

6MK theorie

- not true: unfavorable variance is a red flag of managers performing poorly (1A)
- MK over target costing: enables features for customers with a price they are willing to pay to earn a reasonable profit
- MK true: normal volume creates larger under/over absorbed costs than expected volume

4MK oefeningen

- Calculate Transferprice: 11,53 (=variable costs) + outsourcing to lower the F costs and producing more for showing no excess capacity (E)
- Allocate or not allocate the purchasing overhead costs that are based on number of products purchased. You had 2 products and you had to decide if you would allocate Case 1 or Case 2, or both not or only one of them → don't allocate in both cases (B)
- NOPAT berekenen = 42800 (A)
- Stepdown cost allocation → correct answer isn't included in options E

CASE 1

You had 2 products (Expensive wine and cheap wine (=table wine)). Some managers wanted to discontinue the table wine (because low profits and high competition). You had to decide (with calculations) if it was better to keep the production of table wine or discontinue it. I think you had to look at opportunity costs etc.

→ keep? positive contribution margin = 0.42

CASE 2

You had 2 type of production golf balls (Masters=expensive and Distance=cheaper), you had to give income statements. With one product there was quantity in begin inventory and with the other there were quantities in inventory at the end.

- a) Give income statement with absorption costing
- b) Give income statement with variable costing
- c) Explain differences (if any)
- d) Give income statement with ABC (you had more information with overhead etc)
- e) Give a relative difference in profits and explain?