ACC 349: ACC349 r6 1594 KEISHA DAVIS

Week 2 Individual Assignment instructions | help

4. value:
6.00 points

Imperial Jewelers is considering a special order for 28 handcrafted gold bracelets to be given as gifts to members of a wedding party. The normal selling price of a gold bracelet is $407.00 and its unit product cost is $264.00 as shown below:

Direct materials	$ 143
Direct labor	81
Manufacturing overhead	40
Unit product cost	$ 264

Most of the manufacturing overhead is fixed and unaffected by variations in how much jewelry is produced in any given period. However, $14 of the overhead is variable with respect to the number of bracelets produced. The customer who is interested in the special bracelet order would like special filigree applied to the bracelets. This filigree would require additional materials costing $13 per bracelet and would also require acquisition of a special tool costing $467 that would have no other use once the special order is completed. This order would have no effect on the company's regular sales and the order could be fulfilled using the company's existing capacity without affecting any other order.

Required:
What effect would accepting this order have on the company's net operating income if a special price of $367.00 per bracelet is offered for this order? **(Enter all amounts as positive values.)**

	Per Unit	Total 28 Bracelets
Incremental revenue		
Incremental costs:		
Variable costs:		
Direct materials		
Direct labor		
Variable manufacturing overhead		
Special filigree		
Total variable cost		
Fixed costs:		
Purchase of special tool		
Total incremental cost		
Incremental net operating income (loss)		

Should the special order be accepted at this price?

- No
- Yes

Hints References eBook & Resources

Hint #1

Check my work