

ACCT 2025 - Managerial Accounting: QA Fall 2015

Jose Barela

Week 3 Homework

[instructions](#) | [help](#)

1. value: 2.68 points

Old Country Links Inc. produces sausages in three production departments—Mixing, Casing and Curing, and Packaging. In the Mixing Department, meats are prepared and ground and then mixed with spices. The spiced meat mixture is then transferred to the Casing and Curing Department, where the mixture is forced into casings and then hung and cured in climate-controlled smoking chambers. In the Packaging Department, the cured sausages are sorted, packed, and labeled. The company uses the weighted-average method in its process costing system. Data for September for the Casing and Curing Department follow:

	Units	Percent Completed		
		Mixing	Materials	Conversion
Work in process inventory, September 1	7	100%	60%	50%
Work in process inventory, September 30	7	100%	20%	10%

	Mixing	Materials	Conversion
Work in process inventory, September 1	\$ 15,778	\$ 98	\$ 644
Cost added during September	\$ 243,422	\$ 25,070	\$ 118,741

Mixing cost represents the costs of the spiced meat mixture transferred in from the Mixing Department. The spiced meat mixture is processed in the Casing and Curing Department in batches; each unit in the above table is a batch and one batch of spiced meat mixture produces a set amount of sausages that are passed on to the Packaging Department. During September, 113 batches (i.e., units) were completed and transferred to the Packaging Department.

Required:

1. Determine the equivalent units for September for mixing, materials, and conversion. (Round your answers to 1 decimal place.)

	Mixing	Materials	Conversion
Equivalent units of production			

2. Compute the costs per equivalent unit for September for mixing, materials, and conversion. (Do not round your intermediate calculations.)

	Mixing	Materials	Conversion
Cost per equivalent unit			

3. Determine the total cost of ending work in process inventory and the total cost of units transferred to the Packaging Department in September. (Do not round your intermediate calculations. Round your answers to the nearest whole dollar.)

	Total
Cost of ending work in process inventory	
Cost of units transferred out	

4. Prepare a cost reconciliation report for the Casing and Curing Department for September. (Do not round your intermediate calculations. Round your answers to the nearest whole dollar.)

Casing and Curing Department	
Cost Reconciliation	
Costs to be accounted for:	
Total cost to be accounted for	<u>\$ 0</u>
Costs accounted for as follows:	
Total cost accounted for	<u>\$ 0</u>

References eBook & Resources

Worksheet	Learning Objective: 04-02 Compute the equivalent units of production using the weighted-average method.	Learning Objective: 04-04 Assign costs to units using the weighted-average method.
Difficulty: 2 Medium	Learning Objective: 04-03 Compute the cost per equivalent unit using the weighted-average method.	Learning Objective: 04-05 Prepare a cost reconciliation report

[Check my work](#)

ACCT 2025 - Managerial Accounting: QA Fall
2015

Jose Barela

Week 3 Homework

[instructions](#) | [help](#)2. value:
2.68 points

Lubricants, Inc., produces a special kind of grease that is widely used by race car drivers. The grease is produced in two processing departments: Refining and Blending. Raw materials are introduced at various points in the Refining Department.

The following incomplete Work in Process account is available for the Refining Department for March:

Work in Process—Refining Department			
		Completed and transferred to Blending	
March 1 balance	32,900		?
Materials	149,600		
Direct labor	66,200		
Overhead	482,000		
March 31 balance	?		

The March 1 work in process inventory in the Refining Department consists of the following elements: materials, \$9,000; direct labor, \$3,400; and overhead, \$20,500.

Costs incurred during March in the Blending Department were: materials used, \$45,000; direct labor, \$17,200; and overhead cost applied to production, \$111,000.

Required:

- Prepare journal entries to record the costs incurred in both the Refining Department and Blending Department during March. (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)
 - Raw materials were issued for use in production.
 - Direct labor costs were incurred.
 - Manufacturing overhead costs for the entire factory were incurred, \$686,000. (Credit Accounts Payable.)
 - Manufacturing overhead cost was applied to production using a predetermined overhead rate.
 - Units that were complete with respect to processing in the Refining Department were transferred to the Blending Department, \$652,000.
 - Units that were complete with respect to processing in the Blending Department were transferred to Finished Goods, \$750,000.
 - Completed units were sold on account, \$1,380,000. The Cost of Goods Sold was \$590,000.

[view transaction list](#)
[view general journal](#)
Journal Entry Worksheet

1 2 3 4 5 6 7 8 9

Record issuance of raw materials to Refining and Blending Department.

Transactions	General Journal	Debit	Credit
a.			

*Enter debits before credits

done

clear entry

record entry

2. Post the journal entries from (1) above to T-accounts. The following account balances existed at the beginning of March. (The beginning balance in the Refining Department's Work in Process account is given above.)

Raw materials	\$	213,600
Work in process—Blending Department	\$	44,000
Finished goods	\$	15,000

After posting the entries to the T-accounts, find the ending balance in the inventory accounts and the manufacturing overhead account.

Required Information for question 2

Journal Entry Worksheet

Required:

1. Prepare journal entries to record the costs incurred in both the Refining Department and Blending Department during March. (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)
 - a. Raw materials were issued for use in production.
 - b. Direct labor costs were incurred.
 - c. Manufacturing overhead costs for the entire factory were incurred, \$686,000. (Credit Accounts Payable.)
 - d. Manufacturing overhead cost was applied to production using a predetermined overhead rate.
 - e. Units that were complete with respect to processing in the Refining Department were transferred to the Blending Department, \$652,000.
 - f. Units that were complete with respect to processing in the Blending Department were transferred to Finished Goods, \$750,000.
 - g. Completed units were sold on account, \$1,380,000. The Cost of Goods Sold was \$590,000

Accounts Receivable <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Work in Process—Refining Department <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Finished Goods <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0 0</td> </tr> </table> Accounts Payable <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Sales <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table>	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0 0	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0	Raw Materials <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Work in Process—Blending Department <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Manufacturing Overhead <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Salaries and Wages Payable <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table> Cost of Goods Sold <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border-right: 1px solid black; padding: 5px;">Beg. Bal.</td> <td style="width: 90%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">End. Bal.</td> <td style="border-bottom: 3px double black; text-align: center; padding: 5px;">0</td> </tr> </table>	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0	Beg. Bal.		End. Bal.	0
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0 0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								
Beg. Bal.																																									
End. Bal.	0																																								

References **eBook & Resources**

Worksheet Difficulty: 2 Medium

Learning Objective: 04-01 Record the flow of materials, labor, and overhead through a process costing system.

[Check my work](#)

© 2015 McGraw-Hill Education. All rights reserved.

ACCT 2025 - Managerial Accounting: QA Fall 2015

Jose Barela

Week 3 Homework

[instructions](#) | [help](#)

3. value:
2.68 points

Cooperative San José of southern Sonora state in Mexico makes a unique syrup using cane sugar and local herbs. The syrup is sold in small bottles and is prized as a flavoring for drinks and for use in desserts. The bottles are sold for \$12 each. The first stage in the production process is carried out in the Mixing Department, which removes foreign matter from the raw materials and mixes them in the proper proportions in large vats. The company uses the weighted-average method in its process costing system.

A hastily prepared report for the Mixing Department for April appears below:

Units to be accounted for:	
Work in process, April 1 (materials 90% complete; conversion 80% complete)	13,700
Started into production	34,300
Total units to be accounted for	48,000
Units accounted for as follows:	
Transferred to next department	36,800
Work in process, April 30 (materials 75% complete; conversion 50% complete)	11,200
Total units accounted for	48,000

Cost Reconciliation

Cost to be accounted for:	
Work in process, April 1	\$ 49,731
Cost added during the month	129,773
Total cost to be accounted for	\$ 179,504

Cost accounted for as follows:	
Work in process, April 30	\$ 30,464
Transferred to next department	149,040
Total cost accounted for	\$ 179,504

Management would like some additional information about Cooperative San José's operations.

Required:

1. What were the equivalent units for the month?

	Materials	Conversion
Equivalent units of production		

2. What were the costs per equivalent unit for the month? The beginning inventory consisted of the following costs: materials, \$35,346; and conversion cost, \$14,385. The costs added during the month consisted of: materials, \$90,310; and conversion cost, \$39,463. (Round your answers to 2 decimal places.)

	Materials	Conversion
Cost per equivalent unit		

3. How many of the units transferred to the next department were started and completed during the month?

Units started and completed during April	
--	--

4. The manager of the Mixing Department stated, "Materials prices jumped from about \$2.40 per unit in March to \$2.90 per unit in April, but due to good cost control I was able to hold our materials cost to less than \$2.90 per unit for the month." Should this manager be rewarded for good cost control?

- ☐ Yes
☐ No

References eBook & Resources

Worksheet	Learning Objective: 04-02 Compute the equivalent units of production using the weighted-average method.	Learning Objective: 04-04 Assign costs to units using the weighted-average method.
Difficulty: 3 Hard	Learning Objective: 04-03 Compute the cost per equivalent unit using the weighted-average method.	

[Check my work](#)

©2015 McGraw-Hill Education. All rights reserved.

ACCT 2025 - Managerial Accounting: QA Fall
2015

Jose Barela

Week 3 Homework

[Instructions](#) | [help](#)**4.** value:
2.68 points

Minden Company introduced a new product last year for which it is trying to find an optimal selling price. Marketing studies suggest that the company can increase sales by 5,000 units for each \$2 reduction in the selling price. The company's present selling price is \$96 per unit, and variable expenses are \$66 per unit. Fixed expenses are \$837,300 per year. The present annual sales volume (at the \$96 selling price) is 25,800 units.

Required:

1. What is the present yearly net operating income or loss?

Net operating income or loss

2. What is the present break-even point in unit sales and in dollar sales?

Break-even point in units

Break-even point in dollar sales

3. Assuming that the marketing studies are correct, what is the maximum annual profit that the company can earn? At how many units and at what selling price per unit would the company generate this profit?

Maximum profit

Number of units

Selling price

4. What would be the break-even point in unit sales and in dollar sales using the selling price you determined in (3) above (e.g., the selling price at the level of maximum profits)?

Break-even point in units
Break-even point in dollar sales

References eBook & Resources

Worksheet	Learning Objective: 05-01 Explain how changes in activity affect contribution margin and net operating income. Learning Objective: 05-05 Determine the break-even point.
Difficulty: 2 Medium	Learning Objective: 05-04 Show the effects on net operating income of changes in variable costs, fixed costs, selling price, and volume.

[Check my work](#)

©2015 McGraw-Hill Education. All rights reserved.

ACCT 2025 - Managerial Accounting: QA Fall
2015

Jose Barela

Week 3 Homework

[Instructions](#) | [help](#)5. value:
2.68 points

Northwood Company manufactures basketballs. The company has a ball that sells for \$42. At present, the ball is manufactured in a small plant that relies heavily on direct labor workers. Thus, variable expenses are high, totaling \$25.20 per ball, of which 60% is direct labor cost.

Last year, the company sold 60,000 of these balls, with the following results:

Sales (60,000 balls)	\$2,520,000
Variable expenses	1,512,000
Contribution margin	1,008,000
Fixed expenses	840,000
Net operating income	\$ 168,000

Required:

- 1-a. Compute the CM ratio and the break-even point in balls. (Do not round intermediate calculations. Round up your final break even answers to the nearest whole number.)

CM Ratio	%
Unit sales to break even	balls

- 1-b. Compute the the degree of operating leverage at last year's sales level. (Round your answer to 2 decimal places.)

Degree of operating leverage

2. Due to an increase in labor rates, the company estimates that variable expenses will increase by \$3.36 per ball next year. If this change takes place and the selling price per ball remains constant at \$42.00, what will be the new CM ratio and break-even point in balls? (Do not round intermediate calculations. Round up your final break even answers to the nearest whole number.)

CM Ratio	%
Unit sales to break even	balls

3.

Refer to the data in (2) above. If the expected change in variable expenses takes place, how many balls will have to be sold next year to earn the same net operating income, \$168,000, as last year? (Do not round intermediate calculations. Round your answer to the nearest whole unit.)

Number of balls

4. Refer again to the data in (2) above. The president feels that the company must raise the selling price of its basketballs. If Northwood Company wants to maintain the same CM ratio as last year, what selling price per ball must it charge next year to cover the increased labor costs? (Do not round intermediate calculations. Round your answer to 2 decimal places.)

Selling price

5. Refer to the original data. The company is discussing the construction of a new, automated manufacturing plant. The new plant would slash variable expenses per ball by 40%, but it would cause fixed expenses per year to increase by 88%. If the new plant is built, what would be the company's new CM ratio and new break-even point in balls? (Do not round intermediate calculations. Round up your final break even answers to the nearest whole number.)

CM Ratio	%
Unit sales to break even	balls

6. Refer to the data in (5) above.

- a. If the new plant is built, how many balls will have to be sold next year to earn the same net operating income, \$168,000, as last year? (Do not round intermediate calculations.)

Number of balls

- b-1. Assume the new plant is built and that next year the company manufactures and sells 60,000 balls (the same number as sold last year). Prepare a contribution format income statement. (Do not round your intermediate calculations.)

Northwood Company	
Contribution Income Statement	
	0.
	\$ 0.

b-2. Compute the degree of operating leverage. (Do not round intermediate calculations and round your final answer to 2 decimal places.)

Degree of operating leverage	
------------------------------	--

References

eBook & Resources

Worksheet

Learning Objective: 05-03
Use the contribution margin ratio (CM ratio) to compute changes in contribution margin and net operating income resulting from changes in sales volume.

Learning Objective: 05-06 Determine the level of sales needed to achieve a desired target profit.

Difficulty: 3 Hard

Learning Objective: 05-04
Show the effects on net operating income of changes in variable costs, fixed costs, selling price, and volume.

Learning Objective: 05-08 Compute the degree of operating leverage at a particular level of sales and explain how it can be used to predict changes in net operating income.

Learning Objective: 05-01 Explain how changes in activity affect contribution margin and net operating income.

Learning Objective: 05-05
Determine the break-even point.

[Check my work](#)