800

Direct labor - 9,500 hours of direct labor time was recorded at an actual hourly rate of \$12.20, for a total actual cost of \$115,900

**Please compute the following variances:**

Materials price variance \$ \_\_\_\_\_ (U or F)

Materials quantity variance \$ \_\_\_\_\_ (U or F)

Labor rate variance \$ \_\_\_\_\_ (U or F)

Labor efficiency variance \$ \_\_\_\_\_ (U or F)

11) Sales	\$40	
Less: Variable Expenses	24	
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Contribution Margin	\$16	
Less: Fixed Expenses	7	
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Net Operating Income	\$9	
Less: Income Taxes	5	
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Net Income	\$4	
	===	

Assets

Cash		\$ 20
Property, Plant & Equipment	\$90	
Less: Accumulated Depreciation	<u>10</u>	80
Land Held for Future Use		20
		-----
Total Assets		\$ 120
		=====

Liabilities

Current Liabilities		\$ 10
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Stockholders' Equity

Common Stock	\$30	
Retained Earnings	<u>80</u>	110
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Total Liabilities and Stockholders' Equity		\$ 120
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What is this company's Return on Investment (ROI)? \_\_\_\_\_ %

If the Cash were used to pay off the Current Liabilities, what would the new ROI be?

\_\_\_\_\_ %

12) Cost of new machinery	\$ 200,000
Salvage value after 5 years	20,000
Annual net cash inflow	50,000
Useful life	5 years
Cost of capital	14%
Ignore income taxes	

Based on the above information, this company should (accept or reject) this investment proposal

\_\_\_\_\_

due to its net present value of

\$ \_\_\_\_\_

- 13) Serena & Venus Company are purchasing a coin operated pool table for \$800. The pool table has an estimated useful life of 5 years and no salvage value. Other relevant annual data follow:

Sales	\$ 400
Variable expenses	40%
Fixed expenses:	
Depreciation	\$ 160
Other	40

The pool table's payback period is \_\_\_\_\_ years

- 14) Mom and Dad, a married couple with children, received and paid the following.

**Amounts received:**

Wages	\$ 60,000
Tips	5,000
Game show winnings	5,000
Interest - bank	1,000
City of Phoenix bonds	900
Gift from grandparent	12,000
Illegal income	15,000
Income - Mom's job	20,000
Inheritance	25,000

**Children:**

12 year-old
15 year-old
20 year-old GCC sophomore
23 year-old ASU graduate student

**Amounts paid:**

Tuition paid to GCC (freshman)	2,400
Tuition paid to ASU (graduate)	9,500

- a) From the amounts received column, what is their taxable income?

\$ \_\_\_\_\_

- b) What is the total amount of tax credits for this family?

\$ \_\_\_\_\_

15) Current year payroll taxes are as follows:

<u>Tax</u>	<u>Rate</u>	<u>Applied to</u>
FICA - Social Security	7.0%	First \$70,000
FICA - Medicare	1.0%	ALL Wages
Federal Income Taxes	15.0%	ALL Wages
Federal Unemployment	0.8%	First \$7,000
State Unemployment	4.0%	First \$7,000

Nicole works for XYZ and earns a salary of \$9,000 per month.

What is Nicole's net pay for August? \$ \_\_\_\_\_

What is XYZ's cost to employ Nicole for the year? \$ \_\_\_\_\_