

✓ Done: View

To do: Make a submission

To do: Receive a grade

Instructions and Submission

You will be 80% finished once you turn in this assignment!

You are welcome to use Excel to do the calculations; however, you will be required to submit the assignment in Word to facilitate inserting any marking comments. Simply copy and paste the Excel content into Word. Watch that your Excel information is narrow enough to move completely to Word, and that none of your most valuable work is lost. You may also need to copy and paste some of the details and/or tables into your assignment document to complete the questions. Highlight your answer to each question so you know you have completed it, and so it can be easily located by our Open Learning Faculty Member. This courtesy keeps them in a good mood, and that is important!!!

Question 1 (20 marks)

As the absorption-cost approach includes allocated fixed costs, it does not clarify how the company's costs will change as the sales volume changes. Identify three specific reasons why some managers prefer the variable-cost approach.

Question 2 (20 marks)

ABC operates a catering company.

ABC provides food and servers for parties; the company also rents tables, chairs, linens, chocolate fountains, tableware, and recommends florists on occasion.

The bride's parents contacted the company about catering for the wedding.

They have requested a quote on the following:

- 320 guests
- 40 tables with colourful linens (8 guests per table)
- A cash bar
- A wedding cake
- Fine China and crystal stemware

ABC created the following bid:

\$9,600 Food at \$30.00 per guest
\$350 Wedding cake
\$400 Servers 10 at \$40 each (At 32 guests per server)
\$100 Two bartenders at \$50 each
\$80 Linens at \$2 per table
\$200 40 tables at \$5 per table
\$80 Dinnerware \$2 per table
\$80 Glassware at \$2 per table

\$10, 890 Total

Instructions

The family had a budget of \$8,000 to \$9,000. The parents asked for a quote if there were 288 guests.

Based on the above variable and fixed costs, develop an alternative bid for the parents.

Write a short paragraph to explain to the family how they might be able to reduce costs.

?

Question 3 (20 marks)

ABC provided the following information:

\$65.00 Per Unit Direct Materials
 \$48.00 Per Unit Direct Labour
 \$16.00 Per Unit Variable Manufacturing Overhead
 \$12.00 Per Unit Variable Selling Expenses
 \$250,000 Fixed Manufacturing Overhead
 \$55,000 Fixed Selling and Admin
 16% ABC's Desired ROI
 \$8,250,000 Invested Assets
 4,000 Units per year is the expected Production and Sales.

Instructions

Calculate each of the following:

1. Cost per unit of fixed manufacturing overhead, fixed selling, and administrative expenses.
2. Desired ROI per unit.
3. Markup percentage using the absorption-cost approach. Show your calculations. Create an Income Statement with ROI to confirm you are correct.
4. Markup percentage using the variable-cost approach. Show your calculations. Create an Income Statement with ROI to confirm you are correct.

Question 4 (20 marks)

ABC company is planning for the quarter ended, June 30, as follows:

Month	Budgeted Sales In units	Budgeted Production In units
April	20,000	26,000
May	50,000	46,000
June	30,000	29,000
July	25,000	20,000

Their product requires 7 kilograms of material per unit at a cost of \$.60 per kilogram.

The desired ending materials inventory is the amount of material required to produce 10% of the next month's production. At the beginning of April, ABC had 12,200 kilograms of material on hand.

Instructions

Determine how many kilograms of material will be budgeted for purchase for the month of April. Calculate the cost of materials for April.

Question 5 (20 marks)

ABC budgeted the following information:

	May	June	July	August
Budgeted Purchases of Inventory	\$50,000	\$60,000	\$45,000	\$55,000

ABC pays for 50% of the month's inventory purchases in the month of purchase.

They pay the remainder in the month following the purchase.

Selling and administrative expenses in June will be \$10,000, and a 2% increase is expected for later months.

Monthly depreciation is \$5,000.

ABC has an outstanding line of credit for \$14,000. They must pay interest each month, and the annual rate is 6%.

ABC has budgeted an income tax payment in July of \$5,000 as well as an equipment purchase of \$15,000. Of this purchase price, \$7,500 will be borrowed by issuing a one year 8% note payable.

Instructions

Provide a table that indicates budgeted cash disbursements for July. Your last row should be the total cash outlay for July.

Add submission

Submission status

Attempt number	This is attempt 1.
Submission status	No submissions have been made yet
Grading status	Not graded
Last modified	-
Submission comments	▶ Comments (0)