

DEVRY ACCT 505 Week 4 Midterm Exam

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1.

Question :

(TCO A) Wages paid to an assembly line worker in a factory are a

2.

Question :

(TCO A) A cost incurred in the past that is not relevant to any current decision is classified as a(n)

3.

Question :

(TCO A) Depreciation of office buildings and office equipment is also known as

4.

Question :

(TCO A) When the activity level is expected to increase within the relevant range, what effects would be anticipated with respect to each of the following?

5.

Question :

(TCO F) Which of the following statements is true?

I. Overhead application may be made slowly as a job is worked on.

II. Overhead application may be made in a single application at the time of completion of the job.

III. Overhead application should be made to any job not completed at year end in order to properly value the work in process inventory.

6.

Question :

(TCO F) A job-order cost system is employed in those situations where

7.

Question :

(TCO F) The FIFO method only provides a major advantage over the weighted-average method in that

8.

Question :

(TCO B) The contribution margin ratio always decreases when the

9.

Question :

(TCO B) Which of the following would not affect the break-even point?

10.

Question :

(TCO E) In an income statement prepared using the variable costing method, variable selling and administrative expenses would

1.

Question :

(TCO A) The following data (in thousands of dollars) have been taken from the accounting records of Larop Corporation for the just-completed year:

Sales.....

\$910

Purchases of raw materials.....

\$225

Direct labor.....

\$245

Manufacturing overhead.....

\$265

Administrative expenses.....

\$150

Selling expenses.....

\$140

Raw materials inventory, beginning.....

\$15

Raw materials inventory, ending.....

\$45

Work-in-process inventory, beginning.....

\$20

Work-in-process inventory, ending.....

\$55

Finished goods inventory, beginning.....

\$100

Finished goods inventory, ending.....

\$135

Required: Prepare a Schedule of Cost of Goods Manufactured in the text box below.

2.

Question :

(TCO F) The Illinois Company manufactures a product that goes through three processing departments. Information relating to activity in the first department during June is given below.

Percentage Completed

Units Materials Conversion

Work in process, June 1 150,000 75% 55%

Work in process, Jun 30 145,000 85% 75%

The department started 475,000 units into production during the month and transferred 480,000 completed units to the next department.

Required: Compute the equivalent units of production for the first department for June, assuming that the company uses the weighted-average method of accounting for units and costs.

3.

Question :

(TCO B) A tile manufacturer has supplied the following data:

Boxes of tile produced and sold 625,000

Sales revenue \$2,975,000

Variable manufacturing expense \$1,720,000

Fixed manufacturing expense \$790,000

Variable selling and admin expense \$152,000

Fixed selling and admin expense \$133,000

Net operating income \$180,000

Required:

a. Calculate the company's unit contribution margin.

b. Calculate the company's unit contribution ratio.

c. If the company increases its unit sales volume by 5% without increasing its fixed expenses, what would the company's net operating income be?

4.

Question :

(TCO E) Lehne Company, which has only one product, has provided the following data concerning its most recent month of operations:

Selling price

\$ 125

Units in beginning inventory

600

Units produced

3000

Units sold

3500

Units in ending inventory

100

Variable costs per unit:

Direct materials

\$ 15

Direct labor

\$ 50

Variable manufacturing overhead

\$ 8

Variable selling and admin

\$ 12

Fixed costs:

Fixed manufacturing overhead

\$ 75,000

Fixed selling and admin

\$ 20,000

The company produces the same number of units every month, although the sales in units vary from month to month. The company's variable costs per unit and total fixed costs have been constant from month to month.

Required:

- a. What is the unit product cost for the month under variable costing?**
- b. What is the unit product cost for the month under absorption costing?**
- c. Prepare an income statement for the month using the variable costing method.**
- d. Prepare an income statement for the month using the absorption costing method.**

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