Course No: ACNE 3308 **Course Title: Managerial Accounting** **Date: ---/05/2017** **No. of Questions: (6)** **Time: 2 hour** **Using Calculator (yes)**	**University of Palestine** **Final Exam** **2nd Semester 2016/2017** **Total Grade: 50**	**Instructor Name: Dr. Khaled Eissa** **Student No.: ____________________** **Student Name: ____________________** **College Name: Business Administration** **Dep. / Specialist: Accounting** **Using Dictionary (No)**

أختر 5 أسئلة فقط من 6 للإجابة عليها

Question 1: (10 marks)

Tanek Industries manufactures and sells three different models of wet-dry shop vacuum cleaners. Although the shop vacs vary in terms of quality and features, all are good sellers. Tanek is currently operating at full capacity with limited machine time. Sales and production information relevant to each model follows:

	Product		
	Economy	**Standard**	**Deluxe**
Selling price	$30	$50	$100
Variable costs and expenses	$14	$15	$46
Machine hours required	0.5	0.8	1.6

Required:

a) Ignoring the machine time constraint, which single product should Tanek Industries produce?
b) What is the contribution margin per unit of limited resource for each product?
c) If additional machine time could be obtained, how should the additional time be used?

Question 2: (10 marks)

Raslan Company produces golf discs which it normally sells to retailers for $14 each. The cost of manufacturing 30,000 golf discs is:

Materials	$ 30,000
Labor	90,000
Variable overhead	60,000
Fixed overhead	120,000
Total	$ 300,000

Raslan also incurs 5% sales commission ($0.70) on each disc sold.

McDonald Corporation offers Raslan $9.50 per disc for 5,000 discs. McDonald would sell the discs under its own brand name in foreign markets not yet served by Raslan. If Raslan accepts the offer, its fixed overhead will increase by $20,000 due to the purchase of a new imprinting machine. No sales commission will result from the special order.

Required:

a. Prepare an incremental analysis for the special order.
b. Should Raslan accept the special order? Why or why not?

Question 3: (10 marks)

Watts Company makes various electronic products. The company is divided into a number of autonomous divisions that can either sell to internal units or sell externally. All divisions are located in buildings on the same piece of property. The Board Division has offered the Chip Division $20 per unit to supply it with chips for 30,000 boards. It has been purchasing these chips for $22 per unit from outside suppliers. The Chip division receives $22.50 per unit for sales made to outside customers on this type of chip. The variable cost of chips sold externally by the Chip Division is $14.50. It estimates that it will save $4.50per chip of selling expenses on units sold internally to the Board Division. The Chip Division has no excess capacity.

Required:

a) Calculate the minimum transfer price that the Chip Division should accept. Discuss whether it is in the Chip Division's best interest to accept the offer.
b) Suppose that the Chip Division decides to reject the offer. What are the financial implications for each division, and for the company as a whole, of this decision?

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Question 4: **(10 marks)**

Hannon Inc. produces three separate products from a common process costing $200,000. Each of the products can be sold at the split-off point or can be processes further and then sold for higher price. Shown below are cost and selling price data for a recent period:

	Sales Value at split-off Point	Cost to process Further	Sales Value after Further Processing
Product A	$120,000	$200,000	$380,000
Product B	30,000	60,000	70,000
Product C	110,000	300,000	430,000

Required:

a) Determine total net income if all products are sold at the split-off point
b) Determine total net income if all products are sold after further processing
c) Using incremental analysis, determine which products should be sold at the split-off.
d) Determine total net income using results from (c).

Question 5: **(10 marks)**

Dewitt Corporation needs to set a target price for its newly designed product M14-M16. The following date relative to this new product:

	Per Unit	Total
Direct materials	$20	
Direct labor	$40	
Variable manufacturing overhead	$10	
Fixed manufacturing overhead		$1,440,000
Variable selling and administrative expenses	$5	
Fixed selling and administrative expenses		$960,000

These costs are based on a budgeted volume of 80,000 units produced and sold each year. Dewitt uses cost-plus pricing methods to set its target selling price. The markup percentage on total unit cost is 30%.

Required:

a) Compute the total variable cost per unit, total fixed cost per unit, and total cost per unit for M14-M16.
b) Compute the desired ROI per unit for M14-M16.
c) Compute the target selling price for M14-M16.

Question 6: **(10 marks)**

Asheville Company is preparing its master budget for 2017. Relevant data pertaining to its sales and production budgets are as follows.

Sales: Sales for the year are expected to total 2,100,000 units. Quarterly sales, as a percentage of total sales are 15%, 25%, 35%, and 25%, respectively. The sales price is expected to be $70 per unit for the first three quarters and $75 per unit beginning in the fourth quarter. Sales in the first quarter of 2018 are expected to be 10% higher than the budgeted sales volume for the first quarter of 2017.

Production: Management desires to maintain ending finished goods inventories at 20% of the next quarter's budgeted sales volume.

Required:

Prepare the sales budget and production budget by quarters for 2017.

<<< Good Luck >>>