Lessons

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Lesson 6 of 6:

### Module 1 Review

##### [**Quiz:**](https://www.coursera.org/learn/managerial-accounting-tools/exam/CqTbo/module-1-quiz) [Module 1 Quiz](https://www.coursera.org/learn/managerial-accounting-tools/exam/CqTbo/module-1-quiz)

[12 questions](https://www.coursera.org/learn/managerial-accounting-tools/exam/CqTbo/module-1-quiz)

##### [**Peer Graded Assignment:**](https://www.coursera.org/learn/managerial-accounting-tools/peer/OlRDP/module-1-mini-project) [Module 1 Mini-Project](https://www.coursera.org/learn/managerial-accounting-tools/peer/OlRDP/module-1-mini-project)

[Grading in progress](https://www.coursera.org/learn/managerial-accounting-tools/peer/OlRDP/module-1-mini-project)

##### [**Review Your Peers:**](https://www.coursera.org/learn/managerial-accounting-tools/peer/OlRDP/module-1-mini-project/give-feedback) [Module 1 Mini-Project](https://www.coursera.org/learn/managerial-accounting-tools/peer/OlRDP/module-1-mini-project/give-feedback)

[Previous Lesson](https://www.coursera.org/learn/managerial-accounting-tools/quiz/2FkNJ/lesson-1-3-practice-quiz)

[Next Week](https://www.coursera.org/learn/managerial-accounting-tools/home/week/2)

## Review Classmates: Module 1 Mini-Project

Review by July 13, 11:59 PM PDT

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| --- | --- |
| **Reviews** | 4 left to complete |

Making A Decision in A Two Way Path

by Francheska Dela Cruz

Submitted on March 27, 2016

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## Part 1

For **each of the two decisions** you choose:

Describe a specific setting, the decision, decision alternatives, and any other information that would comprise an interesting and challenging problem.

**Prints for Style Co**., engaged in a Printing business of Tarpaulin, Shirts and Lanyards. The company is located in San Fernando, Philippines. The Company Started its business last year and the owner of the business.Due to Increasing demand of costumer the business gain different business competitor in their area. The Owner of the Business has to decide to minimize its cost to gain its competitive advantage in the market. He consult Francheska Dela Cruz, a Managerial Accountant to help him decide the possible to gain its advantage to increase its revenue without affecting the Price of its product.

Read the response to Part 1 and assign points below. Be sure to see the detailed rubric on the Instructions tab before assigning points.

* 0 pts - 0 Points: No answer, completely irrelevant answer.
* 5 pts - 5 points: Insufficient, incomplete, lacks supporting evidence.
* 7 pts - 7 points: passing, meets expectations.
* 9 pts - 9 points: Well above average, exceeds expectations.
* 10 pts - 10 points: Superior performance, excellent.

## Part 2

For **each of the two decisions** you choose:

Create a "deliverable" list for the person who would be completing the problem. This deliverable list should be comprised of (at least) two calculations and (at least) one qualitative discussion deliverable (i.e., requiring explanation, additional considerations, etc).

Francheska Dela Cruz suggest that mainly to minimize its cost in order to attaining its cost leadership and competitive advantage. The business has 3 major product. These are Tarpaulins, T Shirts, and Lanyards.But Francheska wants to focus on Tarpaulin because it is the most demanded product because of the Election Period. In Tarpaulin Prints for Style order its Ink on a two Supplier. One supplier is to offer a ink that can print 1000 ft. of Tarpaulins that cost $1000 dollar per assorted ink. While the second supplier offers ink to Prints for Style 1000 ft. of Tarpaulins that also cost $1000 per assorted ink and estimated to incur $10 for the freight of the product but estimated to increase its revenue by 10% because it offer high quality prints.

Read the response to Part 2 and assign points below. Be sure to see the detailed rubric on the Instructions tab before assigning points.

* 0 pts - 0 Points: No answer, completely irrelevant answer.
* 5 pts - 5 points: Insufficient, incomplete, lacks supporting evidence.
* 7 pts - 7 points: passing, meets expectations.
* 9 pts - 9 points: Well above average, exceeds expectations.
* 10 pts - 10 points: Superior performance, excellent.

## Part 3

For **each of the two decisions** you choose:

In general, ensure that your exercise tests the person's knowledge related to the use of relevant information in decision making. That is, your exercise should contain some relevant and some "irrelevant" information, so that the person must distinguish between the two types of information. Further, your exercise should allow the person to demonstrate their understanding related to at least two of the following items:

* Opportunity costs
* Sunk costs
* Allocated fixed costs
* Fixed-cost per unit information

Francheska had a following cost in tarpaulin. For the Materials are the Tarpaulin Cloth, the Tarpaulin ink. The Cloth is used to be $.5 per foot. And the business had a 5 workers having $500 per month with benefit included in their Salaries. The Overhead is estimated based on the Machining per Tarpaulin made. It is estimated to incur $1 per feet of tarpaulin made. The Company also incurs some Overheads that are irrelevant for the decision. These Example are paying Lease for the location, Depreciation of the Printing Machine and hiring Francheska, as a consultant. And the Selling And Adminstrative Expense are $.5 dollar for the Variable Expense and $5,000 estimated Budget for the Quarter.The Selling Price of Tarpaulin per Foot is $6 per feet. The Management decision is to choose supplier two because it can boost the Expected Sales by 10% but incuring $10 per ink for the freight. The Company order 10 times in a year.

Read the response to Part 3 and assign points below. Be sure to see the detailed rubric on the Instructions tab before assigning points.

* 0 pts - 0 Points: No answer, completely irrelevant answer.
* 5 pts - 5 points: Insufficient, incomplete, lacks supporting evidence.
* 7 pts - 7 points: passing, meets expectations.
* 9 pts - 9 points: Well above average, exceeds expectations.
* 10 pts - 10 points: Superior performance, excellent.

## Part 4

Finally, provide a solution for your exercise.

Original Operation (Supplier 1)  
The Estimated Budgeted Sales 5000ft per quarter.  
Sales (5,000\* $6) $30,000  
Variable COGS  
Direct Materials(5000\*$.5 + 5000\*$1) ($7,500)  
Direct Labor ( 5 workers\*$500\*3mos) ( $7500)  
Overhead ( because of irrelevant  
 in the decision) not Stated  
Variable SGA (5000\*$.5) ($ 2,500)  
Total Contribution Margin $12,500  
Fixed Expense ($5,000)  
Total Operating Income  **$7,500**  
  
**Planned Decision Sales are increased 10% (Supplier 2)**  
**Sales ($5,000\*1.1\*$6) $33,000**  
**Variable COGS**  
**Direct Materials((5000\*$.5 + 5000\*$1)\*1.1) ($8250)**  
**Direct Labor ( (5 workers\*$500\*3mos)\*1.1) ( $8250)**  
**Overhead ( because of irrelevant**   
 **in the decision) not Stated**  
**Variable SGA ((5000\*$.5)\*1.1) ($ 2,500)**  
**Total Contribution Margin $14,000**  
**Fixed Expense (5000+ (5 orders\* $10) ($5,050)**  
**Total Operating Income $8950**   
  
**Decision that Made:**

* The oppurtunity cost in Supplier 2 is greater that Supplier 1.
* the Overhead are sunk Cost that are Irrelevant in the decission making that is why we dont include it.
* that Allocated fixed cost in Planned Sales is greater than Budgeted Sales in Supplier 1. Because we incur $10 per freight.
* the Fixed cost per unit is computed as follow: $5000/5000 per quarter, $5050/5050 per Quarter to $1 per quarter.

Read the response to Part 4 and assign points below. Be sure to see the detailed rubric on the Instructions tab before assigning points.

* 0 pts - 0 points: No answer, completely irrelevant answer.
* 5 pts - 5 points: Insufficient, incomplete, lacks supporting evidence.
* 7 pts - 7 points: Passing, meets expectations.
* 9 pts - 9 points: Well above average, exceeds expectations.
* 10 pts - 10 points: Superior performance, excellent.

Please share constructive comments about the responses. What is one strength of the submissions? What is one area of improvement that you would like to suggest?

Submit Review

### Comments

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