

ACG 3024 – Accounting for Non-Financial Majors

Homework Portfolio (This is an individual assignment)

Make sure you complete the homework portfolio version assigned to you from your sign-in on the Florida Online (D2L) portal. Since there is a specific identifier (code) hidden within this document that allows me to identify your assigned version when grading, you must submit the correct version to me. Do this by going to the content tab and downloading your homework portfolio. Once you've completed the assignment you will submit it for grading through the drop box on your D2L portal by the due date. **Failure to use your assigned homework portfolio will result in an "F" for this assignment.**

INSTRUCTIONS: This homework portfolio contains five problems (one from each chapter 12 through 16). The portfolio should be completed on Microsoft Excel or Microsoft Word and stored as ONE FILE (you can use multiple worksheets or do all of the problems on one worksheet if you're using Excel. Each problem should be numbered and EVERY ANSWER (bottom line answers) should be in RED. **You must show ALL CALCULATIONS to receive ANY CREDIT.** The file should be uploaded to the dropbox on or before the due date in your syllabus (content tab on D2L).

There is a study guide on the D2L content tab for your use! Make sure you read the instructions carefully!!!

#1 Preppy Co. makes and sells a single product. The current selling price is \$42 per unit. Variable costs are \$21 per unit and fixed expenses total \$105,000 per month. Sales volume for July totaled 11,500 units.

- (a) Calculate the operating income for July. **Use the Contribution Margin Format.**
- (b) Calculate the break-even point in units sold and break-even total revenues.
- (c) Management is considering the use of automated production equipment. If this were done, variable costs would increase by \$3.00 per unit, but fixed expenses would decrease by \$15,000 per month.
 - (1) Using the new cost structure, calculate operating income at a volume of 12,000 units per month **Use the Contribution Margin Format.**
 - (2) Using the new cost structure, calculate the break-even point in units sold and break-even total revenues.

#2 George's Garage incurred the following costs during May:

Raw Material	\$30,000
Direct Labor	\$105,000
Manufacturing Overhead	\$45,000
Selling Expense	\$35,000
Administration Expense	\$21,000
Interest Expense	\$15,200
Finished Goods Inventory May 1	\$1,850
Finished Goods Inventory May 31	\$2,500

During the month, 6,000 units of product were manufactured and 5,500 units of product were sold. On May 1, George's carried no raw material inventories.

(a.) Calculate the cost of goods manufactured during May and the average cost per unit of product manufactured. **Use correct statement format.**

(b.) Calculate the cost of goods sold during May. **Use correct statement format.**

Variable Overhead -based on 2,900 cases 2 hrs @ \$5.25/hr

During the week ended June 7 the following activity took place:

- 5,240 machine hours were worked;
- 24,550 lbs. of raw material (direct material) were purchased for inventory at a total cost of \$85,925;
- 3,030 cases of finished product were produced;
- 23,140 lbs. of raw material were used;
- 13,060 labor hours were worked at an average rate of \$14.85 per hour;
- \$28,475 actual variable overhead costs were incurred.

Calculate each of the following:

Make sure you indicate whether the variance is favorable or unfavorable. Variances are ALWAYS stated in dollar amounts.

DM – cases x lbs = lbs x \$ = \$ cases x lbs = lbs x \$ = \$
 DL – case x hrs = hrs x \$ = \$ cases x hrs = hrs x \$ = \$
 VOH – cases x hrs = hrs x \$ = \$ cases x hrs = hrs x \$ = \$

Actual

\$ / = \$ x lbs = \$
 x \$ = \$
 \$ / (cases x hrs) = \$

A) Flexible Budget

	Budget	Actual	Variance	Flex Budget	Actual	Variance
Raw Materials	\$	\$		\$	\$	
Direct Labor	\$	\$		\$	\$	
Variance OH	\$	\$		\$	\$	
Total	\$	\$		\$	\$	

B) Price variance for raw materials purchased

C) Raw materials usage variance

D) Direct labor rate variance

E) Direct labor efficiency variance

F) Variable overhead spending variance

