

Final Exam Managerial Accounting Winter 2009 ADM2341 All Sections

STUDENT NAME:

STUDENT NUMBER:

Section	Time	Professor	Check <input type="checkbox"/> your section
M	Mon–Wed: 16:00-17:30,14:30-16:00	Rhonda Pyper	
N	Tues-Thurs: 10:00 - 11:30, 830-10:00	Ronald Eden	
P	Mon-Wed: 13:00-14:30,11:30-13:00	Ronald Eden	
Q	Tues: 13:00-14:30, 11:30-13:00	Sheldon Weatherstone	
R	Wed: 19:00 - 22:00	Marc Tassé	

Instructions:

1. Answer all questions in this booklet. Booklet is **not** to be removed from the examination room. You may separate the pages but ensure that you put them back together and staple before handing in.
2. Please limit your answer to the space provided. Please indicate if you use the back of a page.
3. The use of standard abbreviations (O/H for Overhead and CM% for Contribution Margin Percentage) is quite acceptable.
4. Budget your time wisely. Please do **not** ask the invigilators questions. Make reasonable assumptions where necessary.
5. Language dictionaries are allowed.

	Question	Max Grades
Short Answer	Qs 1 to 6	38
Exercises and Problems	Q.7	10
	Q.8	10
	Q.9	20
	Q.10	12
	Q.11	10
	Total	100

Budget about 1.8 minutes per grade.

Statement of Academic Integrity

The Telfer School of Management does not condone academic fraud, an act by a student that may result in a false academic evaluation of that student or of another student. Without limiting the generality of this definition, academic fraud occurs when a student commits any of the following offences: plagiarism or cheating of any kind, use of books, notes, mathematical tables, dictionaries or other study aid unless an explicit written note to the contrary appears on the exam, to have in his/her possession cameras, radios (radios with head sets), tape recorders, pagers, cell phones, or any other communication device which has not been previously authorized in writing.

Statement to be signed by the student:

I have read the text on academic integrity and I pledge not to have committed or attempted to commit academic fraud in this examination.

Signed: _____

Note: an examination without this signed statement will not be graded and will receive an exam grade of zero.

Number in brackets () is the grade or the question

Short Questions

Q.1 (6)

The Ring Around the Collar Company makes shirts. Indicate whether each of the following items is a direct (**D**) or indirect (**I**), cost with respect to shirts, and whether it is a product (**Pr**) or a period (**Pe**) cost. Check \checkmark the appropriate letter. Indicate, very briefly, the reasons for your choices.

Example: Hand soap in the shirt factory washrooms.

D___ or I \checkmark ; Pr \checkmark or Pe___

Cost can't be traced to shirts. Cost supports making of the product

1. Utility costs incurred at company headquarters

D___ or I___ ; Pr___ or Pe___

.....

2. Cost of company labels attached to shirts.

D___ or I___ ; Pr___ or Pe___

.....

3. Insurance premiums on raw materials warehouses

D___ or I___ ; Pr___ or Pe___

.....

4. Cost of cotton cloth to make shirts

D___ or I___ ; Pr___ or Pe___

.....

5. Wages of forklift operators who move material along the production line.

D___ or I___ ; Pr___ or Pe___

.....

6. Rent on the finished goods warehouse.

D___ or I___ ; Pr___ or Pe___

.....

Q.2 (4)

Precision Machine Shop had the following inventory balances at the beginning and end of September 2009:

	9/1/2009	9/30/2009
Raw Materials Inventory	\$16,000	\$18,000
Work in Process Inventory	94,000	72,000
Finished Goods Inventory	36,000	22,000

All raw materials are direct to the production process. The following is also available about manufacturing costs incurred during September:

Costs of raw materials purchased	\$ 94,000
Direct labor costs	181,000
Factory overhead	258,000

As the company accountant, you have been asked to:

Required:

Calculate the cost of goods manufactured for September.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Q. 8. (10)

The Office Supplies division of Upscale Artifacts Company produces small plastic cases. Forty percent of its output is sold to the Garden Division of Upscale Artifacts Company. All other output is sold to external parties. All internal transfers occur at a fixed price of \$1.25. Office Supplies Division's expected results for 2010 are shown below.

To:	Garden	External
Sales units	60,000	90,000
Sales @\$1.25, @1.50	\$75,000	\$135,000
Costs:		
Variable* @\$.40, @.50	(24,000)	(45,000)
Fixed	<u>(36,000)</u>	<u>(54,000)</u>
Gross profit	<u>\$ 15,000</u>	<u>\$ 36,000</u>

*Office supplies division saves \$.10 per unit in selling costs on internal sales.

Office Supplies Division has received an external offer that would enable it to sell, at \$1.40 per unit, all the units now scheduled to be sold internally.

Required:

1. What should the minimum transfer price be, considering this offer?
2. How much better or worse off will Office Supplies division be – in total - if transfers continue at \$1.25?

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

