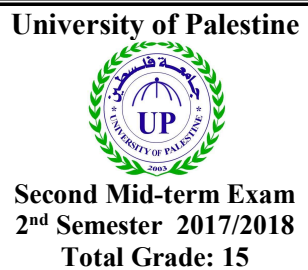


Course No: ACNE 3308
Course Title: Managerial Accounting
Date: ---/04/2018
No. of Questions: (3)
Time: 1 hour
Using Calculator (yes)



Instructor Name: Dr. Khaled Eissa
Student No.: _____
Student Name: _____
College Name: Business Administration
Dep. / Specialist: Accounting
Using Dictionary (No)

Question 1:

Rubble Company must decide whether to make or buy some of its components. The costs of producing 60,000 switches for its generators are as follows:

Direct materials	\$30,000	Variable overhead	\$45,000
Direct labor	\$42,000	Fixed overhead	\$60,000

Instead of making the switches at an average cost of \$2.95, the company has an opportunity to buy the switches at \$2.70 per unit. If the company purchases the switches, all variable costs and one-fourth of the fixed costs will be eliminated.

Required:

- Prepare an incremental analysis showing whether the company should make or buy the switches.
- Would your answer be different if the released productive capacity will generate additional income of \$34,000?

Question 2:

Maize Company incurs a cost of \$35 per unit, of which \$20 is variable, to make a product that normally sells for \$58. A Foreign wholesaler offers to buy 6,000 units at \$30. Maize will incur additional costs of \$3 per unit to imprint a logo and to pay for shipping, assuming Maize has sufficient excess operating capacity.

Required:

- Compute the increase or decrease in net income Maize will realize by accepting the special order.
- Should Maize Company accept the special order?

Question 3:

Gator Corporation manufactures several types of accessories. For the year, the gloves and mittens line had sales of \$500,000, variable expenses of \$370,000, and fixed expenses of \$150,000. Therefore, the gloves and mittens line had a net loss of \$20,000. IF Gator eliminates the line, \$38,000 of fixed costs will remain.

Required:

Prepare an analysis showing whether the company should eliminate the gloves and mittens line.

<<< *Good Luck* >>>