

# Graded Homework #2: Managerial Accounting (Counts 5% of Course Grade)

**Due** Jun 12 at 11:59pm

**Points** 5

**Questions** 9

**Available** Jun 4 at 8am - Jun 12 at 11:59pm 9 days

**Time Limit** None

This quiz was locked Jun 12 at 11:59pm.

## Attempt History

	Attempt	Time	Score
LATEST	<a href="#">Attempt 1</a>	7,383 minutes	4.5 out of 5

ⓘ Correct answers are hidden.

Score for this quiz: **4.5** out of 5  
Submitted Jun 12 at 11:59pm  
This attempt took 7,383 minutes.

**Question 1**0.5 / 0.5 pts

The Chromosome Manufacturing Company produces two products, X and Y. The company president, Jean Mutation, is concerned about the fierce competition in the market for product X. She notes that competitors are selling X for a price well below Chromosome's price of \$14.20. At the same time, she notes that competitors are pricing product Y significantly higher than Chromosome's price of \$15.50.

Ms. Mutation has obtained the following data for a recent time period:

	Product X		Product Y
Number of Units	16,500		5,200
Direct Material Costs per Unit	\$3.95		\$4.12
Direct Labor Costs per Unit	\$2.48		\$2.98

Direct Labor Hours	9,500	3,800
Number of Set-Ups	65	29
Machine Hours	2,300	2,200
Inspection Hours	90	115
Purchase Orders	10	30

Ms. Mutation has learned that overhead costs are assigned to products on the basis of direct labor hours. The overhead costs for this time period consisted of the following items:

Overhead Cost Item	Amount
Inspection Costs	\$19,000
Purchasing Costs	\$9,200
Machine Costs	\$53,500
Setup Costs	\$5,000
Total Costs	\$86,700

**Question #1: Using Direct labor Hours to allocate overhead costs determine the gross margin per unit for Product X. Choose the best answer from the list below.**

☒ \$4.02

☐ \$3.12

☐ \$4.67

☐ \$2.43

☐ \$1.73

## Question 2

1 / 1 pts

Using ABC for overhead allocation, determine the gross margin per unit for Product Y. Choose the best answer from list below.

☐ (\$4.40)

☐ (\$2.27)

☐ (\$5.23)

☐ \$3.99

☒ (\$.30)

## Question 3

0.25 / 0.25 pts

Consider the following information for the Bordon Company for August: For fiscal 2019 the standard direct material cost for Borden's product is \$50 per unit (12.5kg at \$4 per kg). In August, 2019 the actual amount paid for 45,600kg of material purchased and used was \$173,280 and the direct material quantity variance was \$15,900 unfavorable.

What was the **actual production** in August 2019?

☐ 3344

☐ 1670

☐ 2435

☒ 3330

☐ 2323

**Question 4****0.25 / 0.25 pts**

Continuing with the Bordon Company. What was the material price variance for the month of August?

- ☐ \$5,080 fav
- ☐ \$9,120 unfav
- ☒ \$9,120 fav
- ☐ \$5,080 unfav
- ☐ Insufficient data to answer the question

**Incorrect****Question 5****0 / 0.5 pts****Rome Metals Cost Breakdown Per Unit**

Direct materials	\$8
Direct labor	\$45
Variable overhead	\$9
Fixed overhead	\$14
Shipping Cost	\$2
Total Per Unit	\$78

Rome Metals a US based firm located in Rome, Georgia makes metal brackets used in the construction of warehouse shelving. The firm has a practical capacity of 42,000 units and for the past several years has produced at a constant volume of 35,000 units/year. Rome Brackets are priced at \$92/unit. The manufacturing costs incurred to make a bracket at the 35,000 unit level is shown above. Note that the \$2/unit shipping cost **is included in the manufacturing costs breakdown**. An order for 10,000 has been received from a new customer - Fedex Logistics Services - but at a required price of only \$78/unit. Fedex has agreed to pick up the order from

the Rome facility itself saving Rome Metals the shipping fee. Due to capital constraints Rome Metals cannot adjust its practical capacity nor does the firm have any potential outsourcing partners. Assuming no loss of existing customer goodwill, should Rome Metals accept the offer from Fedex Logistics Services.

- ☐ Yes, Rome Metals Profit will Increase by \$154,000
- ☐ Yes, Rome Metals Profits will Increase by \$160,000
- ☐ Yes, Rome Metals Profits will Increase by \$76,000
- ☐ No, Rome Metals Profits Will Be Reduced by \$70,000
- ☒ Yes, Rome Metals Profits Will Increase by \$70,000
- ☐ No, Rome Metals Profits Will be reduced by \$30,000

## Question 6

1 / 1 pts

A list of account balances for Saint Lyonn Pastries follow:

Revenue and Expenses		January 1 inventories	
Purchases of raw materials	\$171,000	Raw materials	\$38,000
Direct labor	\$205,000	Work in process	\$41,000
Indirect labor	\$35,000	Finished Goods	\$105,000
Factory Rent	\$84,500		
Depreciation Expense - Factory Equipment	\$25,000		
		December 31 inventories	
Insurance - factory	\$18,000		
Salesperson's salaries	\$92,000	Raw	\$47,000

Maintenance - Factory Equipment	\$14,000	materials	
Administrative Office Wages	\$76,000	Work in process	\$25,000
Miscellaneous Expenses - Factory	\$28,000	Finished goods	\$93,000
Miscellaneous Expenses-Office	\$45,000	Raw Material Purchase	\$6,200
Net Sales Revenues	\$950,000	Returns	
CEO Salary	\$100,000		
Utilities Expense - Factory	\$32,000		
Administrative Office Rent	\$34,000		

To answer questions 6 and 7 you will need to prepare an income statement. To get the problems correct you will need to determine the Cost of Goods Manufactured and the Cost of Goods Sold.

Choose the best answer below for your determination of the **Cost of Goods Sold**

☐ \$575,000

☒ \$625,300

☐ \$725,300

☐ \$737,000

☐ \$430,000

**Question 7**

**0.5 / 0.5 pts**

Continuing with Saint Lyonn Pastries, what are the Cost of Goods Manufactured for the fiscal year?

☐ \$418,000

☐ \$619,500

☐ \$713,300

☒ \$613,300

### Question 8

0.5 / 0.5 pts

Continuing with Saint Lyonn Pastries what is the Net Income for the fiscal year? Choose the best answer below.

☐ \$113,000

☒ (\$22,300)

☐ (\$28,500)

☐ \$101,000

☐ \$173,000

### Question 9

0.5 / 0.5 pts

Oxford Street Apparel produces and sells two lines of business suits; the European and the Legacy. The following monthly data is provided in the table below.

In addition the firm's budgeted net income is \$55,000 per month. Calculate the firm's fixed cost and select the answer below that best matches yours.

	European	Legacy
Estimated unit sales per month	500	1000
Selling price	\$200	\$175
Variable manufacturing costs	\$110	\$100
Variable selling and administrative costs	\$10	\$10

☐ \$25,000

☐ \$40,000

☐ \$60,000

☒ \$50,000

☐ \$75,000

Quiz Score: **4.5** out of 5