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| **E8-8** |
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Padong Remanufacturing rebuilds spot welders for manufacturers. The following budgeted cost data for 2008 is available for Padong.

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|   |  | **TimeCharges** | **Material Loading Charges** |
|     | Technicians' wages and benefits | $228,000 |   | -         |   |
|  | Parts manager's salary and benefits | -         |   | $42,500 |   |
|  | Office employee's salary and benefits | 38,000 |   | 9,000 |   |
|  | Other overhead | 15,200 |   | 24,000 |   |
|  | Total budgeted costs | $281,200 |   | $75,500 |   |

The company desires a $35 profit margin per hour of labor and a 25% profit margin on parts. It has budgeted for 7,600 hours of repair time in the coming year, and estimates that the total invoice cost of parts and materials in 2008 will be $400,000.

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Compute the rate charged per hour of labor. $

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Compute the material loading percentage. ***(Round answer to 3 decimal places, e.g. 2.250.)*** %

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Lindy Corporation has requested an estimate to rebuild its spot welder. Padong estimates that it would require 40 hours of labor and $2,500 of parts. Compute the total estimated bill. ***(Use the rounded amount from the previous questions when calculating the answer for this question. Round answer to 2 decimal places, e.g. 10.50.)*** $

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| Click here if you would like to Show Work for this question |

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Hawks Electronic Repair Shop has budgeted the following time and material for 2008.

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| **HAWKS ELECTRONIC REPAIR SHOP** |
| **Budgeted Costs for the Year 2008** |
|  | **TimeCharges** | **Material Loading Charges** |
| Shop employees' wages and benefits | $108,000 |   | -        |   |
| Parts manager's salary and benefits | -        |   | $25,400 |   |
| Office employee's salary and benefits | 20,000 |   | 13,600 |   |
| Overhead (supplies, depreciation, advertising, utilities) | 26,000 |   | 18,000 |   |
| Total budgeted costs | $154,000 |   | $57,000 |   |

Hawks budgets 5,000 hours of repair time in 2008 and will bill a profit of $5 per labor hour along with a 30% profit markup on the invoice cost of parts. The estimated invoice cost for parts to be used is $100,000.       On January 5, 2008 Hawks is asked to submit a price estimate to fix a 72-inch big-screen TV. Hawks estimates that this job will consume 20 hours of labor and $500 in parts.

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Compute the labor rate for Hawks Electronic Repair Shop for the year 2008. ***(Round answer to 2 decimal places, e.g. 10.50.)*** $

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Compute the material loading charge percentage for Hawks Electronic Repair Shop for the year 2008. %

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Prepare a time-and-material price quotation for fixing the big-screen TV. What is the total price of labor and material. ***(Use the rounded amount from the previous questions when calculating the answer for this question. Round answer to 2 decimal places, e.g. 10.50.)*** $

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Wordsmith is a publishing company with a number of different book lines. Each line has contracts with a number of different authors. The company also owns a printing operation called Pronto Press. The book lines and the printing operation each operate as a separate profit center. The printing operation earns revenue by printing books by authors under contract with the book lines owned by Wordsmith, as well as authors under contract with other companies. The printing operation bills out at $0.01 per page, and a typical book requires 500 pages of print. A manager from Business Books, one of the Wordsmith's book lines, has approached the manager of the printing operation offering to pay $0.007 per page for 1,200 copies of a 500-page book. The book line pays outside printers $0.009 per page. The printing operation's variable cost per page is $0.006.

Calculate the change in contribution margin to each division, and to the company as a whole, if top management forces the printing operation to accept the $0.007 per page transfer price when it has no available capacity. ***(If a net loss, record amount using either a negative sign preceding the number eg -45 or parentheses eg (45).)***

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