CHAPTER 10

Problem 1 - Determine the cash payback period for two proposals. (worth 12 points - see Ex. 10-6)

Problem 2 - Internal rate of return method (worth 13 points - see Ex. 10-20 & Prob. 10-4A):

(a) Determine a present value factor for an annuity of $1 which can be used in determining the internal rate of return.

(b) Based on the factor determined in (a) and the portion of the present value of an annuity of $1 table presented, determine the internal rate of return for the proposal.

Problem 3 - Determine (a) the average rate of return on an investment, and (b) the net present value. (worth 25 points - see Prob. 10-1A):

CHAPTER 11

Problem 4 - Single plantwide factory overhead rate and activity-based product costing (worth 50 points - see Ex. 11-13 & Prob. 11-3A):

(a) Determine the single plantwide factory overhead rate, using direct labor hours as the activity base.

(b) Determine the factory overhead cost per unit for Products T and U, using the single plantwide factory overhead rate.

(c) Determine the activity rate for plant supervision and setup labor, assuming that the activity base for supervision is direct labor hours and the activity base for setup is number of setups.

(d) Determine the factory overhead cost per unit for Products T and U, using activity-based costing.

(e) Why is the factory overhead cost per unit different for the two products under the two methods?