13-3:Chapter 13:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | Per unit differential cost | | Total cost of 15000 units | |
|  | Make | Buy | Make | Buy |
| Cost of buy from supplier  Cost of making:  DM  DL  VMOH  FMOH Traceable  Total cost of making a parts  Difference in favour of making the product | 6  8  1  2  17  3 | 20 Tk | 6\*15000=90000  8\*15000=120000  1\*15000=15000  2\*15000=30000  255000  45000 Tk | 300000 Tk  300000 |

Req 2:

|  |  |  |
| --- | --- | --- |
| Particulars | Make | Buy |
| Cost of Purchasing (15000\*20)  Cost of making  Opportunity cost | 255000  65000 | 300000 |
|  | 320000 | 300000 |
| Difference in favour of buying the product | 20000 | |

13-8:

Whether Bath department should drop or retain:

Contribution margin lost 700000 Tk

\_ Avoidable fixed cost 530000 Tk

Difference in favour of not dropping the 170000 Tk

Product

Impact on profit when Bath department will drop:

Sales 4000000-400000=3600000

VE 40% 1440000

CM 2160000

\_FE 1800000

NI 360000

\_ Common fixed cost

or allocated fixed cost 370000

for Bath department

Net operating income for the (10000)

Overall company

\*Evaluating a special order:

|  |  |  |
| --- | --- | --- |
| Particulars | Per unit Tk | Total Tk |
| Incremental Revenue  -  Incremental cost  Variable cost:  DM  DL  VMOH  Cost of Filigree | 34  9.95  143  86  7  6 | 3499.5  1430  860  70  60 |
| VC  \_ Fixed cost  Cost of Special tool  Total incremental cost  Incremental net operating income | 242 | 2420  465  2885  614.5 |

Exercise 13-6:

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | X | Y | Z |
| Sales revenue after further processing   * Sales revenue at split off point   Incremental Revenue   * Incremental cost   Incremental profit | 80000  50000  30000  35000  (5000) | 150000  90000  60000  40000  20000 | 75000  60000  15000  12000  3000 |
|  |  |  |  |