

1. Misr manufacturing co. had the following for the quarter ended September 30 unless otherwise noted:

Depreciation of manufacturing equipment	\$88000	Indirect manufacturing labor	62000
Depreciation of office equipment	41200	Indirect manufacturing materials used	28000
Direct manufacturing labor	160000	Distribution costs	10000
Direct material used	126000	Miscellaneous plant overhead	45000
Finished goods inventory (July 1)	180000	Plant utilities	30000
Finished goods inventory (September 30)	170000	Property taxes on plant building	9600
Direct material inventory (July 1)	15000	Property taxes on salespersons, company vehicles	4000
Direct material inventory (September 30)	10000	General office expenses	101800
Work in process inventory (July 1)	46000	Work in process inventory (September 30)	57600
Units produced	1000 units		

Required:

1. Prepare a cost of goods manufactured Schedule for the quarter.
 - Compute the following: prime cost, conversion cost, inventoriable cost, period cost, product cost per unit

 2. _____ is the difference between the selling price and variable cost per unit.
 - a. Contribution margin.
 - b. Gross margin
 - c. Margin of safety.
 - d. Contribution margin per unit.

 3. Gordon Company sells its only product for \$18 per unit. Gordon's variable production costs are \$6 per unit, while its variable selling and administrative costs are \$3 per unit. Finally, the fixed costs to produce 10,000 units were \$10,000. What is the contribution ratio?
 - a. 33.3 percent
 - b. 66.7 percent
 - c. 50 percent
 - d. 44.4 percent

 4. The break-even point in CVP analysis is defined as
 - a) the point where output units equal input units.
 - b) b. the point where unit contribution margin equals fixed costs divided by number of break-even units.
 - c) c. where revenues less variable costs equal operating income.
 - d) d. where the unit contribution margin equals the selling price less the unit variable cost.
- Use the information below to answer the following questions: (5) and (6)
- Bob Blackmann makes scented candles and sells them wholesale by the case. There are 24 candles per case. Blackmann sells a case of candles for \$50 a case. His variable costs are \$30 per case. He has fixed costs of \$500.
5. What is the break-even point in cases?
 - a. 6.25 cases.
 - b. 10 cases.
 - c. 16.67 cases.
 - d. 25 cases.

6. What is the contribution margin per case?
 a. \$50 b. \$30 c. \$20 d. \$80
7. What is the break-even point in units, assuming a product's selling price is \$100, its fixed costs are \$8,000, its unit variable costs are \$20, and its operating income is \$32,000?
 a. 100 units b. 300 units c. 400 units d. 500 units
8. In its budget for next month, McGwire Company has revenues of \$500,000, variable costs of \$350,000, and fixed costs of \$135,000.
 a. Compute contribution margin percentage.
 b. Compute total revenues needed to break even.
 c. Compute total revenues needed to achieve a target operating income of \$45,000.
9. Contribution margin is calculated as
 a. total revenue – total fixed costs.
 b. total revenue – total manufacturing costs (CGS).
 c. total revenue – total variable costs.
 d. operating income + total variable costs.
10. The following information is for YURUS Corporation which produces two products; (X) and (Y):

	Product X	Product Y
Selling price per unit	\$36	\$24
Variable Cost per unit	\$28	\$12
Total fixed costs	\$234,000	

Calculate breakeven volume in total dollars if the sales mix is 2 units of X for every 3 units of Y.

11. Various costs associated with the operation of a factory are given below:
- Property tax on factory building \$4,000
 - Lubricant 1,500
 - Factory rent 8,000
 - Depreciation: executive's office 2,000
 - Insurance on showroom building 5,000
 - Production supervisor's wage 7,500
 - Legal expenses 1,000
 - Electricity 9,000
 - Salesperson's commission 3,500
 - wages: workers assembling product 12,000

Required: Calculate fixed costs and variable costs.