

Assignment (1) :

X company with a production capacity of 10,000 units and a production quantity of 8000 units, variable cost per unit \$65, fixed costs \$200,000, selling price per unit \$ 100, and management received an offer to buy 2000 units at \$80 per unit

Required:

Help management to accept or reject the special order in the following cases:

A- The production and sale of the special order do not require new equipment and will not affect the current selling prices. and the opportunity cost of unused capacity is zero.

B- The production and sale of the special order do not require new equipment and lead to reducing the selling price of the current products to \$ 90, and the opportunity cost of unused capacity is zero.

C- The production and sale of the special order do not require new equipment and will not affect the current selling price, and there is also the possibility of leasing the unused capacity with annual revenue of \$ 20,000

D- The production and sale of the special order require new equipment, the cost of this equipment is \$ 200,000, and its annual depreciation rate is 10% and will not affect the current selling price, and the opportunity cost of unused capacity is zero.

Assignment (2) :

Use the following information to state which statement from 1-4 is correct and which one is wrong: (a) for correct statements, (e) for wrong statements:

X company is producing a product called “H” product, the following information were gathered related to this product:

The selling price per unit	\$400
The variable cost per unit	\$200
The total fixed costs	\$100,000
The current sales volume	600 units

What if the following **independent** situations occurred?

1. The current sales volume increased to 700 units; the safety margin in units will increase by 120 units.
2. The current sales volume decreased to 550 units; the company will be at break-even.
3. The selling price per unit increased to \$450; the break-even point will increase by 130 units.
4. The variable cost per unit increased to \$240; the break-even point will increase by 200 units.

Assignment (3):

Preparing a Contribution Format Income Statement		
Wheeler Corporation's most recent income statement follows:		
	Total	Per Unit
Sales (8,000 units)	\$208,000	\$26.00
Variable expenses	144,000	18.00
Contribution margin	64,000	\$ 8.00
Fixed expenses	56,000	
Net operating income	\$ 8,000	

Required:
Prepare a new contribution format income statement under each of the following conditions (consider each case independently):

1. The sales volume increases by 50 units.
2. The sales volume declines by 50 units.
3. The sales volume is 7,000 units.

Assignment (4)

The records of X corporation show the following cost information for the coming year 2024:

Qs	Q1	Q2	Q3	Q4
Sales in units	8000	7500	6200	9400

Selling price per unit is \$20

Estimated opening inventory for each quarter as follows:

Q1	Q2	Q3	Q4
800	700	600	600

Opening inventory of 1st Q of 2025 is 1200 units of FG.

Each unit requires 2 Kg of raw material X and 4 Kg of raw material Z.

Estimated ending inventory of raw materials X and Z as follows:

Qs	X	Z
Q1	2400	3100
Q2	2800	3000
Q3	1800	1200
Q4	1500	1600

Opening inventory of first quarter of 2024

X 1700

Z 1100

Price/kg of RM X is 0.4 and Z 0.6

Each unit requires 2 types of labor, normal and trained one, it requires 1.4 hours of normal labor and 2.5 hrs. of trained labor.

Given that average wages/hr. for normal labor is \$0.8 and \$2 for trained labor.

The top management estimated the following fixed production overhead cost elements for 2024:

Rent \$16000, Depreciation expense \$20,000, insurance \$8000, power and electricity \$6000. The application rate for production overhead fixed costs will be based on production units.

The top management estimated the following marketing costs:

Variable marketing cost/unit:

\$ 0.2 sales commission, \$ 0.25 shipping and handling.

Fixed O.H marketing costs:

Advertising \$16000, display rent \$4000, sales equipment depreciation \$8000, display insurance \$10,000. The application rate for fixed marketing overhead is the sales units

Required:

Prepare sales budget, production budget, material requirement budget, material purchases and cost of material budget, labor budget, production O.H budget, and marketing budget .

