**Assignment (1)**

**Deadline: Saturday 05/03/2022 @ 23:59**

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| Course Name: Cost Accounting | Student’s Name: |
| Course Code: ACCT 301 | Student’s ID Number: |
| Semester: 2nd | CRN: |
| Academic Year: 1443 H |

**For Instructor’s Use only**

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| --- |
| Instructor’s Name: |
| Students’ Grade: /10 | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. **This includes filling your information on the cover page.**
* Students must mention question number clearly in their answer.
* Late submission will **NOT** be accepted.
* Avoid plagiarism, **the work should be in your own words**, copying from students or other resources without proper referencing will result in **ZERO** marks. No exceptions.
* All answers must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism.
* Submissions without this cover page will NOT be accepted.

**Assignment Question(s): (Marks 10)**

**Q1. Examine with suitable examples, how “organization strategy provides a valuable contribution in achieving organization vision?” Give an example of a Saudi company and assess two examples of organizational strategies and operating plans. (2 Marks)**

**Answer:**

**Q2. X Ltd. manufactures plastic products and sells them for SAR 350 per unit. The firm's variable cost per unit is SAR 90, while its total fixed costs are SAR 110,000. The company expects to sell 1,800 units in the coming year. Calculate the following: (2 Marks)**

1. Degree of operating leverage
2. Margin of safety in units
3. Margin of safety in SAR value
4. Margin of safety in percentage

**Answer:**

**Q3. What is regression analysis and how does it help in estimating a cost function? Interpret your results with a numerical example. (2 Marks)**

**Answer:**

**Q4. A plastic product is manufactured by SLT Company. For total costs, the company estimates the cost function. The number of units is the cost driver. The following details were gathered:**

**(2 Marks)**

|  |  |  |
| --- | --- | --- |
| **Month** |  **Units**  | **Total Cost (SAR)** |
| March  | 4,370 | 44,300 |
| April | 4,680 | 44,600 |
| May | 5,000 | 45,000 |
| June | 5,300 | 45,400 |
| July | 5,600 | 47,500 |
| August | 5,900 | 57,500 |
| September | 3,400 | 40,000 |
| October | 4,100 | 40,625 |

Use the high-low analysis method and answer the following:

1. Calculate Variable Costs and fixed costs.
2. Determine the cost function.

**Answer:**

**Q5. The following information is related to CTH Corporation which manufactures a single product: (2 Marks)**

Selling price per unit: SAR 800

Variable cost per unit: SAR 240

Total fixed cost: SAR 400,000

**You are required to calculate:**

1. **Contribution margin per unit and contribution margin ratio.**
2. **The break-even point in units and break-even point is sales value SAR.**
3. **Pretax profit of the company if it sells 1,400 units of the product.**
4. **The number of units required to sell to reach a target pretax profit of SAR 200,000?**

**Answer:**