1. The controller of JoyCo has requested a quick estimate of the manufacturing supplies needed for the month of July when production is expected to be 470,000 units. Below are actual data from the prior three months of operations.

|  |  |  |
| --- | --- | --- |
|   | Production in units | Manufacturing supplies |
| March | 450,000 | $723,060 |
| April | 540,000 | $853,560 |
| May | 480,000 | $766,560 |

Using these data and the high-low method, what is the best estimate of the cost of manufacturing supplies that would be needed for July? (Assume that this activity is within the relevant range.)

Answers to choice from…

|  |  |  |
| --- | --- | --- |
|  |  | $805,284 |
|  |  | $1,188,756 |
|  |  | $755,196 |
|  |  | $752,060 |

1. The following is Addison Corporation's contribution format income statement for last month:

What is the company's margin of safety in dollars? The company has no beginning or ending inventories. A total of 20,000 units were produced and sold last month.

|  |  |
| --- | --- |
| Sales | $1,000,000 |
| Variable expenses | $700,000 |
| Contribution margin | $300,000 |
| Fixed Expenses | $180,000 |
| Net operating income | $120,000 |

Answers to choice from…

|  |  |  |
| --- | --- | --- |
|  |  | $400,000 |
|  |  | $600,000 |
|  |  | $120,000 |
|  |  | $880,000 |

3. Dilloo Company uses an activity-based costing system with three activity cost pools. The company has provided the following data concerning its costs and its activity based costing system:

|  |  |
| --- | --- |
| Costs |   |
| Manufacturing overhead | $520,000 |
| Selling and administrative expenses | $140,000 |
| Total | $660,000 |

Distribution of resource consumption:

|  |
| --- |
|  Activity Cost Pools |
|   | Order Size | Customer Support | Other | Total |
| Manufacturing overhead | 40% | 50% | 10% | 100% |
| Selling and administrative expenses | 45% | 35% | 20% | 100% |

The "Other" activity cost pool consists of the costs of idle capacity and organization-sustaining costs. You have been asked to complete the first-stage allocation of costs to the activity cost pools.

How much cost, in total, should NOT be allocated to orders and products in the second stage of the allocation process if the activity-based costing system is used for internal decision-making?

Answer s to choose from…

|  |  |  |
| --- | --- | --- |
|  |  | $80,000 |
|  |  | $132,000 |
|  |  | $66,000 |
|  |  | $0 |

1. The contribution margin ratio of Lukasiewicz Corporation's only product is 62%. The company's monthly fixed expense is $297,600 and the company's monthly target profit is $37,200.

Required:

Determine the dollar sales to attain the company's target profit.