

ACCOUNTING 1B

STUDY GUIDE FOR EXAM 2 – CHAPTERS 4 & 5

CHAPTER 4

Problem 1 - Identify cost graphs (worth 15 points - see **Ex. 4-2**)

Problem 2 - Complete cost schedule (worth 10 points - see **Exercise 4-6**)

Problem 3 - Break-even sales (worth 12 points - see **Prob. 4-2A, parts 3-7**)

Determine:

- a) the break-even point in units of sales
- b) the unit sales required to realize operating income of \$xxx,xxx, and
- c) the probable operating income if sales total \$xxx,xxx

Problem 4 - Break-even sales (worth 8 points - see **Prob. 4-2A, parts 3-4**)

Determine the break-even sales (units) for:

- a) the past year and
- b) the coming year

Problem 5 - Margin of safety, contribution margin (worth 15 points - see **Exercise 4-9 & Prob. 4-6A, parts 2,5**)

Determine

- a) the margin of safety expressed in dollars,
- b) the margin of safety expressed as a percentage of sales,
- c) the contribution margin ratio, and
- d) the operating income. see **Prob. 4-2A, parts 6-7**

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CHAPTER 5

Problem 6 - Cost of goods manufactured, using variable costing and absorption costing (worth 25 points - see **Ex. 5-4**)

Determine the unit cost of goods manufactured, based on

- a) the variable costing concept and
- b) the absorption costing concept.

Problem 7 - Change in sales mix and contribution margin (worth 25 points - see **Ex. 5-11**)

Calculate the increase or decrease in total contribution margin if x,xxx additional units of Product W are produced and sold.