

Company Survey Amgen Inc.

Instructions: The Part 8 Company Survey contains five sections: Company Capsule, Financial Data, Company Culture, Investor Info, and In the News. Complete the questions and activities for each section as you study Part 8 of the textbook. Each section offers specific instructions and research tips.

Company Capsule

Instructions: Fill in the following chart with information about Amgen. Use the Amgen Web site (www.amgen.com) and Hoover’s Online (www.hoovers.com) to locate this basic company data.

Research Tips: Use the Amgen Web site to locate basic company data. On the Hoover’s Online site, use the “Companies & Industries” link and then search for Amgen using the **Search** function.

Company Headquarters Address:	
Phone:	
Two Top Selling Drugs Produced By Amgen	
Scientific Areas of Research	
Current CEO	
Number of Employees	
Top Competitors (list three)	
Fiscal Year End	
2001 Sales	
Two Drug Products Launched in 2001	

Financial Data

Instructions: Answer the following questions about Amgen financial data.

Research Tips: Use the 2001 Amgen Annual Report and the Amgen Web site to answer the following questions.

1. Does Amgen operate or report on departmentalized or segment operations? If so, what segments are listed?
2. As of December 31, 2001, what components and amounts of inventories made up the total inventory amount of \$355.6 million?
3. If a physical inventory on December 31, 2002, revealed a Raw Materials Inventory of \$27.6 million, what adjusting entry would be required? Assume no other adjustment to Raw Materials Inventory has been recorded.
4. Do you think a company like Amgen uses a process cost or job order cost accounting system? Explain your answer.
5. Assume that Amgen prepares standard costs cards for each drug it produces. Describe how the materials price variance is computed.
6. Imagine that Amgen is considering purchasing new state-of-the-art raw materials handling equipment for one of its manufacturing plants. The following fictitious data is relevant to the purchase decision.

	If Equipment Is Not Purchased	If Equipment Is Purchased
Annual sales (units)	500,000	500,000
Sales price (per unit)	\$7.80	\$7.80
Cost of equipment		\$280,000
Other cost data:		
Materials (per unit)	\$2.50	\$2.50
Labor (per unit)	1.50	0.75
Variable overhead (per unit)	1.80	1.80
Fixed overhead (per year)	\$422,000	\$527,000*
<i>*includes depreciation for the new machine and the effects of certain other changes in fixed costs.</i>		

Prepare an analysis of the differential cost to help make the purchase decision. If the company were to purchase the equipment, how much would its net income increase or decrease each year?

Company Culture

Instructions: Answer the following questions related to Amgen’s commitment to preserving the environment.

Research Tips: Use the “Career Center” and “Corporate Center” links on the Amgen Web site to perform research for these questions.

1. What is the Amgen Aspiration Statement?
2. List two recent accomplishments or industry recognition awards given to Amgen.
3. Why do you think it is important for a company like Amgen to reinvest profits into research and development functions? What percent of total product sales was devoted to research and development in 2001?
4. Search for career opportunities on the Amgen Web site. Select one job opening that interests you. List the job title, location, and description. What education and experience do you currently have that might help you qualify for this position?

Investor Info

Instructions: Answer the following questions about investment options in Amgen.

Research Tips: Use the “Investor Info” section of the Amgen Web site to find the answers to the following questions.

1. What is the current price for Amgen common stock?
2. Use the online stock return calculator found on the Amgen Web site to calculate the following. If you had 500 shares of Amgen stock on January 1, 2000, how many shares would you have now, what would they be worth, and what would the original investment have been?
3. Does Amgen currently pay dividends to stockholders?
4. As an investor, what interests would you have in the internal control systems of Amgen operations? If you learned that the company’s accounts payable department always failed to take advantage of purchase discounts, what conclusions might you draw about the situation?

In the News

Instructions: Use business news Web sites like Reuters (www.reuters.com), Forbes (www.forbes.com), or CNN Money (money.cnn.com) to research recent news on Amgen in one of the following subject areas.

- New drug therapies
- Company financial performance
- Patent litigation
- FDA drug approvals

Imagine that you work as the public relations manager for Amgen. Prepare a brief press release statement addressing the event or topic of the news story. Prepare a document that contains your notes about the article as well as your source information.