

※ 考生請注意：本試題可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

1. Produce Company needs to know the pounds of apples to have on hand each day. Each pound of apples costs \$0.50 and can be sold for \$0.80. Unsold apples are worthless at the end of the day. The following demands were found after studying the last six months' sales:

200 pounds of apples 30% of the time  
 300 pounds of apples 40% of the time  
 400 pounds of apples 30% of the time

**Required:** (20%)

Determine whether Produce Company should order 200, 300, or 400 pounds of apples.

2. Global Event Group has two major divisions: print and Internet. Summary financial data (in millions) for 2011 and 2012 are as follows:

	A	B	C	D	E	F	G	H	I
1		Operating Income			Revenues			Total Assets	
2		2011	2012		2011	2012		2011	2012
3	Print	\$3,740	\$6,120		\$18,300	\$20,400		\$18,650	\$24,000
4	Internet	565	780		25,900	30,000		11,200	12,000

The two division managers' annual bonuses are based on division ROI (defined as operating income divided by total assets). If a division reports an increase in ROI from the previous year, its management is automatically eligible for a bonus; however, the management of a division reporting a decline in ROI has to present an explanation to the Global Event Group board and is unlikely to get any bonus.

Carol Mays, manager of the print division, is considering a proposal to invest \$960 million in a new computerized news reporting and printing system. It is estimated that the new system's state-of-the-art graphics and ability to quickly incorporate late-breaking news into papers will increase 2013 division operating income by \$144 million. Global Event Group uses a 12% required rate of return on investment for each division.

**Required** (25%)

- Use the DuPont method of profitability analysis to explain differences in 2012 ROIs between the two divisions. Use 2012 total assets as the investment base.
- Why might Mays be less than enthusiastic about accepting the investment proposal for the new system, despite her belief in the benefits of the new technology?

- (3) Chris Moreno, CEO of Global Event Group, is considering a proposal to base division executive compensation on division RI.
- Compute the 2012 RI of each division.
  - Would adoption of an RI measure reduce Mays' reluctance to adopt the new computerized system investment proposal?

3. Max's Movie Store encounters revenue-allocation decisions with its bundled product sales. Here, two or more of the movie videos are sold as a single package. Managers at Max's are keenly interested in individual product-profitability figures. Information pertaining to its three bundled products and the stand-alone selling prices of its individual products is as follows:

	Stand-Alone Selling Price,	Cost	Package	Packaged Price
<i>New Releases</i>	\$15	\$2.00	<i>New &amp; Older</i>	\$20
<i>Older Releases</i>	\$10	\$1.50	<i>New &amp; Classics</i>	\$17
<i>Classics</i>	\$8	\$1.25	<i>All three</i>	\$25

**Required:** (20%)

- With selling prices as the weights, allocate the \$25 packaged price of "All Three" to the three videos using the stand-alone revenue-allocation method.
  - Allocate the \$25 packaged price of "All Three" to the three types of videos using the incremental revenue-allocation method. Assume New Releases is the primary product, followed by Older Releases, and then Classics.
4. Please **"answer and explain"** the following questions using the information below: (20%)

Hudson Dock Company manufactures boat docks on an assembly line. Its standard costing system uses two cost categories, direct materials and conversion costs. Each product must pass through the Assembly Department and the Finishing Department. Direct materials are added at the beginning of the production process. Conversion costs are allocated evenly throughout production.

Data for the Assembly Department for May 20X5 are:

Work in process, beginning inventory:	70 units
Direct materials (100% complete)	
Conversion costs (25% complete)	
Units started during May	40 units



Conversion-Cost Variances	280,000
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Assembly Department Conversion Cost Control	1,680,000
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D) Work in Process — Testing	1,400,000
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Assembly Department Conversion Cost Control	1,400,000
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(4) Which of the following journal entries properly records direct materials requisitions for the work-in-process inventory and direct materials variances, assuming that the Assembly Department used 10% less materials than expected?

A) Work in Process — Assembly	160,000
Assembly Department Materials Cost Control	160,000

B) Work in Process — Assembly	160,000
Direct Materials Variance	16,000
Assembly Department Materials Cost Control	144,000

C) Work in Process — Assembly	144,000
Assembly Department Materials Cost Control	144,000

D) Work in Process — Assembly	144,000
Direct Materials Variances	16,000
Assembly Department Materials Cost Control	160,000

5. Modern Electronics manufactures surround sound systems and applies manufacturing costs to production at a budgeted indirect-cost rate of \$22 per direct-labor hour. The following data are obtained from the accounting records for August 20X9:

Direct materials	\$350,000
Direct labor (7,000 hours @ \$15/hour)	\$105,000
Indirect labor	\$ 15,000
Plant lease	\$ 75,000
Depreciation on plant and equipment	\$ 40,000
Marketing expense	\$ 20,000
Plant utilities	\$ 15,000

**Required:** (15%)

- What actual amount of manufacturing overhead cost was incurred during August 20X9?
- What amount of manufacturing overhead was allocated to all jobs during August 20X9?
- For August 20X9, was manufacturing overhead underallocated or overallocated? Explain.