



Choose the Correct Answer

(You are required to shade the correct answer in the "tables below" and show required calculations in the blank pages)

1. Strategic decisions are made by
 - a. Middle level managers
 - b. Top level managers
 - c. First line managers
 - d. None of the above
2. The factors that affect managers' decisions and do not have a financial value are known as
 - a. Quantitative factors
 - b. Relevant factors
 - c. Qualitative factors
 - d. None of the above

Use the following information to answer questions from 3 to 7 (SHOW All Calculations)

A company manufactures a subcomponent of a product for \$80 per unit, including fixed costs of \$25 per unit. A proposal is offered to purchase the subcomponent from an outside source for \$60 per unit. In addition, the company will pay \$5 per unit for transportation.

Provide the required analysis to answer the following questions

3. The decision related to the previous information is known as
 - a. Sell or lease decision
 - b. Pricing decision
 - c. Sell or process further
 - d. Make or buy decision
4. The relevant cost related to the manufacturing option equals
 - a. \$ 80
 - b. \$ 25
 - c. \$ 65
 - d. Other, please specify
5. The relevant costs related to the purchasing option equals
 - a. \$ 60
 - b. \$ 65
 - c. \$ 5
 - d. Other, please specify
6. Based on the analysis you made, what is your recommended decision?

7. Why you made the decision in question 7?

Question	1	2	3	4	5
Answer					

Following is the sales budget of Hayes Company.

Hayes Company Sales Budget For the Year Ending December 31, 2021					
	Quarter				
	1	2	3	4	Year
Expected Unit Sales	3000	3500	4000	4500	15000
Unit Selling price	×\$60	×\$60	×\$60	×\$60	×\$60
Total Sales	\$180,000	\$210,000	\$240,000	\$270,000	\$900,000

Hayes Company has the following information:

- Ending finished goods inventory equal to 20% of the next quarter's budgeted sales volume.
- Ending direct materials inventory equals to 10% of the next quarter's production requirements.
- Expected sales for quarter one in year 2022 equals 5000 units

Given the above information, complete the following Hayes Company Production Budget

Hayes Company Production Budget For the Year Ending December 31, 2021					
	Quarter				
	1	2	3	4	Year
? (15)	? (16)	? (17)	? (18)	? (19)	? (20)
Add: Desired Ending Inventory	? (21)	? (22)			? (24)
Total Required Units					
Deduct: Beginning Inventory	600	? (23)			? (25)
Required Production					

SHOW ALL THE CALCULATIONS required to answer the missing points. Write the final answers in the box below:

15. The missing title is

Bonus Question: why beginning inventory for quarter 1 equals 600?

Question	16	17	18	19	20	21	22	23	24	25
Answer										

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Required Production					

SHOW ALL THE CALCULATIONS required to answer the missing points. Write the final answers in the box below:

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Bonus Question: why beginning inventory for quarter 1 equals 600?

Question	16	17	18	19	20	21	22	23	24	25
Answer										

- Assume the following data about Baker Corporation and use them to answer questions 26 to 28 (SHOW ALL CALCULATIONS):

Fixed costs	\$210,000
Unit selling price	\$ 30
Unit variable cost	\$ 18

26. The number of sales units required by the company to break- even equals

- a. 7,000 Units
- b. 11,667 Units
- c. 17,500 Units
- d. Other, please specify

27. The Break-even Sales (dollars) equal

- a. \$525,000
- b. \$350,010
- c. \$210,000
- d. Other, please specify.....

28. How many units to be sold to achieve \$30,000 as profit?

- a. 17,500 Units
- b. 8,000 Units
- c. 13,000 Units
- d. Other, Please specify

29. In making keep or drop decisions, the expected loss resulting from the drop alternative equals

- a. The revenues
- b. The contribution margin
- c. No loss is expected
- d. Operating income

A manufacturing company produces four products (A, B, C, and D) from a common input. The joint costs for a typical quarter are as follows:

Direct materials	\$128,000
Direct labor	56,000
Overhead	80,000

The revenues from each product are as follows: A, \$130,000; B, \$93,000; C, \$30,000; and D, \$40,000.

Management is considering processing product D beyond the split-off point, which would increase the sales value of product D to \$73,700. However, to process it further means that the company must rent some special equipment costing \$15,400 per quarter. Additional materials and labor also needed would cost \$8,500 per quarter.

Use the above information to answer the following questions from 30 to (SHOW ALL CALCULATIONS)

30. The operating profit for the four products at one quarter equals:

- a. \$ 109,000
- b. \$ 62,700
- c. \$ 29,000
- d. Other, Please Specify

31. What will be your decision for product D?

- a. Sell
- b. Process Further

32. Justify the decision you made in question 31 (i.e., Why you made that decision?) SUPPORT ANSWER WITH REQUIRED CALCULATIONS

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Question	26	27	28	29	30	31
Answer						

Best Wishes 😊