

Managerial accounting mid-term practice solution assignment

[Business](#)



If the actual manufacturing overhead cost for a period exceeds the manufacturing overhead cost applied, then manufacturing overhead would be considered to be underapplied. T 7. In calculating cost per equivalent unit under the weighted-average method, prior period costs are not combined with current period costs. F 8. The “ costs to be accounted for” portion of the cost reconciliation report includes the cost of ending work in process inventory and the costs added during the period. . The “ costs accounted for” portion of the cost reconciliation report includes the cost of beginning work in process inventory and the costs added to production during the period. 10. Incremental analysis is generally the most complicated and least direct approach to decision making. T 1 1. The impact on net operating income of a given dollar change in sales can be computed by multiplying the contribution margin by the dollar change in sales.

F 12. In two companies making the same product and with the same total sales and total expenses, the contribution margin ratio will be higher in the company with a higher proportion of fixed expenses in its cost structure. T 13. All other things the same, an increase in variable expense per unit will reduce the break-even point. F 14. The margin of safety in dollars equals the excess of actual sales over budgeted sales. F 15.

All other things the same, in periods of increasing sales, net operating income will tend to increase more rapidly in a company with high fixed costs and low variable costs than in a company with high variable costs and low fixed costs. T 16. All of the following costs would be found in a company’s accounting records except: sunk cost. Purport nit cost. India erect costs.

Direct costs. 7. Which of the following would most likely be included as part
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of manufacturing overhead in the production of a wooden table? The amount paid to the individual who stains the table.

The commission paid to the salesperson who sold the table. The cost of glue used in the table. The cost of the wood used in the table. 18. Property taxes on a manufacturing facility are classified as: 19. Within the relevant range: variable cost per unit decreases as production decreases. Fixed cost per unit increases as production decreases. Fixed cost per unit decreases as production decreases. Variable cost per unit increases as production decreases. BOB 21. 22. At a volume of 8, 000 units, Person Company incurred \$32, 000 in factory overhead costs, including \$12, 000 in fixed costs.

If volume increases to 9, 000 units and both 8, 000 units and 9, 000 units are within the relevant range, then the company would expect to incur total factory overhead costs of: \$22, 500 \$32, 000 \$34, 500 \$20, 000 23. 8 24.

Hibachis Corporation bases its predetermined overhead rate on the estimated machine-hours for the upcoming year. At the beginning of the most recently completed year, the Corporation estimated the machine-hours for the upcoming year at 10, 000 machine-hours. The estimated variable manufacturing overhead was \$6. 82 per machine-hour and the estimated total fixed manufacturing overhead was \$230, 200.

The predetermined overhead rate for the recently completed year was closest to: \$29. 84 per machine-hour \$23. 15 per machine-hour \$23. 02 per machine-hour \$6. 82 per machine-hour 25. 26. Crib Corporation uses direct labor-hours in its predetermined overhead rate. At the beginning of the year,
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the estimated direct labor-hours were 17, 900 hours and the total estimated manufacturing overhead was \$341 , 890. At the end of the year, actual direct labor-hours for the year were 1 6, 700 hours and the actual manufacturing overhead for the year was \$336, 890.

Overhead at the end of the year was: \$22, 920 underplayed \$1 7, 920 oversupplied \$1 7, 920 underplayed \$22, 920 oversupplied 27. Calibrating Corporation applies overhead cost to jobs on the basis Of of direct labor cost If Job 201 shows \$28, 000 of manufacturing overhead applied, the direct labor cost on the job was: \$40, 000 \$1 9, 600 \$28, 000 \$36, 400 28. Dunham Corporation had \$25, 000 of raw materials on hand on May 1 During the month, the Corporation purchased an additional \$65, 000 of raw materials. During May, \$66, 000 of raw materials were requisitioned from the storeroom for use in production.

These raw materials included both direct and indirect materials. The indirect materials totaled \$4, 000. The debits to the Work in Process account as a consequence Of the raw materials transactions in May total: \$0 \$62, 000 \$65, 000 \$66, 000 29. D 30. Sharp uses job-order costing and applies manufacturing overhead to jobs based on direct labor costs. What is the manufacturing oversupplied or underplayed for the year? 12, 000 oversupplied \$12, 000 underplayed \$3, 000 oversupplied \$3, 000 underplayed 31 . Heeded Inc. , a manufacturing Corporation, has provided the following data for the month of July.

The balance in the Work in Process inventory account was \$20, 000 at the beginning of the month and \$10, 000 at the end of the month. During the

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month, the Corporation incurred direct materials cost of \$50, 000 and direct labor cost of \$22, 000. The actual manufacturing overhead cost incurred was \$58, 000. The manufacturing overhead cost applied to Work in Process was \$56, 000. The cost of goods manufactured for July was: \$138, 000 140, 000 \$130, 000 \$128, 000 32. Cost of goods sold after allocation of underplayed overhead = \$209, 380 + x -\$5, 000] = \$209, 380 + (81% x -\$5, 000) = \$205, 330 33.

Ending finished goods inventory after allocation of oversupplied manufacturing overhead = \$44, 640 + x \$4, 000] = \$44, 640 + (1 5% x \$4, 000) = \$45, 240 34. Pull Corporation uses a weighted-average process costing system. The company has two processing departments. Production starts in the Assembly Department and is completed in the Finishing Department. The units completed and transferred out of the Assembly department during April will become the: nits in Aprils ending work in process in Finishing. Units in Mayo’s beginning work in process in Finishing. Nits started in production in Finishing for April. Units started in production in Finishing for May. 35. 7200 36. Transferred out: 6300+65600-4600= 67300 Equivalent units: 38. Wallboard Corporation uses the weighted-average method in its process costing system. The beginning work in process inventory in a particular department consisted of 1 1, 000 units, 100% complete with respect to materials cost and 30% complete with respect to conversion costs. The total cost in the beginning work in process inventory was \$22, 400. A total of 45, 000 units were transferred out of the department during the month.

The costs per equivalent unit were computed to be \$1.20 for materials and \$3.40 for conversion costs. The total cost of the units completed and transferred out of the department was: \$207,000 \$184,600 \$204,980 \$182,580 39. Arizona Corporation manufactures canoes in two departments, Fabrication and Waterproofing. In the Fabrication Department, fiberglass panels are attached to a canoe-shaped aluminum frame. The canoes are then transferred to the Waterproofing department to be coated with sealant. Arizona uses a weighted-average process cost system to collect costs in both departments.

All materials in the Fabrication Department are added at the beginning of the production process. On July 1, the Fabrication Department had 320 canoes in process that were 20% complete with respect to conversion cost. On July 31, Fabrication had 540 canoes in process that were 30% complete with respect to conversion cost. During July, the Fabrication Department completed 6,700 canoes and transferred them to the Waterproofing Department. What are the Fabrication Department's equivalent units related to materials or July? 6,160 6,380 6,920 7,240 AS: material 100% 40.

Arizona Corporation manufactures canoes in two departments, Fabrication and Waterproofing. In the Fabrication Department, fiberglass 30% complete with respect to conversion cost. During July, the Fabrication Department completed 6,700 canoes and transferred them to the Waterproofing Department. What are the Fabrication Department's equivalent units related to conversion costs for July? 6,542 6,798 6,862 7,078 41. C 42. The contribution margin ratio is equal to: $\frac{\text{Total manufacturing expenses}}{\text{Sales}} - \text{Variable}$

expenses)/Sales. 1 -?? (Gross Margin/Sales). 1 -?? (Contribution Margin/Sales). 43. Assume a company sells a single product.