

### Question 1

Variable costing prepares the income statement using the traditional format.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=466139>

### Question 2

The guidelines for accounting information are called Generally Accepted Accounting Principles (GAAP).

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=458264>

### Question 3

XO, Inc. reports the following cost information for March:

Cost of Goods Manufactured \$75,000  
Manufacturing Overhead 19,000  
Finished Goods Inventory, March 1 5,000  
Finished Goods Inventory, March 31 2,000  
Work-in-Process Inventory, March 1 9,980  
Work-in-Process Inventory, March 31 1,160  
Direct Materials Used 25,400

What is the amount of direct labor incurred by XO in March?

- A) \$21,780
- B) \$75,000
- C) \$66,180
- D) \$6,400

Answer: <https://biology-forums.com/index.php?topic=462591>

### Question 4

Brookline Furniture manufactures a small table and a large table. The small table sells for \$900, has variable costs of \$750 per table, and takes 7.50 labor hours to manufacture. The large table sells for \$1,700, has variable costs of \$900, and takes 10 direct labor hours to manufacture. The small table has a lower contribution margin per unit, but a higher contribution margin per direct labor hour.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=468772>

### Question 5

On the income statement, a merchandising company reports the cost of merchandise inventory that has been sold to customers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=459028>

### Question 6

A manufacturer produced 7,500 total units. The cost of goods manufactured is \$88,000 and the cost of goods sold is \$71,000. The unit product cost is \$9.47.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=462640>

### Question 7

Tampa Corporation is considering an investment proposal that will require an initial outlay of \$804,000 and would yield yearly cash inflows of \$200,000 for nine years. The company uses a discount rate of 10%. What is the NPV of the investment?

Present value of an ordinary annuity of \$1:

- 8% 9% 10%
- 1 0.926 0.917 0.909
- 2 1.783 1.759 1.736

3 2.577 2.531 2.487  
4 3.312 3.24 3.17  
5 3.993 3.89 3.791  
6 4.623 4.486 4.355  
7 5.206 5.033 4.868  
8 5.747 5.535 5.335  
9 6.247 5.995 5.759  
A) \$402,000  
B) \$347,800  
C) \$350,000  
D) \$251,667

Answer: <https://biology-forums.com/index.php?topic=468952>

### Question 8

Days' sales in receivables measures \_\_\_\_\_.

- A) how many days it takes to order and receive inventory
- B) how many days it takes to sell inventory
- C) the number of times a company collects the average accounts receivable balance in one year
- D) how many days it takes to collect the average level of accounts receivable

Answer: <https://biology-forums.com/index.php?topic=459628>

### Question 9

Which of the following statements is true of an activity-based costing system?

- A) It accumulates overhead costs by processing departments.
- B) It is not as complex or as costly as traditional systems.
- C) It is not as accurate or precise as traditional costing systems.
- D) It uses separate predetermined overhead allocation rates for each activity.

Answer: <https://biology-forums.com/index.php?topic=464769>

### Question 10

Which of the following financial statements would be most useful if an analyst wants to know the profitability of a company?

- A) income statement
- B) statement of retained earnings
- C) balance sheet
- D) statement of cash flows

Answer: <https://biology-forums.com/index.php?topic=458774>

### Question 11

Whitney Chemicals Company received cash of \$40,000 and issued common stock. Which of the following accounts will be credited?

- A) Cash
- B) Accounts Receivable
- C) Common Stock
- D) Accounts Payable

Answer: <https://biology-forums.com/index.php?topic=458918>

### Question 12

Boylan Company manufactures two products - toaster ovens and bread machines. The following data are available:

Toaster Ovens Bread Machines  
Sales price \$60 \$150  
Variable costs \$30 \$50

Boylan can manufacture six toaster ovens per machine hour and four bread machines per machine hour. Boylan's production capacity is 1,800 machine hours per month. Marketing limitations indicate that Boylan can sell a maximum of 5,100 toasters and 4,100 bread machines per month. Which product and how many units should the company produce in a month to maximize profits? (Round machine hour per unit to two decimal places and your final answer to the nearest whole dollar.)

- A) 4,650 toaster ovens and 4,100 bread machines
- B) 10,800 toaster ovens
- C) 7,200 bread machines
- D) 5,400 toaster ovens and 3,600 bread machines

Answer: <https://biology-forums.com/index.php?topic=468777>

### Question 13

Risa, Inc. has provided the following extracts from their budget for the first quarter of the forthcoming year:

Jan Feb March

Purchases on account \$264,000 \$295,000 \$320,000

The vendors are allowed the following terms of payment:

Month of purchase 30%

First month after the purchase 35%

Second month after the purchase 35%

Calculate the total payment on account for the month of March.

A) \$320,000

B) \$168,275

C) \$291,650

D) \$136,955

Answer: <https://biology-forums.com/index.php?topic=468259>

### Question 14

Which of the following is the record holding all the accounts, the changes in those accounts, and their balances?

A) Journal

B) Source document

C) Ledger

D) Trial balance

Answer: <https://biology-forums.com/index.php?topic=458816>

### Question 15

When the total variable costs are deducted from total mixed costs, we obtain \_\_\_\_\_.

A) total fixed costs

B) total high-low costs

C) variable cost per unit

D) mixed cost per unit

Answer: <https://biology-forums.com/index.php?topic=465978>

### Question 16

Malcom, Inc. had the following balances and transactions during 2017:

Beginning Merchandise Inventory as of January 1, 2017 150 units at \$81

March 10 Sold 60 units

June 10 Purchased 270 units at \$85

October 30 Sold 210 units

What would be reported as Cost of Goods Sold on the income statement for the year ending December 31, 2017 if the perpetual inventory system and the first-in, first-out inventory costing method are used?

A) \$22,350

B) \$17,490

C) \$12,150

D) \$35,100

Answer: <https://biology-forums.com/index.php?topic=459924>

### Question 17

In which of the columns of a worksheet would a net loss be found?

A) in the balance sheet credit column and the income statement debit column

B) in the unadjusted trial balance credit column, the adjusted trial balance credit column, and the balance sheet credit column

C) in the balance sheet debit column and the income statement credit column

D) in the unadjusted trial balance debit column, the adjusted trial balance debit column, and the balance sheet debit column

Answer: <https://biology-forums.com/index.php?topic=458566>

### Question 18

Vincent Jardine, a CPA, has a firm in the state of New York. Vincent uses ABC to allocate overhead costs and has computed the following predetermined overhead allocation rates:

Activity Allocation Base Allocation Rate

Photocopy expenses Number of pages \$0.75 per page

Cost of maintenance Number of labor hours \$10.00 per hour

Vincent has important contacts in the northeastern parts of New York. During the past month, Vincent completed a job for Nurix, Inc. The job required 135 labor hours and 4,000 photocopies. Determine the amount of indirect costs to be allocated to the job.

Answer: <https://biology-forums.com/index.php?topic=464835>

### Question 19

Work-in-Process Inventory is debited when indirect labor costs are incurred in a job order costing system.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=462701>