


1. (15 分)

Answer the following questions using the information below:

- Explain what revenues and costs are relevant when choosing among alternatives. (4分)
- Give an example of relevant cost. (4分)
- Lim Corp. uses the balanced scorecard technique to achieve its long term objectives. Managers of Lim came to know that all the balanced scorecards objectives were achieved other than financial perspective measures for the previous period. While the learning and growth and internal business processes perspective measures were achieved with relative ease, Lim had to strive extremely hard to achieve customer oriented measures. The company had failed miserably in achieving its financial measures.

Using the given information, evaluate the strategy of Lim and its implementation. (7分)

2. (20 分)

YES company planned to use materials of \$12 per unit but actually used materials of \$13 per unit, and planned to make 1,800 units but actually made 1,500 units.

- What is The flexible-budget amounts for materials? (5分)
- What is the flexible-budget variance amounts for materials? (5分)
- What is the sales-volume variance amounts for materials? (5分)
- Give one reason to explain an unfavorable sales-volume variance. (5分)

3. (15 分)

Cheel's Pet Supply Corporation manufactures two models of grooming stations, a standard and a deluxe model. The following activity and cost information has been compiled:

	<u>Number of Setups</u>	<u>Number of Components</u>	<u>Number of Direct Labor Hours</u>
Product			
Standard	3	30	650
Deluxe	7	50	150
Overhead costs	\$40,000	\$120,000	

- Assume a traditional costing system applies the \$160,000 of overhead costs based on direct labor hours. What is the total amount of overhead costs assigned to the deluxe model? (4分)
- Assume an activity-based costing system is used and that the number of setups and the number of components are identified as the activity-cost drivers for overhead. What is the total amount of overhead costs assigned to the deluxe model? (4分)
- Which system, a traditional costing system or ABC system, provides a better estimate of costs? Why? (4分)
- "ABC systems may result in misallocation of indirect costs." Do you agree? Give reasons for your answer. (3分)



4. (18 分)

Chicago Infonautics, Inc., produces handheld Windows CE™-compatible organizers. Chicago Infonautics markets three different handheld models: PalmPro is a souped-up version for the executive on the go, PalmCE is a consumer-oriented version, and PalmKid is a stripped-down version for the young adult market. You are Chicago Infonautics' senior vice president of marketing. The CEO has discovered that the total contribution margin came in lower than budgeted, and it is your responsibility to explain to him why actual results are different from the budget. Budgeted and actual operating data for the company's third quarter of 2019 are as follows:

Budgeted Operating Data, Third Quarter 2019

	Selling Price	Variable Cost per Unit	Contribution Margin per Unit	Sales Volume in Units
PalmPro	\$748	\$370	\$378	13,580
PalmCE	544	192	352	35,890
PalmKid	288	132	156	47,530
				<u>97,000</u>

Actual Operating Data, Third Quarter 2019

	Selling Price	Variable Cost per Unit	Contribution Margin per Unit	Sales Volume in Units
PalmPro	\$730	\$350	\$380	10,120
PalmCE	576	188	388	32,200
PalmKid	220	150	70	49,680
				<u>92,000</u>

Chicago Infonautics' senior vice president of marketing prepared his budget at the beginning of the third quarter assuming a 25% market share based on total sales. The total handheld-organizer market was estimated by Foolinstead Research to reach sales of 388,000 units worldwide in the third quarter. However, actual sales in the third quarter were 400,000 units.

(a) Calculate the actual and budgeted sales mixes for the three products for the third quarter of 2019.

(3分)

(b) Calculate total sales-volume, sales-mix, and sales-quantity variances for the third quarter of 2019.

(Calculate all variances in terms of contribution margins.) (9分)

(c) Calculate the market-share and market-size variances for Chicago Infonautics in the third quarter of 2019 (calculate all variances in terms of contribution margins). (6分)



5. (12 分)

Jack Garrett, a manager of the plate division for the Marble Top Manufacturing company, has the opportunity to expand the division by investing in additional machinery costing \$210,000. He would depreciate the equipment using the straight-line method, and expects it to have no residual value. It has a useful life of seven years. The firm mandates a required aftertax rate of return of 14% on investments. Jack estimates annual net cash inflows for this investment of \$62,500 before taxes, and an investment in working capital of \$1,250. Tax rate is 35%.

- Calculate the net present value of this investment. (4分)
- Calculate the accrual accounting rate of return on initial investment for this project. (4分)
- Should Jack accept the project? Will Jack accept the project if his bonus depends on achieving an accrual accounting rate of return of 14%? How can this conflict be resolved? (4分)

6. (20 分)

The Kim Company is a furniture manufacturer with two departments: molding and finishing. The company uses the weighted-average method of process costing. In August, the following data were recorded for the finishing department:

Units of beginning work in process inventory	2,500
Percentage completion of beginning work in process units	25%
Cost of direct materials in beginning work in process	\$0
Units started	17,500
Units completed	12,500
Units in ending inventory	5,000
Percentage completion of ending work in process units	95%
Spoiled units	2,500
Total costs added during current period:	
Direct materials	\$819,000
Direct manufacturing labor	\$794,500
Manufacturing overhead	\$770,000
Work in process, beginning:	
Transferred-in costs	\$103,625
Conversion costs	\$52,500
Cost of units transferred in during current period	\$809,375

Conversion costs are added evenly during the process. Direct material costs are added when production is 90% complete. The inspection point is at the 80% stage of production. Normal spoilage is 10% of all



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good units that pass inspection. Spoiled units are disposed of at zero net disposal value.

- (a) Compute equivalent units for each cost category in August. (6 分)
- (b) Calculate cost per equivalent unit for each cost category in August. (6 分)
- (c) For August, summarize total costs to account for and assign these costs to units completed and transferred out (including normal spoilage), to abnormal spoilage, and to units in ending work in process. (8 分)