

## تمارين على الفصل الاول

### Exercises Unit 1 (MANAGERIAL ACCOUNTING)

**1-The following costs were incurred in March:**

Direct materials .....	\$21,000
Direct labor .....	\$17,000
Manufacturing overhead .....	\$67,000
Selling expenses .....	\$16,000
Administrative expenses .....	\$15,000

**Conversion costs during the month totaled:**

\$84,000	\$136,000	\$38,000	\$88,000
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**Conversion costs = Dr.L + M.O.H**

$$= \$17,000 + \$67,000$$

$$= \$84,000$$

**2-A manufacturing company has provided the following cost data for a recent period:**

Direct materials .....	\$8,000
Manufacturing overhead .....	\$12,000
Direct labor .....	\$10,000
Increase in work-in-process .....	\$4,000

Prime cost and product cost for the period was:

\$34,000	\$18,000	\$26,000	\$30,000
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**Prime cost = Dr. M + Dr. L**

**= \$8,000 + \$10,000**

**=\$18,000**

**product cost = Dr. M+ Dr.L+ M.O.H**

**=\$8,000 + \$10,000 +\$12,000**

**= \$30,000**

**3-The following costs were incurred in June :**

Manufacturing overhead ..... \$70,000

Sales commission ..... \$17,500

Direct materials ..... \$30,000

Direct labor ..... \$15,000

Salary of plant manager..... \$23,000

**Find prime cost ?**

**prime cost = Direct materials + Direct labor**

**=\$30,000 + \$15,000**

**=\$45,000**

**4-A manufacturing company has provided the following cost data for a recent period:**

Property tax ..... \$8,000

Advertising cost ..... \$15,000

Direct labor ..... \$30,000

Direct material ..... \$4,000

**Find conversion cost ?**

$$\begin{aligned}
 \text{conversion cost} &= \text{Direct labor} + \text{Property tax} \\
 &= \$30,000 + \$8,000 \\
 &= 38,000
 \end{aligned}$$

5- Graham Manufacturing is located in Portsmouth, New Hampshire, and makes precision brass fittings for yachts. Reston Bookstore is a small bookstore in Reston, Virginia, specializing in books about the Civil War. The footnotes to Graham Manufacturing's Annual Report reveal the following information concerning its inventories Cost of goods purchased 650,000

Graham Manufacturing Corporation Inventory Accounts		
	Beginning Balance	Ending Balance
Raw materials . . . . .	\$ 60,000	\$ 50,000
Work in process . . . . .	90,000	60,000
Finished goods . . . . .	125,000	175,000
Total inventory accounts . . .	<u>\$275,000</u>	<u>\$285,000</u>

Graham Manufacturing's raw materials inventory consists largely of brass rods and brass Blocks, Cost of Goods Manufactured 850,000 For the year ended December 31,2018

Reston Bookstore Inventory Account		
	Beginning Balance	Ending Balance
Merchandise inventory . . . . .	<u>\$100,000</u>	<u>\$150,000</u>

The solution :

Merchandising company Partial income statement For the year ended December 31,2018	
Cost of goods sold	
Merchandise inventory , January 1	\$100,000
Cost of goods purchased	650,000
Cost of goods available for sale	720,000
Merchandise inventory , December 31	150,000
Cost of goods sold	<b>\$ 600,000</b>

Manufacturing company Partial income statement For the year ended December 31,2018	
Cost of goods sold	
Finished Goods Inventory, January 1	\$125,000
Cost of Goods Manufactured	850,000
Cost of goods available for sale	975,000
Finished Goods Inventory, December 31	175,000
Cost of goods sold	<b>\$ 800,000</b>

6- A company that manufactures toys with a total manufacturing cost of 820,000 and has 90,000 starting stock and 60,000 final stock. Find the cost of goods manufactured?

The solution :

Total manufacturing cost .....	820,000	
Add: Beginning work in process inventory ...	90,000	
	<u>910,000</u>	← Cost of goods manufactured
Deduct: Ending work in process inventory ...	60,000	
Cost of goods manufactured (see Exhibit 2-4)	<u>\$850,000</u>	

7-A company that manufactures car

Total manufacturing cost .....	743,000
Beginning work in process inventory .....	80,000
Ending work in process inventory .....	50,000
Finished Goods Inventory, January 1 .....	115,000
Finished Goods Inventory, December 31 .....	135,000

### FIND COST OF GOOD SOLD

The solution :

Beginning work in process inventory	80,000
Add : Total manufacturing cost	<u>743,000</u>
	823,000
Deduct : Ending work in process inventory	50,000
cost of goods manufactured	<b><u>773,000</u></b>

Manufacturing company Partial income statement For the year ended December 31,2018	
Cost of goods sold	
Finished Goods Inventory, January 1	\$115,000
Cost of Goods Manufactured	<b>773,000</b>
Cost of goods available for sale	888,000
Finished Goods Inventory, December 31	135,000
Cost of goods sold	<b><u>\$ 753,000</u></b>