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Current Attempt in Progress

Managerial accounting stresses accounting concepts and procedures that are relevant to preparing reports for

- investors and banks.
- internal users of accounting information.
- shareholders and creditors.
- the Securities and Exchange Commission (SEC).

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The goal of managerial accounting is to provide information that managers need for

- planning, control, and financial reporting.
- control, evaluation, and financial reporting.
- planning, control, and decision making.
- preparing reports for external users.

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The financial plans prepared by managerial accountants are referred to as

- budgets.
- financial statements.
- treasurer's reports.
- controller's opinions.

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Performance reports often compare current performance with

- a competing company's performance.
- shareholders' expected level of performance.
- industry standards.
- performance in a prior period or budgeted performance.

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Below is a performance report that compares budgeted and actual profit of Atlanta Enterprises for the month of June:

	Budget	Actual	Difference
Sales	\$182,000	\$180,000	(\$2,000)
Less:			
Cost of ingredients	145,000	141,000	4,000
Salaries	24,000	23,000	1,000
Controllable profit	<u>\$ 13,000</u>	<u>\$ 16,000</u>	<u>\$ 3,000</u>

In evaluating the department in terms of its changes in sales and expenses, what will be most important to investigate?

- Sales
- Cost of ingredients
- Salaries
- Debtors

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The fundamental difference between managerial and financial accounting is that

- all financial accounting information is audited by Certified Public Accountants whereas managerial accounting information is audited by the IMA.
- managerial accounting is concerned principally with budgets, whereas financial accounting is concerned with a wider range of the organization's activities.
- managerial accounting provides information for decision-makers within the organization, whereas financial accounting provides information for individuals and institutions external to the organization.
- financial accounting information follows U.S. Generally Accepted Accounting Principles, whereas managerial accounting information generally follows rules set forth by the Institute of Management Accountants.

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Variable cost per unit

- increases when the number of units produced increases.
- does not change when the number of units produced increases.
- decreases when the number of units produced increases.
- decreases when the number of units produced decreases.

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Which of the following is most likely to be a fixed cost?

- Cost of wheels for a lawn mower manufacturer
- Rent on a factory building
- Cost of labor for cashiers at a retail store
- Supplies used by the housekeeping staff that cleans hotel rooms

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Current Attempt in Progress

Wildhorse's Salsa is in the process of preparing a production cost budget for May. Actual costs in April were:

Wildhorse's Salsa Production Costs April 2020	
Production	25,000 Jars of Salsa
Ingredient cost (variable)	\$20,000
Labor cost (variable)	11,000
Rent (fixed)	5,000
Depreciation (fixed)	6,000
Other (fixed)	1,000
Total	<u>\$43,000</u>

(a)

Using this information, prepare a budget for May. Assume that production will increase to 30,000 jars of salsa, reflecting an anticipated sales increase related to a new marketing campaign.

Wildhorse's Salsa Budgeted Production Costs May 2020	
Production	30,000 Jars of Salsa
Ingredient cost	\$ <input type="text"/>
Labor cost	<input type="text"/>
Rent	<input type="text"/>
Depreciation	<input type="text"/>
Other	<input type="text"/>
Total	\$ <input type="text"/>

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The Riverview Hotel is a deluxe four-star establishment. Late on Friday, it had 20 of its 300 rooms available when the desk clerk received a call from the Pines Hotel. The Pines Hotel made a booking error and did not have room for 4 guests (each of whom had a "confirmed" room). The Pines wants to send its customers to the Riverview but pay the rate the guests would have been charged at the Pines (\$120 per room) rather than paying the normal rate of \$200 per room at the Riverview.

(a)

If the Riverview accepts the guests, what will be the incremental revenue?

Incremental Revenue \$ [View Policies](#)**Current Attempt in Progress**

Sanchez Sweets is in the process of preparing a production cost budget for May. Actual costs in April for production of 7,000 batches of cookies were:

Ingredients cost	\$ 7,200
Rent	1,100
Labor cost	3,300
Depreciation	900
Other fixed costs	700
Total	<u>\$13,200</u>

The company is currently producing and selling 80,000 batches of cookies annually with each batch sold for \$8.00. The company is considering lowering the price to \$7.50 per batch for which management estimates this will increase sales to 90,000 batches. Ingredients and labor are the only variable costs.

What is the incremental cost associated with producing an extra 10,000 batches of cookies? *(Do not round intermediate calculations, round final answer to 0 decimal places, e.g. 2,520.)*

Incremental cost \$

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What is the incremental revenue associated with the price reduction?

Incremental revenue \$

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Should Sanchez Sweets lower the price of its cookies?

, lowering the price will result in incremental of \$.

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Sterling Auto Detail is currently open Monday through Friday. In the past year, income before taxes was as follows:

Numbers of cars detailed	2,080	
Revenue	\$468,000	
Less operating expenses:		
Supplies (polish, wax, etc.)	\$5,824	
Salaries of detailers	104,000	
Water and other variable costs	12,480	
Supervisor's salary	65,000	
Rent	36,000	
Depreciation	5,000	
Other fixed costs	1,050	229,354
Income before taxes		<u>\$238,646</u>

Quincy Davis, the owner of Sterling, is considering extending the workweek through Saturday. If he takes this action, he'll hire a part-time employee for \$300 per day to act as the Saturday manager so the supervisor still can have Saturday off. Quincy estimates that his company will detail an additional 10 cars per Saturday, 52 weeks per year.

(a)

Calculate the annual incremental revenue associated with being open on Saturday.

Annual incremental revenue \$

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Current Attempt in Progress

The production cost information for Crane's Salsa is as follows:

Crane's Salsa Production Costs April 2020	
Production	30,000 Jars of Salsa
Ingredient cost (variable)	\$27,000
Labor cost (variable)	13,800
Rent (fixed)	5,200
Depreciation (fixed)	6,500
Other (fixed)	1,800
Total	<u>\$54,300</u>

The company is currently producing and selling 330,000 jars of salsa annually. The jars sell for \$6.00 each. The company is considering lowering the price to \$5.30. Suppose this action will increase sales to 390,000 jars.

(a)

What is the incremental cost associated with producing an extra 60,000 jars of salsa?

Incremental Cost \$

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