

Question 1

Write a brief essay and discuss why managers distinguish fixed from variable costs in the CVP analysis.

Answer: <https://biology-forums.com/index.php?topic=558894>

Question 2

Is there a risk of suboptimal decisions when transfer prices are based on full cost plus a markup? Why?

Answer: <https://biology-forums.com/index.php?topic=560222>

Question 3

Jim's Renovation Services need to purchase a new super hydraulic machine to complete a new job. The initial investment on the machine is \$250,000. The machine is expected to generate \$130,000 in uniform cash flow each year and it has a five-year expected life.

Required

Compute the payback period.

- A) 1 year
- B) 1.25 years
- C) 1.68 years
- D) 1.92 years
- E) 1.98 years

Answer: <https://biology-forums.com/index.php?topic=559729>

Question 4

The managerial accountant at International Food Services reported that operating income was earned evenly throughout 2012. The average exchange rate in Mexico was 11.7 pesos = \$1 U.S. dollar and they have a total of 345,000,000 pesos.

Required

Compute the operating income from pesos to dollars in 2012.

- A) \$29,250,115
- B) \$29,380,189
- C) \$29,487,179
- D) \$29,880,650
- E) \$29,958,726

Answer: <https://biology-forums.com/index.php?topic=560338>

Question 5

Carpenter Products Company manufactures office furniture. Recently, the company decided to develop a formal cost accounting system and classify all costs into three categories.

Categorize each of the following items as being appropriate for (1) cost tracing to the finished furniture, (2) cost allocation of an indirect manufacturing cost to the finished furniture, or (3) as a nonmanufacturing item.

Item Cost Cost Nonmanu-

Tracing Allocation facturing

Carpenter wages _____

Depreciation — office building _____

Glue for assembly _____

Lathe-department supervisor _____

Lathe depreciation _____

Lathe maintenance _____

Lathe operator wages _____

Lumber _____

Samples for trade shows _____

Metal brackets for drawers _____

Factory washroom supplies _____

Answer: <https://biology-forums.com/index.php?topic=558754>

Question 6

In the United States, the Institute of Management Accountants (IMA) issues ethical guidelines.

Answer: <https://biology-forums.com/index.php?topic=558655>

Question 7

What are the differences of job-costing compared to process-costing systems?

Answer: <https://biology-forums.com/index.php?topic=558961>

Question 8

Making capital investments is often an arduous task, laden with the purchase of many different goods and services.

Answer: <https://biology-forums.com/index.php?topic=559697>

Question 9

Which of the following is true about net initial investments?

- A) Cash outflows used to purchase plant only.
- B) Cash outflows used to purchase equipment only.
- C) Cash outflows occur at the end of a project's life.
- D) Cash outflows occur at the beginning of a project's life.
- E) Excludes the cash outflows to transport and install equipment.

Answer: <https://biology-forums.com/index.php?topic=559748>

Question 10

Bridgett's Beauty Spa needs to purchase a new extra deluxe machine to implement spa services. The initial investment on this new ultra jacuzzi is \$85,000. The machine is expected to generate \$65,000 in uniform cash flow each year and it has a five-year expected useful life.

Required

Compute the payback period.

- A) 1 year
- B) 1.31 years
- C) 1.51 years
- D) 1.61 years
- E) 1.71 years

Answer: <https://biology-forums.com/index.php?topic=559728>

Question 11

Employee education and skill levels, employee satisfaction, employee turnover, hours of employee training, and availability of information systems, are measures of the _____.

- A) employee perspective
- B) customer perspective
- C) financial perspective
- D) learning-and-growth perspective
- E) internal-business-process perspective

Answer: <https://biology-forums.com/index.php?topic=560262>

Question 12

Management accounting information helps managers calculate a target cost for the product's selling price by subtracting the operating income per unit of product that the company desires to earn from the sale of the product [target price].

Answer: <https://biology-forums.com/index.php?topic=558615>

Question 13

Managers understand that the margin of safety is the difference between:

- A) budgeted expenses and breakeven expenses.
- B) budgeted revenues and breakeven revenues.
- C) actual operating income and budgeted operating income.
- D) actual contribution margin and budgeted contribution margin.
- E) None of these are true.

Answer: <https://biology-forums.com/index.php?topic=558871>

Question 14

An organization's ability to offer products or services its customers perceive to be superior, or unique, relative to products or services of its competitors is:

- A) competition.
- B) cost leadership.
- C) equivalent products.
- D) product differentiation.
- E) bargaining power of customers.

Answer: <https://biology-forums.com/index.php?topic=560059>

Question 15

A manager at an airline must purchase individual annual licenses and pay registration costs for each airplane in the fleet of airplanes they operate at the airport. What type of cost is/are the registration and license costs for the miles flown each year for each individual airplane?

- A) Fixed and variable cost for the miles flown by each individual plane.
- B) Mixed cost for the miles flown by all planes each year.
- C) Fixed cost for the miles flown by each individual plane.
- D) Variable cost for the miles flown by each individual plane.
- E) Licenses and registrations are not considered costs to the airline.

Answer: <https://biology-forums.com/index.php?topic=558709>

Question 16

The manager at Renovations Incorporated reported the following information about life-cycle costs:

Assume the following budgeted amounts for General Ledger over a 6-year product life cycle:

Years 1 and 2 Total Fixed Costs

R&D costs \$250,000

Design costs \$150,000

Years 3-6 Total Fixed Costs Variable Cost per Package

Production costs \$100,000 \$25

Marketing costs 60,000 23

Distribution costs 40,000 15

Customer service costs 70,000 30

Alternative Selling Price/

Sales-Quantity Combinations

A B C

Selling price per package \$380 \$480 \$550

Sales quantity in units 4,000 3,000 2,000

Life-cycle revenues \$1,520,000 \$1,440,000 \$1,100,000

R&D costs \$220,000 \$220,000 \$220,000

Design costs of

products/processes \$150,000 \$150,000 \$150,000

Production costs ? ? ?

Marketing costs ? ? ?

Distribution costs ? ? ?

Customer-service costs ? ? ?

Total life-cycle costs ? ? ?

Life-cycle operating income ?

Required:

Compute the life-cycle costs for Production costs, Marketing costs, Distribution costs, Customer-service costs, and total costs. Compute the life-cycle operating income.

Answer: <https://biology-forums.com/index.php?topic=559324>

Question 17

Which of the following statements concerning an organization's strategy is not true?

- A) A strategy specifies how an organization matches its own capabilities with the opportunities in the marketplace to accomplish its objectives.
- B) Management accountants provide input to help managers formulate strategy.
- C) A good strategy will always overcome poor implementation.
- D) Businesses usually follow one of two broad strategies: (1) offering a quality product at a low price, and (2) offering a unique product or service priced higher than the competition.
- E) None of these are true.

Answer: <https://biology-forums.com/index.php?topic=558565>

Question 18

Which of the following is not an annual operating cost?

- A) Energy.
- B) Repairs.
- C) Coolant.
- D) Maintenance.
- E) Revenues.

Answer: <https://biology-forums.com/index.php?topic=559526>

Question 19

Casio Company manufactures stereos. For each unit, \$3,500 of direct material is used and there is \$2,500 of direct manufacturing labor at \$25 per hour. Manufacturing overhead is applied at \$40 per direct manufacturing labor hour. Compute the cost of each unit.

- A) \$2,500
- B) \$4,845
- C) \$6,045
- D) \$7,750
- E) \$9,500

Answer: <https://biology-forums.com/index.php?topic=558992>

Question 20

When incorrect cost-allocation bases are used _____.

- A) activity-cost information is accurate and available
- B) activity-cost information can be misleading
- C) activity-cost information is most useful
- D) activity-cost information is more practical
- E) activity-cost information is the optimal solution

Answer: <https://biology-forums.com/index.php?topic=559222>