

Print by: Warren Walker  
 MT425: Managerial Financial Accounting / Chapters 1 & 2

\*AP2-11

**Recording Inventory-Related Costs [LO 3, 6]**

Fill in the missing information.

Raw Materials			Work in Process		
Beg. Bal.	28,340		Beg. Bal.	72,010	
Purchases	35,760	(a) <input type="text"/>	DM (a) <input type="text"/>		(b) <input type="text"/>
			DL	44,740	
			OH	61,000	
End Bal.	11,710		End Bal.	80,050	

  

Manufacturing Overhead	
73,400	61,130
(d) <input type="text"/>	

  

Finished Goods		Cost of Goods Sold	
Beg. Bal.	93,110	(c) <input type="text"/>	
(b) <input type="text"/>		(d) <input type="text"/>	
End. Bal.	111,300		

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**MT425: Managerial Financial Accounting / Chapter 4 & 5**

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## E4-1

### **Operating Leverage [LO 5]**

John Diaz owns Pacific Electric, a large electrical contracting firm that provides services to building construction projects. The company has 2,000 employees and operates in three western states. Recently the company experienced large losses due to a downturn in the economy and a slowdown in construction. John thinks the losses were particularly large because his company has too much fixed cost. Expand on John's thought. How are the large losses related to fixed costs?

▬

Identify a way that John can turn potential fixed costs into variable costs.

▬

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