Case 1, Assignment 1

Schedule of Cost of Goods Manufactured

Dalton Brothers Manufacturing, Inc. began business in July 2011. The firm makes mud boats for retail sale. Following are data taken from the firm’s accounting records that pertain to its first month in operation.

Direct material purchased on account – $900,000

Direct material issued to production – 377,000

Direct labor payroll accrued – 126,800

Indirect labor payroll paid – 40,600

Factory insurance expired – 6,000

Factory utilities paid – 17,800

Factory depreciation recorded – 230,300

Ending Work in Process Inventory – 51,000

Ending Finished Goods Inventory (30units) – 97,500

Sales on account ($5,200 per unit) – 1,040,000

Required:

1. How many units did the company sell in July 2011?
2. Prepare a schedule of cost of goods manufactured for July 2011?
3. How many units were completed in July?
4. What was the per unit cost of goods manufactured for the month?
5. What was the cost of goods sold in the first month of operations?
6. What was the gross margin for July 2011?

Case 1 Assignment 2

Toni Rankin has been elected to handle the local Little Theater summer play. The theater has a maximum capacity of 1,000 patrons. Rankin is trying to determine the price to charge Little Theater members for attendance at this year’s performance of The Producers. She has developed the following cost estimates associated with the play:

1. Cost of printing invitations will be $360 for 100-500; cost to print between 501 and 1,000 will be $450.
2. Cost of readying and operating the theater for three evenings will be $900 if attendance is 500 or less; this cost rises to $1,200 if attendance is above 500.
3. Potage to mail the invitations will be $0.60 each.
4. Cost of building stage sets will be $1,800.
5. Cost of printing up to 1,000 programs will be $350.
6. Cost of security will be $110 per night plus $30 per hour; five hours will be needed each night.
7. Cost to obtain script usage is $2,000.
8. Costumes will be donated by several local businesses.

The Little Theater has 300 members, and each member is allowed two guests. Ordinarily only 60 percent of the members attend the summer offering. Of those attending, half bring one guest and the other half bring two guests. The play will be presented from 8 to 11 PM each evening. Invitations are mailed to those members calling to say they plan to attend and also to each of the guests they specify. Rankin has asked you to help her by answering the following items.

**Required:**

1. Indicate the type of cost behavior exhibited by each of the items Rankin needs to consider.
2. If the ordinary attendance occurs, what will be the total cost of the summer production?
3. If the ordinary attendance occurs, what will be the cost per person attending?
4. If 90 percent of the members attend and each invites two guests, what will be the total cost of the play? The cost per person? What primarily causes the difference in the cost per person?