

# Hilton manufacturing – baylor



**ASSIGN  
BUSTER**

\* 1. Analysis By: Group 2 HILTON MANUFACTURING COMPANY \* 2. Answer 1  
 Total Actual Cost = 21224 Variable Costs for 103= Compensation  
 Insurance+ Direct Labour+ Power+ Materials + Supplies + Repairs - Other  
 Income Total Cost (after dropping 103)= 18712 Total Revenue (after  
 dropping 103) = 16179 Loss= 16179-18712 = 2533 \$2. 533 million Loss \* 3.  
 Answer 2 Old Variable Cost = 148+2321+40+1372+94+32 = 4007 k New  
 Variable Cost = 148+2321+40+(1372+94)\*1. 05 +32 = 4080. 3 k Old  
 Contribution = 9. 41\*750-4007 = 3050. 5 k New Contribution = 8. 64\*1000-  
 4080. 3 = 4559. 7 k Since the contribution margin is higher at 8. 4\$  
 therefore the company should decrease price. \* 4. Answer 3 Profit is  
 dependent on Total Contribution, because a product with higher contribution  
 margin but lower sales won't be able to give profits to the company. Hence,  
 Actual total contribution decides profitability of the product. Thus, Product  
 101 is the most profitable product. \* 5. Answer 4 The Rent, Property Taxes,  
 Property Insurance, Indirect Labour Cost, Selling Expense, General  
 Administrative Expense, Depreciation & Interests are the fixed costs which  
 were appropriated to all the three products based on the production to get  
 the standard costs.

But the actual fixed costs were the same irrespective of the production,  
 ( which can be observed by comparing the Total Actual Costs for 6 months of  
 2004 {exhibit 4} and the Total Costs for 12 months of 2003 {exhibit 2} for  
 the above fixed costs ) thus this resulted in variance of the expected costs.  
 Hence, as the total cost turned out lower than the standard cost, which  
 caused the profit. \* 6. THANK YOU!!!