Cheatography

Final Exam Cheat Sheet

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CH. 7 Weighted Avg. Method

Weighted Average method Cornerstone Exercise 7–8

1.

Grades	Number of Pounds	Weight Factor	Weighted Number of Pounds	Percent	Allocated J C
Grade A	#,###	#.#	#,###	%.%%%	$,$$$
Grade B	#,###	#.#	##,###	%.%%%	$,$$$
Slices	#,###	#.#	#,###	%.%%%	$,$$$
Applesauce	#,###	#.#	#,###	%.%%%	$,$$$
Total			##,###		$,$$$

CH. 7 Net Realizable Method

NRV Method Cornerstone Exercise 7–10

1.

Product	Market Price ()	–	Further Processing Cost ()	=	Hypothetical Market Price ()	×	Number of Gallons	=	Hypothetical Market Value ()	Percent*	Allocated Joint Cost**
L-Ten	$.$$		$.$$		$.$$		#,###		$,$$$	%.%%	$,$$$
Triol	$.$$		$.$$		$.$$		#,###		$,$$$	%.%%	$,$$$
Pioze	$.$$		$.$$		$.$$		#,###		$,$$$	%.%%	$,$$$
Total									$,$$$		$,$$$

Ch. 9

Chapter 9
AP = Actual Price per unit
SP = Standard Price per unit
AQ = Actual Quantity of DM used in production
SQ = standard Quantity
MPV = Materials Price Variance
MUV = Materials Usage Variance

MPV = (AP x AQ) – (SP x AQ)
MPV = (AP – SP) x AQ
MUV = (SP x AQ) – (SP x SQ)
MUV = (AQ – SQ) x SP

LRV = (AR x AH) – (SR x AH)
LRV = (AR –SR) x AH
AH = Actual Hourly Wage Rate
SR = Standard Hourly Wage Rate
AH = Actual Direct Labour Hours Used

LEV = (AH x SR) – (SH x SR)
LEV = (AH – SH) x SR
AH = Actual Direct Labour Hours Used
SH = Standard Direct Labour hours that should have been used
SR = Standard hourly wage rate

Variable Overhead Spending Variance = (AVOR x AH) – (SVOR x AH)
Variable Overhead Spending Variance = (AVOR – SVOR) x AH
Variable Overhead Efficiency Variance = (SVOR x AH) – (SVOR x SH)
Variable Overhead Efficiency Variance = (AH – SH) SVOR
Positive = Favorable
SH = Units Produced x Standard DL hours/unit
Variable Overhead Variance – AVOH – (VOHR x SH)
Standard Hours = Units Produced / Standard Direct Labour Hours

SVOR = Standard Variable Overhead Rate
SVOR = SVOH/Actual Hours Worked
AVOR = Actual Variable Overhead Rate
AVOR = AVOH/ Actual Hours Worked

Fixed Overhead Spending Variance = AFOH – BFOH
Fixed Overhead Volume Variance = BFOH – Applied FOH
Positive = Unfavorable
BFOH = Budgeted Fixed OH
AFOH = Actual FOH
Applied Fixed OH = (Fixed OH Rate x (Units Produced x Standard DL Hours/Unit))
SH = Standard Hours (Units Produced x Standard DL hours per unit)

SM = Standard Mix Proportion x Total Actual Input Quantity

Ch. 9

Standard Mix

1. Calculate the Standard Mix

***SM* = Standard mix proportion × Total actual input quantity**

SM tomato sauce = %.%% × #,### = ### kg
SM cheese = %.%% × #,### = ### kg
SM sausage %.%% × #,### = ### kg

2. Calculate the Mix Variance

Direct Material	AQ	SM	AQ – SM	SP	(AQ – SM)SP
Tomato sauce	###	###	(##)	$.$$	($$)
Cheese	###	###	(##)	$.$$	($$)
Sausage	###	###	(##)	$.$$	($$)
Mix variance					$ $$ U

3. Actual mix proportion tomato sauce = AQ/Total Input = %
Actual mix proportion cheese = AQ/Total Input = %
Actual mix proportion sausage = AQ/Total Input = %

Yield Ratio = Output/Input
Standard Cost of the Yield (SPy) = Standard Cost/Kg's of Yield
Standard Yield = Yield Ratio x Actual Amount of Inputs
Yield Variance = (Standard Yield – Actual Yield) SPy

CH. 7 Gross Margin Method

Gross Margin Method Cornerstone Exercise 7–11

1. **Total revenue:**

L-Ten (Price × Units)	$,$$$	
Triol (Price × Units)	$,$$$	
Pioze (Price × Units)	$,$$$	$$,$$$
Further processing costs:		
L-Ten (Further Costs × Units)	$,$$$	
Triol (Further Costs × Units)	$,$$$	
Pioze (Further Costs × Units)	$,$$$	$,$$$
Joint processing costs		$,$$$
Total gross margin		$,$$$

2. **Gross margin percentage = Total Gross margin/Total revenue**

	L-Ten	Triol	Pioze
Eventual market value	$,$$$	$$,$$$	$$,$$$
Less: Gross margin Percentage	$,$$$	$$,$$$	$$,$$$
Cost of goods sold	$,$$$	$$,$$$	$$,$$$
Less separable costs	$,$$$	$$,$$$	$$,$$$
Allocated joint cost	$,$$$	$$,$$$	$$,$$$

CH.8

Schedule 1: Sales budget

	January
Units	##,###
Unit selling price	× $$
Sales	$$,$$$.$$$

Schedule 2: Production budget

	January
Unit sales (Schedule 1)	##,###
Desired EI%xnext##,###	#,###
Total needed	##,###
Less: Beginning inventory	##,###
Units produced	##,###

Schedule 3: Direct materials purchases budget

	January Part A78	Part D22
Units produced	#,###	#,###
Dir. mat. per unit	× #	× #
Production needs	##,###	##,###
Des. EI ##,###x#/=##,###/#	##,###	##,###
Total needed	##,###	##,###
Less: BI #,###/#=####x#	#,###	#,###
Dir. mat. to purchase	##,###	##,###
Cost per unit	× $	× $
Total purchase cost	$$$,$$$	$$$$,$$$
Total		$$$,$$$

Schedule 4: Direct labour budget

	January
Units to be produced (Schedule 2)	#,###
Direct labour time per unit (hrs.)	× #.#
Total hours needed	#,###
Wages per hour	× $$
Total direct labour cost	$$$,$$$

Schedule 5: Overhead budget

	January
Budgeted direct labour hours (Schedule 4)	#,###
Variable overhead rate	× $.$$
Budgeted var. overhead	$ $$,$$$
Budgeted fixed overhead	$$$,$$$
Total overhead cost	$$$$,$$$

Schedule 6: Selling and administrative expense budget

	January	February
Planned sales (Schedule 1)	##,###	##,###
Variable selling and administrative expense per unit$1.40+2.60+.60	× $.$$	× $.$$
Total variable expense	$ $$,$$$	$ $$,$$$
Fixed selling and administrative expense:		
Salaries	$$,$$$	$$,$$$
Depreciation	$,$$$	$,$$$
Other	$$,$$$	$$,$$$
Total fixed expenses	$$,$$$	$$,$$$
Total selling and administrative expense	$$$,$$$	$$$,$$$

Schedule 7: Ending finished goods inventory budget

Unit cost computation:	
Direct materials:	
Part A78 (# DM per unit× $)	$$.$$
Part D22 (#DM per unit× $)	$$.$$
Direct labour (#.# time per unit× $$)	$$.$$
Overhead:	
Variable (#.#Time per unit × $.$$ OH rate)	$.$$
Fixed (#.# Time per unit × $$.$$)*	$$.$$
Total unit cost	$$$.$$

*$$$,$$$ Budgeted Oh /##,###Budgeted DL hrs = $.$$$$, or $.$$ rounded

	Units	Cost per Unit	Total Amount
Finished goods (Schedule 2)	#,###	$$.$$$	$$$,$$$

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Ch. 8

Schedule 8: Cost of goods sold budget

Direct materials used **(Schedule 3):**		
Part A78 (###,### Production needs× $.$$).....	$$$$,$$$	
Part D22 (###,### Production needs × $.$$)	$$$,$$$	$,$$$,$$$
Direct labour used **(Schedule 4)**.....		$,$$$,$$$
Overhead **(Schedule 5)**		$$$,$$$
Budgeted manufacturing costs		$,$$$,$$$
Add: Beginning finished goods (#,### × $$.$$)*		$,$$$,$$$
Goods available for sale		$,$$$,$$$
Less: Ending finished goods **(Schedule 7)**.....		$$$,$$$
Budgeted cost of goods sold.....		$,$$$,$$$

*Assumes that these units cost the same as current quarter's production.

Ch. 9 Standard Mix

Standard Mix = Standard Mix Portion x Total Actual Input Quantity

CH. 7 Sales-Value-At-Split-off Method

Sales-Value-At-Split-Off-Method Cornerstone Exercise 7–9

1.

Grades	Pounds Produced	Price at Split-Off (per pound)	Total Market Value at Split-Off	Percent of Total Market Value	Allocated $6,000J Cost
Grade A	#,###	$.$$	$,$$$	%.%%%	$,$$$
Grade B	#,###	$.$$	$,$$$	%.%%%	$,$$$
Slices	#,###	$.$$	$,$$$	%.%%%	$,$$$
Applesauce	#,###	$.$$	$,$$$	%.%%%	$,$$$
Total	#,###		$ $,$$$		$,$$$

Ch.10 EVA

1. After-tax cost of mortgage bonds = Interest rate – (Tax rate × Interest rate)
= [#.## – (#.# × #.##)] = #.###
After-tax cost of unsecured bonds = Interest rate – (Tax rate × Interest rate)
= [#.## – (#.# × #.##)] = #.##
Cost of common stock = Return on long-term treasury bonds + Risk premium
= #.## + #.## = #.##

2.

	Amount	Percent ×	After-Tax Cost	= Weighted Cost
Mortgage bonds	$,$$$,$$$	%.%%	#.###	#.####
Unsecured bonds	$,$$$,$$$	%.%%	#.###	#.####
Common stock	$,$$$,$$$	%.%%	#.###	#.####
Total	$,$$$,$$$	%.%%		#.####

Weighted average percentage cost of capital = Sum of Weighted Cost x Sum of Total Capital Amount

Total dollar amount of capital employed = %.%%% × $$,$$$,$$$ = $,$$$,$$$

3.

After-tax operating income.....	$,$$$,$$$
Less: Total dollar amount of capital employed	$,$$$,$$$
EVA.....	$ ($$,$$$)

Ch. 9 Three Pronged Graphe

CH 9 – Three Pronged Graph
AVOH/AFOH = 'Actual Variable/Fixed Overhead
Budgeted (Standard) Overhead = SVOR x AH
Applied Variable Overhead = SVOR x SH
Spending Variance (BVOH – AVOH) Pos Favorable
Efficiency Variance = (Applied VOH – BVOH) PF
Total VOH Variance (Efficiency Var – Spending Var)
SH = Units Produced x DL Hours/Unit
Positive = Favorable

Ch. 8

Schedule 10: Cash budget

	January
Beginning balance.....	$ $$,$$$
Cash receipts.....	$,$$$,$$$
Total cash available.....	$,$$$,$$$
Disbursements:	
Purchases **SCH 3**	$$$,$$$
DL payroll **SCH 4**	$$$,$$$
OH* **SCH 5**-Depr $$,$$$ ...	$$$,$$$
MA & admin. **SCH 6**-Depr..	$$$,$$$
Land.....	
Total disbursements.....	$$$,$$$
Ending balance.....	$$$,$$$
Financing:	
Borrowed/repaid	$
Interest paid.....	$
Ending cash balance.....	$ $$$,$$$

Ch. 8

Schedule 9: Budgeted income statement

Sales **(Schedule 1)**.....	$,$$$,$$$
Less: Cost of goods sold **(Schedule 8)**	$,$$$,$$$
Gross margin.....	$$$,$$$
Less: Selling and administrative expense **(Schedule 6)**.....	$$$,$$$
Income before income taxes.....	$ $$,$$$