

Question 1

Which cost estimation method is being used by Genend's Good Value Appliance Store?

- A) the account analysis method
- B) the operating costing method
- C) the marginal costing method
- D) the cost-volume-profit analysis method

Answer: <https://biology-forums.com/index.php?topic=267580>

Question 2

List the reasons that the sales value at splitoff method of joint cost allocation should be used.

Answer: <https://biology-forums.com/index.php?topic=268242>

Question 3

When analyzing the change in operating income, the strategy component of growth _____.

- A) calculations are similar to the selling-price variance calculations
- B) isolates the change attributed solely to an increase in market share
- C) isolates the change attributed solely to an increase in industry growth
- D) isolates the change attributed solely to an increase in the quantity of units sold

Answer: <https://biology-forums.com/index.php?topic=267837>

Question 4

What is the amount of direct materials and conversion costs assigned to ending work in process using the weighted-average process-costing method?

- A) \$26,720; \$25,020
- B) \$44,000 \$15,840
- C) \$83,600; \$88,000
- D) \$88,000; \$25,080

Answer: <https://biology-forums.com/index.php?topic=268379>

Question 5

When the allocated amount of indirect costs are less than the actual amount, indirect costs have been _____.

- A) within budget
- B) overallocated
- C) underallocated
- D) perfectly allocated

Answer: <https://biology-forums.com/index.php?topic=266969>

Question 6

What is the economic order quantity for Vision?

- A) 457 lenses
- B) 328 lenses
- C) 266 lenses
- D) 161 lenses

Answer: <https://biology-forums.com/index.php?topic=268542>

Question 7

Product costs used for external reporting generally include _____.

- A) manufacturing costs only
- B) design costs plus manufacturing costs
- C) all costs incurred along the value chain
- D) research and development costs along with production costs

Answer: <https://biology-forums.com/index.php?topic=266759>

Question 8

What are the actual variable costs (C)?

- A) \$72,800
- B) \$70,660
- C) \$62,640

D) \$54,080

Answer: <https://biology-forums.com/index.php?topic=267267>

Question 9

When deciding whether to discontinue a segment of a business, relevant costs include _____.

- A) auditing expenses for the whole company
- B) fees paid to a management consultant to study the feasibility of the business segment
- C) annual insurance costs of the company
- D) future administrative costs that can be eliminated

Answer: <https://biology-forums.com/index.php?topic=267759>

Question 10

What is the amount of purchases budgeted for January?

- A) \$63,960
- B) \$70,440
- C) \$78,000
- D) \$92,040

Answer: <https://biology-forums.com/index.php?topic=267161>

Question 11

The Pitt Corporation has been outsourcing data processing in the belief that such outsourcing would reduce costs and increase corporate profitability. In spite of this, there has been no meaningful increase in corporate profitability.

Previously, Pitt used a single-rate method to allocate data processing costs. A per unit cost for data processing was computed and compared to the price of the outside supplier. The price of the outside supplier was lower and thus, the outside bid was accepted.

Required:

Formulate a possible reason why Pitt's profitability has not shown improvement in terms of the cost allocation method used.

Answer: <https://biology-forums.com/index.php?topic=268102>

Question 12

A maintenance manager of a theatre is most likely to be responsible for a(n) _____.

- A) revenue center
- B) investment center
- C) cost center
- D) profit center

Answer: <https://biology-forums.com/index.php?topic=267192>

Question 13

What is the inventoriable cost per unit using variable costing?

- A) \$45.00
- B) \$52.50
- C) \$65.00
- D) \$115.00

Answer: <https://biology-forums.com/index.php?topic=267450>

Question 14

Cause-and-effect diagrams are used in quality management systems to _____.

- A) identify and respond to potential reasons of failure
- B) indicate how frequently each type of failure occurs
- C) distinguish random from nonrandom variations in an operating process
- D) evaluate the tradeoffs among prevention costs, appraisal costs, and failure costs

Answer: <https://biology-forums.com/index.php?topic=268462>

Question 15

Which of the following is an advantage of a dual-rate method?

- A) It is the most widely used method in practice.
- B) It is less costly to implement.
- C) It avoids the expensive analysis for categorizing costs as either fixed or variable.
- D) It allocates fixed cost as per the budgeted usage that helps in short and long-run planning.

Answer: <https://biology-forums.com/index.php?topic=268098>

Question 16

How many ceramic vases should be produced in 2016?

- A) 5,900 vases
- B) 6,100 vases
- C) 7,000 vases
- D) 6,000 vases

Answer: <https://biology-forums.com/index.php?topic=267152>

Question 17

Target reports _____.

- A) only merchandise inventory
- B) only finished goods inventory
- C) direct materials inventory, work-in-process inventory, and finished goods inventory accounts
- D) no inventory accounts

Answer: <https://biology-forums.com/index.php?topic=266698>

Question 18

A cost system determines the cost of a cost object by _____.

- A) accumulating and then assigning costs
- B) accumulating costs
- C) assigning and then accumulating costs
- D) assigning costs

Answer: <https://biology-forums.com/index.php?topic=266621>

Question 19

Which of the following entries is correct when the costs of the rework is normal and common to all the jobs?

- A) Manufacturing Overhead Control XXX
Materials Control XXX
Wages Payable Control XXX
Manufacturing Overhead Allocated XXX
- B) Work-in-Process Control XXX
Materials Control XXX
Wages Payable Control XXX
Manufacturing Overhead Allocated XXX
- C) Wages Payable Control XXX
Manufacturing Overhead Allocated XXX
- D) Wages Payable Control XXX
Manufacturing Overhead Allocated XXX
Manufacturing Overhead Control XXX
Materials Control XXX

Answer: <https://biology-forums.com/index.php?topic=268417>

Question 20

In the service sector, to achieve timely reporting on the profitability of an engagement, a company will use _____.

- A) budgeted rates for all direct costs
- B) budgeted rates for indirect costs
- C) actual costing
- D) budgeted rates for some direct costs and indirect costs

Answer: <https://biology-forums.com/index.php?topic=266986>

Question 21

What would be the expected monetary value for Avalia Corp using the probability method?

- Probability Cash Inflows
- 0.20 \$200,000
 - 0.30 \$160,000
 - 0.15 \$120,000
 - 0.35 \$50,000

- A) \$40,000
- B) \$188,000

C) \$123,500

D) \$60,000

Answer: <https://biology-forums.com/index.php?topic=266869>

Question 22

Health Care County Hospital uses an indirect job-costing system for all patients. In June, the budgeted nursing care charges for each department and budgeted allocation bases of nursing days are as follows:

	June	Critical Care	Special Care	General Care
Budgeted nursing costs	\$2,480,000	\$1,644,000	\$1,280,400	
Budgeted nursing days	5,000	4,000	8,000	

Patient Ms. Pinto spent six days in critical care, eight days in special care. She was shifted back to critical care due to an emergency for 6 days and finally the remainder of the month was spent in general care.

Required:

- Determine the budgeted overhead rate for each department.
- What are the total charges to Ms. Pinto if she was in the facility the entire month?

Answer: <https://biology-forums.com/index.php?topic=266983>

Question 23

Explain why some companies choose not to allocate joint costs to products.

Answer: <https://biology-forums.com/index.php?topic=268243>

Question 24

For make-or-buy decisions, a supplier's ability to maintain secrecy of intellectual property is considered a(n) _____.

- qualitative factor
- irrelevant cost
- differential factor
- opportunity cost

Answer: <https://biology-forums.com/index.php?topic=267715>

Question 25

A cost of operating a facility, department, activity area, or like cost object that is shared by two or more users is called a _____.

- combined cost
- distinct cost
- fixed cost
- common cost

Answer: <https://biology-forums.com/index.php?topic=268133>

Question 26

Budgeted fixed manufacturing costs of a product using practical capacity _____.

- represents the cost per unit of supplying capacity
- can result in setting selling prices that are not competitive
- includes the cost of unused capacity
- should be used to evaluate a marketing manager's performance in the current year

Answer: <https://biology-forums.com/index.php?topic=267529>

Question 27

Which one of the following is a benefit of activity-based budgeting?

- It uses a single cost driver for batch-level activities or higher.
- It is the most convenient method of budgeting as it requires minimal effort.
- It provides detailed information that improves decision making.
- It is the most efficient method to budget direct costs and trace them to individual cost objects.

Answer: <https://biology-forums.com/index.php?topic=267170>

Question 28

The costs used in cost-based transfer prices _____.

- are actual costs
- are budgeted costs
- can either be actual or budgeted costs
- are lower than the market-based transfer prices

Answer: <https://biology-forums.com/index.php?topic=268731>

Question 29

Employee morale at Dos Santos, Inc., is very high. This type of information is an example of _____.

- A) qualitative factors
- B) quantitative factors
- C) irrelevant factors
- D) financial factors

Answer: <https://biology-forums.com/index.php?topic=267674>

Question 30

What is the cost of unused capacity for conversion costs of Argon?

- A) \$3,750
- B) \$7,500
- C) \$9,375
- D) \$1,875

Answer: <https://biology-forums.com/index.php?topic=267870>

Question 31

What are three possible ways to dispose of underallocated or overallocated overhead costs at the end of a fiscal year? Briefly comment on the theoretical correctness or incorrectness of each method.

Answer: <https://biology-forums.com/index.php?topic=266966>

Question 32

What is the contribution margin per unit?

- A) \$170
- B) \$220
- C) \$435
- D) \$510

Answer: <https://biology-forums.com/index.php?topic=267681>

Question 33

What is the Alpha Division's return on sales (e)?

- A) 60%
- B) 65%
- C) 63.64%
- D) 53.63%

Answer: <https://biology-forums.com/index.php?topic=268820>

Question 34

Without financial quality measures, _____.

- A) customer satisfaction and employee satisfaction cannot be measured
- B) the short-run effectiveness of nonfinancial quality measures is questionable
- C) cost-benefit analysis is not possible
- D) quality problems might not be identified until it is too late

Answer: <https://biology-forums.com/index.php?topic=268479>

Question 35

Which of the following statements is true of a linear cost function?

- A) It presents variable cost as a slope coefficient.
- B) It presents total cost as an intercept.
- C) It presents variable cost as an intercept.
- D) It presents total cost as slope coefficient.

Answer: <https://biology-forums.com/index.php?topic=267560>

Question 36

An unfavorable variance indicates that _____.

- A) the actual costs are less than the budgeted costs
- B) the actual revenues exceed the budgeted revenues
- C) the actual units sold are less than the budgeted units

D) the budgeted contribution margin is more than the actual amount

Answer: <https://biology-forums.com/index.php?topic=267235>

Question 37

A quality improvement program is very costly to implement across a large corporation. Why do they do it? Explain.

Answer: <https://biology-forums.com/index.php?topic=268454>

Question 38

Which of the following is most likely to be a cost driver for the variable portion of marketing costs?

- A) percentage of markup on cost
- B) number of units produced
- C) increase in revenues attributable to such marketing
- D) number of units units sold

Answer: <https://biology-forums.com/index.php?topic=267140>

Question 39

If machine maintenance is scheduled at a time when production is at a low level, then _____.

- A) low production is the cost driver of high repair costs
- B) an understanding of operations is needed to determine an appropriate cost driver
- C) low production should be avoided since it is the cause of machine maintenance
- D) machine maintenance cannot be accurately predicted

Answer: <https://biology-forums.com/index.php?topic=267613>

Question 40

Variances should be investigated _____.

- A) when they are kept below a certain amount
- B) when there is a small variance for critical items such as product defects
- C) even though the cost of investigation exceeds the benefit
- D) when there is an in-control occurrence

Answer: <https://biology-forums.com/index.php?topic=267311>

Question 41

_____ is an example of a total factor productivity measure.

- A) The number of units produced per month
- B) The number of units produced per machine hour
- C) The number of units produced per labor hour
- D) The number of units produced per dollar of input cost

Answer: <https://biology-forums.com/index.php?topic=267891>

Question 42

Opportunity costs is defined as _____.

- A) the cost of manufacturing a one-time-only special order when a firm has excess capacity to make more products
- B) the contribution to operating income that is forgone by not using a limited resource in its next-best alternative use
- C) the sum of variable and fixed costs in a particular business function of the value chain, such as manufacturing costs or marketing costs
- D) the sum of variable and fixed costs in all business functions of the value chain, such as manufacturing costs or marketing costs

Answer: <https://biology-forums.com/index.php?topic=267723>

Question 43

Which of the following is true of target costing?

- A) In target costing, all future costs are considered for long-run pricing.
- B) In target costing, cost is the starting point for determining the price of the product.
- C) In target costing, input from suppliers and distributors are not relevant.
- D) In target costing, a key goal is to minimize value added activities of a product.

Answer: <https://biology-forums.com/index.php?topic=267938>

Question 44

Alex plans to add doors to its product line and anticipates that they will average 3 doors per day. Each door takes 10 minutes to install.

What is the average waiting time, in minutes, if Alex continues to be the only worker?

- A) 237.0 minutes

- B) 337.0 minutes
- C) 257.0 minutes
- D) 720.0 minutes

Answer: <https://biology-forums.com/index.php?topic=268501>

Question 45

How many units would have to be sold to yield a target operating income of \$23,000, assuming variable costs are \$25 per unit, total fixed costs are \$2,000, and the unit selling price is \$30?

- A) 4,800 units
- B) 4,400 units
- C) 5,000 units
- D) 5,200 units

Answer: <https://biology-forums.com/index.php?topic=266801>

Question 46

Which of the following is true of planning in decision making?

- A) It helps an organization to select goals and strategies.
- B) It improves the quality of products.
- C) It helps in evaluating performance.
- D) It helps in the analysis of actual performance.

Answer: <https://biology-forums.com/index.php?topic=266567>

Question 47

Picture Company has one particular product that has an annual demand of 5,000 units. Total manufacturing costs per unit total \$50. Ordering costs for the product total \$60 per purchase order. Currently, the carrying costs per unit are 25% of manufacturing costs.

Required:

Determine the economic manufacturing order quantity.

Answer: <https://biology-forums.com/index.php?topic=268559>

Question 48

Which of the following is true of performance measurement?

- A) Preferred performance measures do not change much with changes in factors that are beyond manager's control.
- B) Sensitive performance measures increases the cost of providing incentives.
- C) Less-sensitive performance measures induce managers to improve.
- D) Managers' performances should be evaluated based on the financial measures such as residual income and economic value added.

Answer: <https://biology-forums.com/index.php?topic=268864>

Question 49

An example of a business which would have no beginning or ending inventory but which could use process costing to compute unit costs would be a _____.

- A) clothing manufacturer
- B) corporation whose sole business activity is processing the customer deposits of several banks
- C) manufacturer of custom houses
- D) manufacturer of large TVs

Answer: <https://biology-forums.com/index.php?topic=268268>

Question 50

What is the Tractor Division's return on sales?

- A) 0.10
- B) 0.12
- C) 0.15
- D) 0.20

Answer: <https://biology-forums.com/index.php?topic=268825>

Question 51

Using estimated net realizable value, what amount of the joint costs would be allocated Xyla and the skim goat ice cream?

- A) \$672,000 and \$271,000
- B) \$131,464 and \$53,016
- C) \$92,240 and \$92,240
- D) \$144,480 and \$72,140

Answer: <https://biology-forums.com/index.php?topic=268209>

Question 52

ABC and traditional systems are quite similar in _____.

- A) the treatment of direct costs
- B) the allocation of overheads
- C) evaluating performance
- D) the identification of cost pools

Answer: <https://biology-forums.com/index.php?topic=267080>

Question 53

Under absorption costing, fixed manufacturing costs expensed on the income statement (excluding adjustments for variances) total _____.

- A) \$26,400
- B) \$22,800
- C) \$24,000
- D) \$21,818

Answer: <https://biology-forums.com/index.php?topic=267479>

Question 54

Which of the following statements is true of variable overhead costs?

- A) All the decisions determining the level of variable overhead costs are made at the start of a budget period.
- B) Planning of variable overhead costs includes choosing the appropriate level of capacity.
- C) Activities which add value are of least relevance while planning variable overhead costs.
- D) The level of variable overhead costs incurred in a period is mainly determined by day-to-day operating decisions.

Answer: <https://biology-forums.com/index.php?topic=267328>

Question 55

Return on investment is also known as the _____.

- A) net present value
- B) accounting rate of return
- C) residual income
- D) economic value added

Answer: <https://biology-forums.com/index.php?topic=268833>

Question 56

For each item below indicate the source documents that would most likely authorize the journal entry in a job-costing system.

Required:

- a. direct materials purchased
- b. direct materials used
- c. direct manufacturing labor
- d. indirect manufacturing labor
- e. finished goods control
- f. cost of goods sold

Answer: <https://biology-forums.com/index.php?topic=266883>

Question 57

What is the flexible-budget amount for variable manufacturing overhead?

- A) \$348,750
- B) \$370,755
- C) \$384,000
- D) \$360,727

Answer: <https://biology-forums.com/index.php?topic=267345>

Question 58

Which of the following items will be same for a flexible budget and a master budget?

- A) total variable cost
- B) total fixed costs
- C) total contribution margin
- D) total revenues

Answer: <https://biology-forums.com/index.php?topic=267244>

Question 59

The operating capabilities is an example of the _____ measure of a balanced-scorecard.

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

Answer: <https://biology-forums.com/index.php?topic=267824>

Question 60

Which of the following is true if the volume of sales increases?

- A) fixed cost increases
- B) variable cost decreases
- C) variable cost increases
- D) fixed cost decreases

Answer: <https://biology-forums.com/index.php?topic=266642>

Question 61

Explain why sunk costs are not considered relevant when choosing among alternatives with example.

Answer: <https://biology-forums.com/index.php?topic=267701>

Question 62

Which of the following statements is true of the economic-order-quantity decision model?

- A) It assumes purchasing costs are relevant because the cost per unit changes due to the quantity ordered.
- B) It assumes that quality costs are considered only to the extent that these costs affect ordering or carrying costs.
- C) It assumes that stockout costs are relevant even if no stockouts occur.
- D) It assumes that ordering costs and carrying costs are irrelevant.

Answer: <https://biology-forums.com/index.php?topic=268541>

Question 63

Which of the following statements is true of costs associated with goods for sale?

- A) Appraisal costs is a subcategory of shrinkage costs.
- B) Special processing costs are always part of purchasing costs.
- C) All inventory costs are not available in financial accounting systems.
- D) Stockout costs are costs that arise when a company runs out of a particular item for which there is no customer demand.

Answer: <https://biology-forums.com/index.php?topic=268526>

Question 64

When actual cost-allocation rates are used _____.

- A) user divisions pay for costs that exceed budgeted amounts
- B) managers of the supplier division are motivated to improve efficiency
- C) user divisions are unaware of the allocated amounts until the end of the budget period
- D) managers know with certainty the rates to be used in that budget period

Answer: <https://biology-forums.com/index.php?topic=268106>

Question 65

A restaurant is deciding whether it wants to update its image or not. It currently has a cozy appeal with an outdated decor that is still in good condition, menus and carpet that need to be replaced anyway, and loyal customers.

Identify for the restaurant management

- a. those costs that are relevant to this decision,
- b. those costs that are not differential,
- c. and qualitative considerations.

Answer: <https://biology-forums.com/index.php?topic=267703>

Question 66

If Genent's Engine Company purchases 1,000 TE456 parts from the outside supplier per month, then its monthly operating income will _____.

- A) increase by \$3,910
- B) increase by \$19,090
- C) decrease by \$3,910

D) decrease by \$19,090

Answer: <https://biology-forums.com/index.php?topic=267720>

Question 67

The required rate of return multiplied by the investment is the _____.

- A) sunk cost of the investment
- B) historical cost of the investment
- C) imputed cost of the investment
- D) return on sales

Answer: <https://biology-forums.com/index.php?topic=268829>

Question 68

_____ translates an organization's mission and strategy into a comprehensive set of performance measures that provide the framework for implementing its strategy.

- A) Performance scoreboard
- B) Product differentiation
- C) Differential report
- D) Balanced scorecard

Answer: <https://biology-forums.com/index.php?topic=267803>

Question 69

For Department B, the manufacturing overhead allocation rate is _____.

- A) 50%
- B) 100%
- C) 200%
- D) 300%

Answer: <https://biology-forums.com/index.php?topic=266931>

Question 70

What are Bleach's and Cleanser's residual incomes based on book values, respectively?

- A) \$83,750; \$40,000
- B) \$110,000; \$67,500
- C) \$67,500; \$110,000
- D) \$81,500; \$40,250

Answer: <https://biology-forums.com/index.php?topic=268847>

Question 71

Can the variable overhead efficiency variance

- a. be computed the same way as the efficiency variance for direct-cost items?
- b. be interpreted the same way as the efficiency variance for direct-cost items? Explain.

Answer: <https://biology-forums.com/index.php?topic=267381>

Question 72

What is the target cost?

- A) \$5,760,000
- B) \$4,800,000
- C) \$3,840,000
- D) \$960,000

Answer: <https://biology-forums.com/index.php?topic=267944>

Question 73

How do job-costing systems account for spoilage?

Answer: <https://biology-forums.com/index.php?topic=268415>

Question 74

Which of the following is one of the methods of allocating support department costs to operating departments?

- A) dual-cost allocation method
- B) incremental method
- C) step-down method

D) single-rate cost allocation method

Answer: <https://biology-forums.com/index.php?topic=268129>

Question 75

Which of the following is a disadvantage of dual pricing?

- A) It strongly preserves the autonomy of divisions, and the division managers are motivated to put forth effort to increase the operating income of their respective divisions, causing inefficiencies.
- B) The price arrived by using dual pricing has no specific relationship to either costs or the market price.
- C) It leads to disputes about which price should be used when computing the taxable income of subunits located in different tax jurisdictions.
- D) It assumes that the minimum transfer price equals the incremental cost per unit incurred up to the point of transfer minus the opportunity cost per unit to the selling division.

Answer: <https://biology-forums.com/index.php?topic=268771>

Question 76

Which of the following statements is true of strategic analysis of operating income?

- A) Management accountants compare budgeted operating performance over two different periods.
- B) Management accountants compare actual and budgeted operating performance over the same time periods.
- C) Management accountants compare actual operating performance of one year and budgeted operating performance of another year.
- D) Management accountants compare actual operating performance over two different periods.

Answer: <https://biology-forums.com/index.php?topic=267840>

Question 77

What is the amount of fixed overhead spending variance?

- A) \$8,300 unfavorable
- B) \$2,000 favorable
- C) \$2,000 unfavorable
- D) \$8,300 favorable

Answer: <https://biology-forums.com/index.php?topic=267396>

Question 78

Under standard costing, _____.

- A) fixed overhead costs are treated as if they are a variable cost
- B) fixed overhead costs are treated as if they are a fixed cost
- C) variable overhead costs are treated as if they are a fixed cost
- D) fixed overhead costs are treated as if they are a sunk cost

Answer: <https://biology-forums.com/index.php?topic=267426>

Question 79

The following information pertains to Alleigh's Mannequins:

Manufacturing costs \$1,500,000

Units manufactured 30,000

Units sold 29,500 units sold for \$85 per unit

Beginning inventory 0 units

What is the amount of gross margin?

- A) \$1,475,000
- B) \$1,500,000
- C) \$2,507,500
- D) \$1,032,500

Answer: <https://biology-forums.com/index.php?topic=266685>

Question 80

In performance evaluations _____.

- A) managers should use the swap exchange rate prevailing at the end of a financial period
- B) managers should use the average exchange rate prevailing at the end of a financial period
- C) managers should use the exchange rate prevailing on the date the assets were acquired
- D) managers should use the exchange rate prevailing at the end of a financial period

Answer: <https://biology-forums.com/index.php?topic=268857>

Question 81

The accounting system that corresponds to the project dimension in capital budgeting is the _____.

- A) net present value method
- B) internal rate of return
- C) accrual accounting rate of return
- D) life-cycle costing

Answer: <https://biology-forums.com/index.php?topic=268622>

Question 82

What is the economic order quantity?

- A) 1,936.50 units
- B) 1,414.21 units
- C) 1,552.65 units
- D) 2,598.07 units

Answer: <https://biology-forums.com/index.php?topic=268548>

Question 83

Corporate-sustaining costs _____.

- A) are common to all individual customers
- B) have a clear cause-and-effect relationship with several cost-allocation bases
- C) should be allocated for decisions regarding reducing customer costs
- D) evaluates the effectiveness of sales personnel

Answer: <https://biology-forums.com/index.php?topic=268039>

Question 84

Job-costing is likely to be used by _____.

- A) oil refining companies
- B) advertising agencies
- C) postal service companies
- D) beverage production companies

Answer: <https://biology-forums.com/index.php?topic=266889>

Question 85

What amount of joint costs will be allocated to the Gizmos?

- A) \$44,118
- B) \$30,882
- C) \$77,206
- D) \$66,176

Answer: <https://biology-forums.com/index.php?topic=268201>

Question 86

What is the breakeven point in units, assuming a product's selling price is \$100, fixed costs are \$16,000, unit variable costs are \$20, and operating income is \$5,200?

- A) 100 units
- B) 300 units
- C) 400 units
- D) 200 units

Answer: <https://biology-forums.com/index.php?topic=266799>

Question 87

Customer revenues and _____ are the determinants of customer profitability.

- A) customer profile
- B) customer costs
- C) customer location
- D) customer industry

Answer: <https://biology-forums.com/index.php?topic=268002>

Question 88

Which of the following is true of benchmarking two managers against each other if they carry out similar operations?

- A) It would lead to better cooperation among the managers.
- B) It would reduce the managers' incentives to help one another.

- C) It would enhance the accomplishment of organization goals.
D) It would help reduce costs common to both the departments.

Answer: <https://biology-forums.com/index.php?topic=268869>

Question 89

Financial planning software packages assist management with _____.

- A) assigning responsibility to various levels of management
B) identifying the target customer
C) sensitivity analysis in their planning and budgeting activities
D) achieving greater commitment from lower management

Answer: <https://biology-forums.com/index.php?topic=267178>

Question 90

Which of the following statements is true of successfully implementing a balanced scorecard?

- A) External auditors should design and implement the balanced scorecard.
B) Balanced scorecard should never be communicated to all employees.
C) Balanced scorecard should be formed exclusively by top management.
D) Management accountants should determine the balanced scorecard measures.

Answer: <https://biology-forums.com/index.php?topic=267819>

Question 91

Top management compensation cost is an example of _____ in the cost hierarchy.

- A) unit-level costs
B) batch-level costs
C) product-sustaining costs
D) facility-sustaining costs

Answer: <https://biology-forums.com/index.php?topic=267030>

Question 92

What is the fixed overhead spending variance?

- A) \$3,062.5 unfavorable
B) \$8,260 favorable
C) \$8,260 unfavorable
D) \$3,062.5 favorable

Answer: <https://biology-forums.com/index.php?topic=267390>

Question 93

Among different types of costs associated with inventory, the opportunity cost of the investment tied up in inventory is a(n) _____.

- A) purchasing cost
B) ordering cost
C) stockout cost
D) carrying cost

Answer: <https://biology-forums.com/index.php?topic=268522>

Question 94

Transfer-pricing systems enable managers to focus on maximizing the performance of their subunits.

Answer: <https://biology-forums.com/index.php?topic=268725>

Question 95

The contribution margin income statement _____.

- A) reports gross margin
B) is allowed for external reporting to shareholders
C) categorizes costs as either direct or indirect
D) can be used to predict future profits at different levels of activity

Answer: <https://biology-forums.com/index.php?topic=266783>

Question 96

If manufacturing machines are breaking down more than expected, this will contribute to a(n) _____.

- A) favorable direct manufacturing labor price variance

- B) unfavorable direct manufacturing labor price variance
- C) favorable direct manufacturing labor efficiency variance
- D) unfavorable direct manufacturing labor efficiency variance

Answer: <https://biology-forums.com/index.php?topic=267308>

Question 97

One reason indirect costs may be overapplied is because _____.

- A) the actual allocation base quantity exceeds the budgeted quantity
- B) budgeted indirect costs exceed actual indirect costs
- C) requisitioned direct materials exceed budgeted material costs
- D) Both A and B are correct.

Answer: <https://biology-forums.com/index.php?topic=266970>

Question 98

Which of the following mathematical expression is used to calculate budgeted variable overhead cost rate per output unit?

- A) Budgeted output allowed per input unit \times Budgeted variable overhead cost rate per input unit
- B) Budgeted input allowed per output unit \div Budgeted variable overhead cost rate per input unit
- C) Budgeted output allowed per input unit \div Budgeted variable overhead cost rate per input unit
- D) Budgeted input allowed per output unit \times Budgeted variable overhead cost rate per input unit

Answer: <https://biology-forums.com/index.php?topic=267334>

Question 99

Crimson Corp., a California-based company is selling its products for \$23. Its average variable costs is \$21 and the average selling price of its competitors is \$26. This is an example of _____.

- A) dumping
- B) collusive pricing
- C) predatory pricing
- D) suicidal pricing

Answer: <https://biology-forums.com/index.php?topic=267999>

Question 100

Under variable costing, the fixed manufacturing costs expensed on the income statement (excluding adjustments for variances) total _____.

- A) \$16,000
- B) \$15,200
- C) \$14,400
- D) 0

Answer: <https://biology-forums.com/index.php?topic=267480>

Question 101

The purchase-order lead time is the _____.

- A) time between placing an order and its delivery
- B) time between receiving a customer order and producing the products
- C) time between receiving a customer order and delivering the items
- D) time required to correct errors in the defective products

Answer: <https://biology-forums.com/index.php?topic=268540>

Question 102

_____ is a measure of the balanced scorecard's learning-and-growth perspective.

- A) Information system availability
- B) Economic value added
- C) Cost reductions in key areas
- D) Customer-retention percentage

Answer: <https://biology-forums.com/index.php?topic=267818>

Question 103

Fixed manufacturing costs expensed on the income statement (excluding adjustments for variances) total _____.

- A) \$14,400
- B) \$19,200
- C) \$24,000
- D) 0

Answer: <https://biology-forums.com/index.php?topic=267471>

Question 104

If the number of employees is considered the cost driver, what amount of personnel costs will be allocated to Department A?

- A) \$35,000
- B) \$10,667
- C) \$140,000
- D) \$43,700

Answer: <https://biology-forums.com/index.php?topic=267576>

Question 105

What are the four methods of allocating joint costs to individual products? Which of these methods is preferred, and what are two advantages of this method?

Answer: <https://biology-forums.com/index.php?topic=268244>

Question 106

Within the relevant range, if there is a change in the level of the cost driver, then _____.

- A) total fixed costs and total variable costs will change
- B) total fixed costs and total variable costs will remain the same
- C) total fixed costs will remain the same and total variable costs will change
- D) total fixed costs will change and total variable costs will remain the same

Answer: <https://biology-forums.com/index.php?topic=266656>

Question 107

_____ is also called lean production.

- A) Economic order quantity production
- B) Just-in-time production
- C) Materials requirements planning production
- D) Push-through system

Answer: <https://biology-forums.com/index.php?topic=268579>

Question 108

What is the total throughput contribution?

- A) \$1,069,500
- B) \$897,000
- C) \$1,173,000
- D) \$759,000

Answer: <https://biology-forums.com/index.php?topic=267510>

Question 109

Which of the following is a possible reason to allocate joint costs to individual products?

- A) rate regulation requirements
- B) to prepare financial statements
- C) for product design decisions
- D) to determine tax rates

Answer: <https://biology-forums.com/index.php?topic=268184>

Question 110

Which of the following capital budgeting methods uses discounted cash flows?

- A) accrual accounting rate-of-return method
- B) net present value method
- C) projected income method
- D) payback method

Answer: <https://biology-forums.com/index.php?topic=268628>

Question 111

Which of the following statements best defines a materials requirements planning system?

- A) a demand-pull system in which each component in a production line is produced immediately as needed by the next step in the production line
- B) a push-through system that manufactures finished goods for inventory on the basis of demand forecasts

C) a demand-pull system that manufactures finished goods for inventory on the basis of demand forecasts
D) a push-through system in which each component in a production line is produced immediately as needed by the next step in the production line
Answer: <https://biology-forums.com/index.php?topic=268578>

Question 112

Which of the following statements best defines manufacturing cycle time in a JIT production system?

- A) the time from when raw materials is received until it becomes a finished good
- B) the time from when an order is received until it becomes a finished good
- C) the time from when raw materials is received until it is delivered to the customers
- D) the time from when an order is received until it is delivered to the customers

Answer: <https://biology-forums.com/index.php?topic=268588>

Question 113

Given a constant contribution margin per unit and constant fixed costs, the period-to-period change in operating income under variable costing is driven solely by _____.

- A) changes in the quantity of units actually sold
- B) changes in the quantity of units produced
- C) changes in ending inventory
- D) changes in sales price per unit

Answer: <https://biology-forums.com/index.php?topic=267484>

Question 114

If there are 600 machine-hours available per week, how many rockers of each model should Jim Helmer produce to maximize profits?

- A) 100 units of Standard and 49 units of Premium
- B) 72 units of Standard and 70 units of Premium
- C) 100 units of Standard and 70 units of Premium
- D) 85 units of Standard and 60 units of Premium

Answer: <https://biology-forums.com/index.php?topic=267748>

Question 115

Why do managers prepare cost-hierarchy-based operating incomes statements?

Answer: <https://biology-forums.com/index.php?topic=268034>

Question 116

Costs in the cost pool having the same or a similar cause-and-effect or benefits-receiving relationship with the cost-allocation base can be achieved in adopting _____.

- A) indirect cost pools
- B) homogeneous cost pools
- C) heterogeneous cost pools
- D) direct cost pools

Answer: <https://biology-forums.com/index.php?topic=268047>

Question 117

A steeply sloped regression line indicates _____.

- A) a strong relationship between the cost driver and costs
- B) a greater proportion of fixed costs than variable costs
- C) an increase in number of units produced during the period
- D) a strong relationship between fixed cost and variable cost

Answer: <https://biology-forums.com/index.php?topic=267615>

Question 118

What is the average waiting time, in minutes?

- A) 1.0
- B) 1.5
- C) 2.5
- D) 3.5

Answer: <https://biology-forums.com/index.php?topic=268502>

Question 119

Outside the relevant range, variable costs, such as direct material costs _____.

- A) will decrease proportionately with changes in sales volumes
- B) will remain the same with changes in production volumes
- C) will not change proportionately with changes in production volumes
- D) will increase proportionately with changes in sales volumes

Answer: <https://biology-forums.com/index.php?topic=266657>

Question 120

Fixed overhead costs _____.

- A) never have any unused capacity
- B) have no spending variance
- C) have no efficiency variance
- D) have no production-volume variance

Answer: <https://biology-forums.com/index.php?topic=267410>

Question 121

Which of the following areas lends themselves to the concept of decentralization?

- A) dividend decisions
- B) long-term financing
- C) product advertising
- D) strategic planning

Answer: <https://biology-forums.com/index.php?topic=268714>

Question 122

Interactive control system _____.

- A) ensure to adhere to legal or ethical accounting policies and procedures
- B) ensure prompt and severe reprimand of unethical conduct, regardless of the benefits that might accrue to the company from unethical action
- C) ensure employees' intrinsic motivation, the desire to achieve self-satisfaction for performing well regardless of external rewards such as bonuses or promotion
- D) ensure frequent face-to-face communications among managers and employees regarding the critical uncertainties

Answer: <https://biology-forums.com/index.php?topic=268877>

Question 123

The variable overhead efficiency variance measures the difference between the _____, multiplied by the budgeted variable overhead cost per unit of the cost-allocation base.

- A) budgeted quantity of the cost-allocation base used and the budgeted quantity of the cost-allocation base that should have been used to produce the actual output
- B) actual quantity of the cost-allocation base used and the budgeted quantity of the cost-allocation base that should have been used to produce the actual output
- C) actual cost incurred and the budgeted quantity of the cost-allocation base that should have been used to produce the actual output
- D) budgeted cost and the actual cost used to produce the actual output

Answer: <https://biology-forums.com/index.php?topic=267358>

Question 124

The coefficient of determination is important in explaining variances in estimating equations. For a certain estimating equation, the unexplained variation was given as 22,506. The total variation was given as 51,150. What is the coefficient of determination for the equation?

- A) 0.34
- B) 0.43
- C) 0.56
- D) 0.75

Answer: <https://biology-forums.com/index.php?topic=267641>

Question 125

Which one of the following items is a direct cost?

- A) Customer-service costs of a multiproduct firm; Product A is the cost object.
- B) Printing costs incurred for payroll check processing; payroll check processing is the cost object.
- C) The salary of a maintenance supervisor in a multiproduct manufacturing plant; Product B is the cost object.
- D) Utility costs of the administrative offices; the accounting department is the cost object.

Answer: <https://biology-forums.com/index.php?topic=266635>

Question 126

Which of the following is an internal-business-process measure to study the output during bottleneck situations?

- A) manufacturing cycle efficiency for key processes
- B) carrying cost of inventories
- C) number of employees trained to manage bottlenecks
- D) customer-response time

Answer: <https://biology-forums.com/index.php?topic=268515>

Question 127

Connors Company has offered to sell 10,000 units of the same part to Piels Corporation for \$36 per unit. Assuming there is no other use for the facilities, Schmidt should _____.

- A) make the part, as this would save \$6 per unit
- B) buy the part, as this would save \$6 per unit
- C) buy the part, as this would save the company \$60,000
- D) make the part, as this would save \$2 per unit

Answer: <https://biology-forums.com/index.php?topic=267698>

Question 128

In certain high-cost defense contracts involving new weapons and equipment, contracts are rarely subject to competitive bidding because _____.

- A) the government taxes the defense companies at a higher level than that of other public sector companies
- B) there is an implicit agreement among defense contractors to "share contracts"
- C) all defense contractors have essentially the same cost structure
- D) no contractor is willing to assume all the risk of receiving a fixed price for the contract

Answer: <https://biology-forums.com/index.php?topic=268147>

Question 129

Which of the following companies is part of the merchandising sector of our economy?

- A) Jaguar
- B) Hewlett Packard
- C) Arrow Electronics
- D) Michael Toback Accounting Firm

Answer: <https://biology-forums.com/index.php?topic=266686>

Question 130

The flexible-budget variance for direct cost inputs can be further subdivided into a _____.

- A) static-budget variance and a sales-volume variance
- B) sales-volume variance and an efficiency variance
- C) price variance and an efficiency variance
- D) static-budget variance and a price variance

Answer: <https://biology-forums.com/index.php?topic=267272>

Question 131

In a perfectly competitive market, which of the following is a primary factor influencing pricing decisions?

- A) cost of production
- B) availability of raw materials in the market
- C) information on competitor's cost structure
- D) value customers place on product

Answer: <https://biology-forums.com/index.php?topic=267901>

Question 132

In a process-costing system when goods move from department to department, the accounting for such transfers is relatively simple under _____.

- A) standard costing
- B) FIFO costing
- C) weighted-average costing
- D) operations costing

Answer: <https://biology-forums.com/index.php?topic=268332>

Question 133

What is the target rate of return on investment for Judith Vending Company?

- A) 18.0%
- B) 15.0%
- C) 14.0%
- D) 66.7%

Answer: <https://biology-forums.com/index.php?topic=267973>

Question 134

The return on investment is usually considered the most popular approach to measure performance because _____.

- A) it blends all the ingredients of profitability into a single percentage
- B) once determined, there is no need to use it with other measures of performance
- C) it throws light on the company's working capital
- D) it measures the cash balance of the company in the most efficient manner

Answer: <https://biology-forums.com/index.php?topic=268806>

Question 135

The actual amount spent for Material B was _____.

- A) \$58,000
- B) \$59,000
- C) \$60,000
- D) \$61,000

Answer: <https://biology-forums.com/index.php?topic=267295>

Question 136

Which of the following journal entries would be recorded when units are sold for the month under backflush costing? ?

- A) Cost of Goods Sold \$341,000
Inventory: Raw and In-Process \$341,000
- B) Cost of Goods Sold \$341,000
Inventory Control \$244,125
Conversion Costs Allocated \$96,875
- C) Inventory Inventory Control \$244,125
Conversion Costs Allocated \$96,875
Cost of Goods Sold \$341,000
- D) Cost of Goods Sold \$354,200
Inventory: Raw and In-Process \$253,575
Conversion Costs Allocated \$96,875

Answer: <https://biology-forums.com/index.php?topic=268602>

Question 137

The reciprocal allocation method _____.

- A) is the most widely used because of its simplicity
- B) requires the ranking of support departments in the order that the allocation is to proceed
- C) highlights the complete reciprocated costs of support departments and how these costs differ from budgeted or actual costs of the departments
- D) allocates support-department costs to other support departments and to operating departments in a sequential manner that partially recognizes the mutual services provided among all support departments

Answer: <https://biology-forums.com/index.php?topic=268120>

Question 138

If a company has a degree of operating leverage of 3.0 and sales increase by 25%, then _____.

- A) total fixed costs will increase by 75%
- B) total costs will increase by 75%
- C) profit will increase by 30%
- D) profit will increase by 75%

Answer: <https://biology-forums.com/index.php?topic=266848>

Question 139

Assume you are evaluating a manufacturing company. Match the various organizational activities and concepts with the performance measures listed. Some items may have more than one match.

Activities:

1. Change in revenues

2. Cycle time
3. Economic order quantity
4. Manufacturing defects
5. Market share
6. New products
7. On-time delivery
8. Operating income
9. Product reliability
10. Time-to-market

Performance measure:

- _____ a. Profitability
- _____ b. Customer satisfaction
- _____ c. Innovation
- _____ d. Efficiency, quality, and time

Answer: <https://biology-forums.com/index.php?topic=268801>

Question 140

What is the net effect on appraisal costs for 2015, assuming the new receiving method is implemented and that 800,000 material units are received?

- A) \$120,000 increase
- B) \$170,000 decrease
- C) \$190,000 decrease
- D) \$400,000 increase

Answer: <https://biology-forums.com/index.php?topic=268471>

Question 141

The focus in capital budgeting should be on _____.

- A) favorable and unfavorable variance
- B) expenses under accrual accounting
- C) expected future cash flows that differ between alternatives
- D) allocation of overheads

Answer: <https://biology-forums.com/index.php?topic=268679>

Question 142

) If the sales mix shifts to one unit of Product X and two units of Product Y, then the weighted-average contribution margin will _____.

- A) increase per unit
- B) stay the same
- C) decrease per unit
- D) decrease by \$0.50 per unit

Answer: <https://biology-forums.com/index.php?topic=266851>

Question 143

The internal rate of return method assumes that project cash flows can be reinvested at the project's _____.

- A) internal rate of return
- B) required rate of return
- C) growth rate
- D) accounting rate of return

Answer: <https://biology-forums.com/index.php?topic=268659>

Question 144

Which of the following is a factor while choosing the period of a budget?

- A) the frequency of interim financial statements
- B) the estimated period required to achieve budget targets
- C) the general economic trend
- D) the motive for creating the budget

Answer: <https://biology-forums.com/index.php?topic=267121>

Question 145

What is the net effect on operating income as a result of the productivity component?

- A) \$875,000 U
- B) \$206,250 F

C) \$875,000 F

D) \$206,250 U

Answer: <https://biology-forums.com/index.php?topic=267858>

Question 146

Write a linear cost function equation for each of the following conditions. Use y for estimated costs and X for activity of the cost driver.

a. Direct materials cost is \$1.70 per pound

b. Total cost is fixed at \$8,000 per month regardless of the number of units produced.

c. Auto rental has a fixed fee of \$80.00 per day plus \$2.00 per mile driven.

d. Machine operating costs include \$1,000 of maintenance per month, and \$12.00 of coolant usage costs for each day the machinery is in operation.

Answer: <https://biology-forums.com/index.php?topic=267569>

Question 147

Which of the following is an equation of a fixed cost function?

A) $y = (a + b)X$

B) $y = a + bX$

C) $y = bX$

D) $y = a$

Answer: <https://biology-forums.com/index.php?topic=267567>

Question 148

Which of the following statements is a benefit of measuring environmental and social performance?

A) It limits the number of performance measures, identifying only the most critical ones.

B) It helps to communicate the strategy to all members of the organization.

C) It enhances the identification of cause-and-effect relationships to evaluate benefits.

D) It uses financial measures to serve as leading indicators of future nonfinancial performance.

Answer: <https://biology-forums.com/index.php?topic=267817>

Question 149

Activity based costing system differs from traditional costing systems in the treatment of _____.

A) direct labor costs

B) direct material costs

C) prime costs

D) indirect costs

Answer: <https://biology-forums.com/index.php?topic=267009>

Question 150

The cost function $y = 150 + 10X$ _____.

A) has a slope coefficient of 150

B) has an intercept of 150

C) is a nonlinear

D) represents a fixed cost

Answer: <https://biology-forums.com/index.php?topic=267564>

Question 151

Which of the following statements is a possible pitfall while implementing a balanced scorecard?

A) Managers using cost-benefit considerations while designing a balanced scorecard.

B) Managers ignoring objective measures as market share, manufacturing yield.

C) Managers using subjective measures in the balanced scorecard.

D) Top management ignoring nonfinancial measures when evaluating employee performance.

Answer: <https://biology-forums.com/index.php?topic=267820>

Question 152

According to an ABC system, S5 uses a disproportionately _____.

A) smaller amount of unit-level costs

B) larger amount of unit-level costs

C) smaller amount of batch-level costs

D) larger amount of batch-level costs

Answer: <https://biology-forums.com/index.php?topic=267039>

Question 153

Which of the following is true in a decision to keep or replace existing equipment?

- A) The book value of the old equipment is relevant.
- B) The disposal value of the old equipment is relevant.
- C) Property taxes is relevant.
- D) Depreciation on the new equipment is relevant.

Answer: <https://biology-forums.com/index.php?topic=267768>

Question 154

Demanding but achievable targets tend to _____.

- A) be set by subordinate managers to create intrinsic reasons to achieve targets
- B) create unnecessary anxiety that de-motivates employees
- C) improve performance of employees when they are closer to the target
- D) be perceived as ambitious with little chance of success in achieving targets

Answer: <https://biology-forums.com/index.php?topic=267114>

Question 155

What are the estimated life-cycle revenues?

- A) \$2,700,000
- B) \$3,000,000
- C) \$3,400,000
- D) \$1,350,000

Answer: <https://biology-forums.com/index.php?topic=267987>

Question 156

Which of the following statements best define joint products?

- A) When one product has a high total sales value compared with the total sales value of other products of the process, that product is called a joint product.
- B) Product of a joint production process that have the same sales value compared with the total sales value of the by products is called a joint product.
- C) When one product has a low total sales value compared with the total sales value of other products of the process, that product is called a joint product.
- D) When a joint production process yields two or more products with high total sales values relative to the total sales values of other products, those products are called joint products.

Answer: <https://biology-forums.com/index.php?topic=268170>

Question 157

Which of the following includes both traced direct costs and allocated indirect costs?

- A) cost tracing
- B) cost pools
- C) cost assignments
- D) cost allocations

Answer: <https://biology-forums.com/index.php?topic=266881>

Question 158

The department usually in the best position to identify customers' needs is the _____.

- A) production department
- B) sales and marketing department
- C) design department
- D) distribution department

Answer: <https://biology-forums.com/index.php?topic=267932>

Question 159

Which of the following is a stage of the capital budgeting process in which a firm obtains funding for the project?

- A) make decisions by choosing among alternatives stage
- B) identify projects stage
- C) obtain information stage
- D) implement the decision, evaluate performance, and learn stage

Answer: <https://biology-forums.com/index.php?topic=268620>

Question 160

Answer the following questions using the information below:

Nicolt Company produced 120,000 sport jackets during 2015 and 480,000 direct manufacturing labor-hours were used at \$2 per hour. The conversion costs were \$1.2 per jackets produced.

What is the direct manufacturing labor partial productivity for Nicolt Company?

- A) 0.25 unit per direct manufacturing labor-hour
- B) 0.50 unit per direct manufacturing labor-hour
- C) 4.00 unit per direct manufacturing labor-hour
- D) 1.00 unit per direct manufacturing labor-hour

Answer: <https://biology-forums.com/index.php?topic=267884>

Question 161

The Materials Control account is increased when _____.

- A) direct materials are purchased
- B) indirect materials are sold
- C) materials are requisitioned for production
- D) materials are converted to finished goods

Answer: <https://biology-forums.com/index.php?topic=266935>

Question 162

What is the flexible-budget variance for variable manufacturing overhead?

- A) \$6,500 unfavorable
- B) \$6,500 favorable
- C) \$11,250 unfavorable
- D) \$11,250 favorable

Answer: <https://biology-forums.com/index.php?topic=267349>

Question 163

For each of the following items identify whether it is spoilage, reworked units, or scrap.

- _____ a. Defective shirts sold as seconds
- _____ b. End cuts from suit-making operations
- _____ c. Edges from plastic moldings
- _____ d. Carpets sold as seconds
- _____ e. Precision tools that are not built successfully to the necessary tolerance, but which can be successfully converted to a saleable product
- _____ f. Rock extracted as a result of mining processing
- _____ g. Complex defective products such as semiconductors

Answer: <https://biology-forums.com/index.php?topic=268356>

Question 164

Which of the following statements is true of discretionary costs?

- A) They arise from day-to-day operational decisions.
- B) They include conversion cost, direct material costs.
- C) They have measurable cause-and-effect relationship between output and resources used.
- D) They have high level of uncertainty.

Answer: <https://biology-forums.com/index.php?topic=267863>

Question 165

Corise's Cola was to manufacture 500 cases of cola next week. The accountant provided the following analysis of total manufacturing costs.

Variable Coefficient Standard Error t-Value
Constant 115 82.73 1.39
Independent variable 230 105.50 2.18
 $r^2 = 0.82$

What is the estimated cost of producing the 500 cases of cola?

- A) \$115,115
- B) \$57,730
- C) \$24,380
- D) \$9,744

Answer: <https://biology-forums.com/index.php?topic=267643>

Question 166

Which of the three product models should be produced first if management incorporates a short-run profit maximizing strategy?

- A) small appliance
- B) medium appliance
- C) large appliance
- D) both medium and large appliance

Answer: <https://biology-forums.com/index.php?topic=267749>

Question 167

Which of the following statements is true?

- A) A direct cost of one cost object will always be a direct cost of another cost object.
- B) Because of a cost-benefit tradeoff, some direct costs may be treated as indirect costs.
- C) All fixed costs are indirect costs.
- D) All direct costs are variable costs.

Answer: <https://biology-forums.com/index.php?topic=266638>

Question 168

Which item is an indication of credibility under the Standards of Ethical Conduct?

- A) Maintain an appropriate level of professional expertise by continually developing knowledge and skills.
- B) Refrain from using confidential information for unethical or illegal advantage.
- C) Abstain from engaging in or supporting any activity that might discredit the profession.
- D) Disclose delays or deficiencies in information, timeliness, processing, or internal controls in conformance with organization policy and/or applicable law.

Answer: <https://biology-forums.com/index.php?topic=266610>

Question 169

In the cost classification system used by manufacturing firms, assembly workers' wages would be included in _____.

- A) irrelevant cost
- B) direct manufacturing costs
- C) indirect manufacturing costs
- D) period cost

Answer: <https://biology-forums.com/index.php?topic=266721>

Question 170

TrueValue Company makes all types of office desks. The General Desk Division is currently producing 10,000 desks per year with a capacity of 15,000. The variable costs assigned to each desk are \$300 and annual fixed costs of the division are \$900,000. The General desk sells for \$400. The Executive Division wants to buy 5,000 desks at \$270 for its custom office design business. The General Desk manager refused the order because the price is below variable cost. The executive manager argues that the order should be accepted because it will lower the fixed cost per desk from \$90 to \$60 and will take the division to its capacity, thereby causing operations to be at their most efficient level.

Required:

- a. Should the order from the Executive Division be accepted by the General Desk Division? Why?
- b. From the perspective of the General Desk Division and the company, should the order be accepted if the Executive Division plans on selling the desks in the outside market for \$420 after incurring additional costs of \$100 per desk?
- c. What action should the company president take?

Answer: <https://biology-forums.com/index.php?topic=268776>

Question 171

What are the relevant cash inflows and outflows for capital budgeting decisions?

Answer: <https://biology-forums.com/index.php?topic=268685>

Question 172

Sales of Blistre Autos are 350,000, variable cost is 200,000, fixed cost is 75,000, tax rate is 20%. Calculate the operating leverage of the company.

- A) 1.00 time
- B) 1.50 times
- C) 2.50 times
- D) 2.00 times

Answer: <https://biology-forums.com/index.php?topic=266838>

Question 173

Which of the following entries is used to record direct materials purchased and used in production during a month in the Assembly department, before transferring the goods to Testing department?

- A) Work in Process—Assembly
Wages Payable Control
- B) Accounts Payable Control
Work in Process—Assembly
- C) Work in Process—Assembly
Accounts Payable Control
- D) Accounts Payable Control
Cash

Answer: <https://biology-forums.com/index.php?topic=268283>

Question 174

An advantage of using a bar chart to visualize customer profitability is that _____.

- A) differences in commissions paid to sales persons stand out
- B) the number of "unprofitable" customers stand out
- C) trends in the volume of purchases become apparent
- D) company can get ideas about new products or improved methods

Answer: <https://biology-forums.com/index.php?topic=268020>

Question 175

Calculate the spending variance for fixed overhead setup costs.

- A) \$250 unfavorable
- B) \$150 unfavorable
- C) \$250 favorable
- D) \$150 favorable

Answer: <https://biology-forums.com/index.php?topic=267433>

Question 176

Which of the following differentiates confidentiality and credibility under the Standards of Ethical Conduct?

- A) Credibility deals with refraining from activities that would prejudice carrying duties ethically, while confidentiality deals with communicating information fairly and objectively.
- B) Confidentiality deals with refraining from the usage of critical information for unethical or illegal advantage, while credibility ensures disclosing the relevant information that would help the intended user's understanding.
- C) Credibility deals with refraining from the usage of critical information for unethical or illegal advantage, while confidentiality ensures disclosing the relevant information that would help the user's understanding.
- D) Credibility ensures appropriate level of professional expertise by continually developing knowledge and skills, while confidentiality encourages mitigation of actual conflicts of interest.

Answer: <https://biology-forums.com/index.php?topic=266608>

Question 177

Place the following steps in the order suggested by the seven steps used to assign costs to individual jobs:

- A. Identify indirect costs
 - B. Compute the total cost of the job
 - C. Select cost-allocation bases
 - D. Compute the indirect cost rate
- A) ACDB
 - B) CADB
 - C) BACD
 - D) DCAB

Answer: <https://biology-forums.com/index.php?topic=266900>

Question 178

In the formula for calculating the average waiting time, the squared manufacturing time indicates _____.

- A) that the shorter the manufacturing time, the greater the chance that the machine will remain idle in the process
- B) that the shorter the manufacturing time, the greater the chance that the machine will be in use when an order arrives
- C) the disproportionately large impact the manufacturing time has on the waiting time

D) a measure of the unused capacity or cushion

Answer: <https://biology-forums.com/index.php?topic=268497>

Question 179

Which of the following is included in product cost for pricing and product-mix decisions?

- A) design costs
- B) sunk costs
- C) opportunity costs
- D) cost of capital

Answer: <https://biology-forums.com/index.php?topic=266754>

Question 180

Critics of absorption costing suggest evaluating management on its ability to _____.

- A) exceed production quotas
- B) increase operating income
- C) decrease fixed costs
- D) decrease variable costs

Answer: <https://biology-forums.com/index.php?topic=267497>

Question 181

Assume only the specified parameters change in a cost-volume-profit analysis. If the contribution margin increases by \$6 per unit, then _____.

- A) fixed costs increases by \$6 per unit
- B) operating profits decreases by \$6 per unit
- C) fixed costs decreases by \$6 per unit
- D) operating profits increases by \$6 per unit

Answer: <https://biology-forums.com/index.php?topic=266818>

Question 182

Among different types of costs associated with inventory, the costs of obtaining purchase approvals are _____.

- A) purchasing costs
- B) ordering costs
- C) stockout costs
- D) carrying costs

Answer: <https://biology-forums.com/index.php?topic=268520>

Question 183

Claudia Geer, controller, discusses the pricing of a new product with the sales manager, James Nolan. What major influences must Claudia and James consider in pricing the new product? Discuss each briefly.

Answer: <https://biology-forums.com/index.php?topic=267906>

Question 184

The successful management accountant possesses several skills and characteristics that reach well beyond basic analytical abilities. Discuss.

Answer: <https://biology-forums.com/index.php?topic=266604>

Question 185

The costs of all six value-chain functions should be included when determining _____.

- A) the prime cost of a product
- B) the selling price of a product
- C) the contribution margin per unit
- D) the cost of capital

Answer: <https://biology-forums.com/index.php?topic=268013>

Question 186

The costs that result when a company runs out of a particular item for which there is a customer demand are _____.

- A) shrinkage costs
- B) shortage costs
- C) stockout costs
- D) EOQ estimation costs

Answer: <https://biology-forums.com/index.php?topic=268524>

Question 187

Which of the following statements about normal costing is true?

- A) Direct costs and indirect costs are traced using an actual rate.
- B) Direct costs and indirect costs are traced using budgeted rates.
- C) Direct costs are traced using a budgeted rate, and indirect costs are allocated using an actual rate.
- D) Direct costs are traced using an actual rate, and indirect costs are allocated using a budgeted rate.

Answer: <https://biology-forums.com/index.php?topic=266919>

Question 188

Which of the following criteria has the presumption that the more-profitable divisions have a greater ability to absorb corporate administration costs?

- A) the fairness or equity criterion
- B) the ability to bear criterion
- C) the cause-and-effect criterion
- D) the benefits-received criterion

Answer: <https://biology-forums.com/index.php?topic=268043>

Question 189

For each of the following measures, identify which perspective of the balanced scorecard it represents: financial, customer, internal-business-process, or learning-and growth.

1. service response time
2. market share
3. gross margin percentage
4. defect rates
5. customer satisfaction
6. information system availability
7. new-product development time
8. revenue growth
9. employee turnover rates
10. setup time

Answer: <https://biology-forums.com/index.php?topic=267831>

Question 190

Customer-response time is _____.

- A) the amount of time from when an order is ready to start on the production line to when the product or service is delivered to the customer
- B) the amount of time it takes to deliver a completed order to a customer
- C) the amount of time from when a customer places an order for a product or requests a service to when the product or service is delivered to the customer
- D) the amount of time from when an order is ready to start on the production line to when it becomes a finished good

Answer: <https://biology-forums.com/index.php?topic=268482>

Question 191

Which of the following statements is true of process costing?

- A) In the period of rising prices, weighted-average process-costing method will result in higher operating income as compared to FIFO process-costing method.
- B) The operating income and the tax payments of a company are not affected by the method of process-costing being followed by the company.
- C) In the period of rising prices, weighted-average process-costing method will result in lower cost of goods sold as compared to FIFO process-costing method.
- D) In a period of falling prices, weighted-average process-costing method will increase tax payments as compared to FIFO process-costing method.

Answer: <https://biology-forums.com/index.php?topic=268326>

Question 192

A transfer price based on the full cost plus a markup may lead to suboptimal decisions because _____.

- A) it leads the buying division to regard the fixed costs and the markup of the selling division as a variable cost
- B) it leads the buying division to regard the variable costs and the markup of the selling division as a fixed cost
- C) it leads the buying division to regard the fixed costs and the markup of the selling division as total costs
- D) it leads the buying division to regard the variable costs and the markup of the selling division as total costs

Answer: <https://biology-forums.com/index.php?topic=268761>

Question 193

Investment A requires a net investment of \$1,400,000. The required rate of return is 10% for the five-year annuity. What are the annual cash inflows if the net present value equals 0? (rounded)

- A) \$378,966
- B) \$369,296
- C) \$345,696
- D) \$251,466

Answer: <https://biology-forums.com/index.php?topic=268647>

Question 194

The flexible budget contains _____.

- A) budgeted amounts for actual output
- B) budgeted amounts for planned output
- C) actual costs for actual output
- D) actual costs for planned output

Answer: <https://biology-forums.com/index.php?topic=267243>

Question 195

Budgeting often plays a major role in affecting behavior and decisions.

Answer: <https://biology-forums.com/index.php?topic=266767>

Question 196

Which of the following is an example of nonfinancial performance measure?

- A) percentage of products started and completed without requiring any rework
- B) direct manufacturing labor efficiency variance
- C) direct materials price variance
- D) quantity discounts obtained on order of large quantity

Answer: <https://biology-forums.com/index.php?topic=267314>

Question 197

What is the advantage and disadvantage of early inspections?

Answer: <https://biology-forums.com/index.php?topic=268407>

Question 198

What is the estimated total cost when 1,300 machine-hours are used?

- A) \$411,100
- B) \$204,000
- C) \$456,000
- D) \$156,000

Answer: <https://biology-forums.com/index.php?topic=267607>

Question 199

Spoilage can be a significant cost for many organizations. Discuss when spoilage might happen and how the costs of normal spoilage get allocated.

Answer: <https://biology-forums.com/index.php?topic=268408>

Question 200

The revenues budget identifies _____.

- A) expected cash flows for each product
- B) actual sales from last year for each product
- C) the expected level of sales for the company
- D) the variance of sales from actual for each product

Answer: <https://biology-forums.com/index.php?topic=267134>

Question 201

An advantage of nonfinancial measures of quality include that they _____.

- A) focus managers' attention on how poor quality affects operating income
- B) assist in problem solving by comparing costs and benefits of different quality-improvement programs and by setting priorities for cost reduction
- C) are useful indicators of future long-run performance

D) use certain statistical measures to justify their data

Answer: <https://biology-forums.com/index.php?topic=268477>

Question 202

Which of the following is true of historical costs?

- A) They are useful for making future predictions.
- B) They are used for decision making.
- C) They are always accounted as opportunity costs.
- D) They cannot be fixed costs.

Answer: <https://biology-forums.com/index.php?topic=267672>

Question 203

At the end of January, budgeted ending inventory is _____.

- A) \$10,000
- B) \$14,000
- C) \$20,000
- D) \$22,000

Answer: <https://biology-forums.com/index.php?topic=267228>

Question 204

Using the sales value at splitoff method, what is the gross-margin percentage for skim goat milk at the splitoff point?

- A) 51.74%
- B) 50.00%
- C) 35.83%
- D) 48.26%

Answer: <https://biology-forums.com/index.php?topic=268211>

Question 205

Greentree Incorporated manufactures rustic furniture. The cost accounting system estimates manufacturing costs to be \$120 per table, consisting of 60% variable costs and 40% fixed costs. The company has surplus capacity available. It is Greentree's policy to add a 30% markup to full costs.

- a. Greentree Incorporated is invited to bid on an order to supply 100 rustic tables. What is the lowest price Greentree should bid on this one-time-only special order?
- b. A large hotel chain is currently expanding and has decided to decorate all new hotels using the rustic style. Greentree Incorporated is invited to submit a bid to the hotel chain. What is the lowest price per unit Greentree should bid on this long-term order?

Answer: <https://biology-forums.com/index.php?topic=267929>

Question 206

The management accountant aids in MRP by _____.

- A) doing journal entries as requested
- B) preparing plant appropriation requests
- C) maintaining accurate records of inventory and its costs
- D) contacting vendors to make sure they can deliver the materials in time

Answer: <https://biology-forums.com/index.php?topic=268580>

Question 207

Ventaz Corp. purchased assets for its overseas branch for \$10,000. The rate of conversion at the time of purchase of asset was \$1.306 / Euro. What is the value of assets after two years if the rate is \$1.508 / Euro and the average rate being \$1.407 / Euro?

- A) 7,657 Euros
- B) 5,080 Euros
- C) 4,070 Euros
- D) 3,780 Euros

Answer: <https://biology-forums.com/index.php?topic=268858>

Question 208

If the sales mix shifts to one unit of Product X and two units of Product Y, then the breakeven point will _____.

- A) increase
- B) stay the same
- C) decrease
- D) will be greater than the original breakeven point

Answer: <https://biology-forums.com/index.php?topic=266852>

Question 209

_____ is a measure of the balanced scorecard's internal-business-process perspective.

- A) Market share
- B) Manufacturing downtime
- C) Return on investment
- D) Number of customer complaints

Answer: <https://biology-forums.com/index.php?topic=267816>

Question 210

Kirkland Company manufactures a part for use in its production of hats. When 10,000 items are produced, the costs per unit are:

- Direct materials \$0.60
- Direct manufacturing labor 3.00
- Variable manufacturing overhead 1.20
- Fixed manufacturing overhead 1.60
- Total \$6.40

Mike Company has offered to sell to Kirkland Company 10,000 units of the part for \$6.00 per unit. The plant facilities could be used to manufacture another item at a savings of \$9,000 if Kirkland accepts the offer. In addition, \$1.00 per unit of fixed manufacturing overhead on the original item would be eliminated.

Required:

- a. What is the relevant per unit cost for the original part?
- b. Which alternative is best for Kirkland Company? By how much?

Answer: <https://biology-forums.com/index.php?topic=267733>

Question 211

A medium sized motel chain is currently expanding and has decided to create more rooms and air condition all of its rooms, which are currently not air conditioned. Weather Inc. is invited to submit a bid to the motel chain. What per unit price will Weather Inc. most likely bid for this special order of 200 units? Assume that the price is being fixed for a long-term commitment.

- A) \$190.00 per unit
- B) \$142.50 per unit
- C) \$247.00 per unit
- D) \$230.00 per unit

Answer: <https://biology-forums.com/index.php?topic=267922>

Question 212

For a manufacturing-sector company, the cost of factory depreciation is classified as a _____.

- A) direct material cost
- B) direct manufacturing labor cost
- C) manufacturing overhead cost
- D) period cost

Answer: <https://biology-forums.com/index.php?topic=266694>

Question 213

Partial productivity multiplied by the quantity of input used results in _____.

- A) expected production
- B) budgeted output
- C) actual output
- D) a ratio

Answer: <https://biology-forums.com/index.php?topic=267877>

Question 214

The Comil Corporation recently purchased a new machine for its factory operations at a cost of \$390,875. The investment is expected to generate \$125,000 in annual cash flows for a period of five years. The required rate of return is 12%. The old machine has a remaining life of five years. The new machine is expected to have zero value at the end of the five-year period. The disposal value of the old machine at the time of replacement is zero. What is the internal rate of return?

- A) 15%
- B) 16%
- C) 17%
- D) 18%

Answer: <https://biology-forums.com/index.php?topic=268639>

Question 215

What is the contribution margin using variable costing?

- A) \$118,625
- B) \$125,125
- C) \$126,425
- D) \$135,625

Answer: <https://biology-forums.com/index.php?topic=267462>

Question 216

The opportunity cost of holding significant inventory includes _____.

- A) the interest forgone on an alternative investment
- B) additional insurance costs
- C) additional storage costs
- D) the rent of the warehouse

Answer: <https://biology-forums.com/index.php?topic=267728>

Question 217

When making pricing decisions managers should include fixed cost per unit in the cost because _____.

- A) it leads to reporting higher operating income for the period
- B) it allows managers to report positive contribution as long as prices are above variable costs
- C) in the long run, the price of a product must exceed the full cost of the product
- D) it requires the management accountant to perform a detailed analysis of cost-behavior patterns to separate product costs into variable and fixed components

Answer: <https://biology-forums.com/index.php?topic=267970>

Question 218

With a step fixed-cost function _____.

- A) the cost varies with the changes in the activity
- B) fixed cost is often approximated with a continuous variable-cost function
- C) fixed cost changes proportionally with the level of activity
- D) the cost remains the same over wide ranges of the activity in each relevant range

Answer: <https://biology-forums.com/index.php?topic=267622>

Question 219

Discuss the means by which a company goes about evaluating and installing a new quality improvement program.

Answer: <https://biology-forums.com/index.php?topic=268469>

Question 220

What is budgeted sales for 2016?

- A) \$1,080,000
- B) \$1,000,000
- C) \$982,800
- D) \$873,600

Answer: <https://biology-forums.com/index.php?topic=267182>

Question 221

Which of the following is true of master-budget capacity utilization?

- A) It hides the amount of unused capacity.
- B) It represents the maximum units of production intended for current capacity.
- C) It provides the best cost estimate for benchmarking purposes.
- D) It is an average that provides no meaningful feedback to a firm's marketing manager for a particular year.

Answer: <https://biology-forums.com/index.php?topic=267531>

Question 222

The operating budget process generally concludes with the preparation of the _____.

- A) production budget
- B) cash flow statement
- C) research and development budget

D) budgeted income statement

Answer: <https://biology-forums.com/index.php?topic=267123>

Question 223

The manufacturing cycle including related delays can be reduced by _____.

- A) batching similar jobs together for processing
- B) decreasing the capacity of a bottleneck resource
- C) not setting up flexible manufacturing systems
- D) increasing the time for setups and processing

Answer: <https://biology-forums.com/index.php?topic=268512>

Question 224

_____ is a measure of the balanced scorecard's internal process perspective.

- A) Service response time
- B) Customer satisfaction
- C) Gross profit percentage
- D) Cost reduction

Answer: <https://biology-forums.com/index.php?topic=267813>

Question 225

Which of the following statements is true of accrual accounting rate of return (AARR) method and internal rate of return (IRR) method?

- A) AARR method calculates the return in absolute terms, whereas IRR method calculates the result in terms of percentage.
- B) The AARR method calculates the return using operating-income numbers after considering accruals and taxes, whereas the IRR method calculates the return using after-tax cash flows and the time value of money.
- C) The AARR method calculates the return considering the time value of money, whereas the IRR method calculates the return ignoring the time value of money.
- D) The AARR method considers cash flows, whereas the IRR method considers operating income.

Answer: <https://biology-forums.com/index.php?topic=268672>

Question 226

A limitation of using past performance as a basis for judging actual results is that _____.

- A) future conditions can be different from the past
- B) any undervaluation of profits in the past period is likely to continue
- C) any subsequent change in accounting treatment will distort performance evaluation
- D) they tend to distort results when current and past conditions are similar

Answer: <https://biology-forums.com/index.php?topic=267111>

Question 227

Which of the following is regarded as a purpose of cost allocation?

- A) It helps in identifying the potential customers for a product.
- B) It provides the profit margin earned.
- C) It helps in maintaining decorum among managers.
- D) It provides information for economic decisions.

Answer: <https://biology-forums.com/index.php?topic=267917>

Question 228

The only difference between variable and absorption costing is the expensing of _____.

- A) direct manufacturing costs
- B) variable marketing costs
- C) fixed manufacturing costs
- D) variable administrative costs

Answer: <https://biology-forums.com/index.php?topic=267449>

Question 229

The cost of visiting customers would most likely be classified as a _____.

- A) customer output unit-level cost
- B) customer batch-level cost
- C) customer-sustaining cost
- D) corporate-sustaining cost

Answer: <https://biology-forums.com/index.php?topic=268003>

Question 230

A controllable cost is any cost that can be _____ by a responsibility center manager for a period of time.

- A) controlled
- B) influenced
- C) segregated
- D) excluded

Answer: <https://biology-forums.com/index.php?topic=267197>

Question 231

What is reengineering. Can you contrast a reengineering approach to change with a kaizen approach to change?

Answer: <https://biology-forums.com/index.php?topic=267802>

Question 232

What is the amount of fixed overhead allocated to production?

- A) \$51,060
- B) \$50,500
- C) \$50,600
- D) \$55,500

Answer: <https://biology-forums.com/index.php?topic=267392>

Question 233

For each cost pool listed select an appropriate allocation base from the list below. An allocation base may be used only once. Assume a manufacturing company.

Allocation bases for which the information system can provide data:

1. Number of employees per department
2. Employee wages and salaries per department
3. Number of sales orders
4. Hours of operation of each production department
5. Machine hours by department
6. Operations costs of each department
7. Hours of computer use per month per department
8. Number of units sold

Cost pools:

- _____ a. Vice President of Finance's office expenses
- _____ b. Computer operations used in conjunction with manufacturing
- _____ c. Personnel Department
- _____ d. Sales-order costs
- _____ e. Energy costs

Answer: <https://biology-forums.com/index.php?topic=268060>

Question 234

Companies must always examine their pricing _____.

- A) based on the supply of the product
- B) based on the cost of producing the product
- C) through the eyes of their customers
- D) through the eyes of their competitors

Answer: <https://biology-forums.com/index.php?topic=267899>

Question 235

Ply Corp manufactures doors. Classify each of the following quality costs as prevention costs, appraisal costs, internal failure costs, or external failure costs.

- a. Retesting of reworked products
- b. Downtime due to quality problems
- c. Analysis of the cause of defects in production
- d. Depreciation of test equipment
- e. Warranty repairs
- f. Lost sales arising from a reputation for poor quality
- g. Quality circles
- h. Rework direct manufacturing labor and overhead

- i. Net cost of spoilage
 - j. Technical support provided to suppliers
 - k. Audits of the effectiveness of the quality system
 - l. Plant utilities in the inspection area
 - m. Reentering data because of keypunch errors
- _____ Prevention costs
_____ Appraisal costs
_____ Internal failure costs
_____ External failure costs

Answer: <https://biology-forums.com/index.php?topic=268451>

Question 236

The flexible budget will report _____ for variable costs.

- A) \$136,364
- B) \$198,000
- C) \$30,000
- D) \$13,583

Answer: <https://biology-forums.com/index.php?topic=267260>

Question 237

What is a standard costing system?

Answer: <https://biology-forums.com/index.php?topic=267343>

Question 238

For January, budgeted net income is _____.

- A) \$60,000
- B) \$50,000
- C) \$40,000
- D) \$30,000

Answer: <https://biology-forums.com/index.php?topic=267226>

Question 239

Terbium Corporation manufactures water toys. It plans to grow by producing high-quality water toys that are delivered in a timely manner. There are a number of other manufacturers who produce similar water toys. Terbium believes that continuously improving its manufacturing processes and reengineering processes to downsize and eliminate excess capacity are critical to implementing its strategy. Out of the two basic strategies, Terbium's strategy is _____.

- A) product differentiation
- B) product leadership
- C) cost differentiation
- D) cost leadership

Answer: <https://biology-forums.com/index.php?topic=267796>

Question 240

Which of the following companies is likely to use a hybrid-costing system?

- A) Best Fit Corp., which manufactures pharmaceuticals
- B) Rida Corp., which processes and sells, after import, a single variant of Turkish marble to real estate companies
- C) Fast run, which sells a limited range of televisions, which go through similar manufacturing process
- D) Karoline Corp., which manufactures and sells a single model of cap

Answer: <https://biology-forums.com/index.php?topic=268338>

Question 241

An unfavorable fixed overhead spending variance indicates that _____.

- A) there was more excess capacity than planned
- B) the price of fixed overhead items cost more than budgeted
- C) the fixed overhead cost-allocation base was not used efficiently
- D) the denominator level was more than planned

Answer: <https://biology-forums.com/index.php?topic=267384>

Question 242

What is the total factor productivity for Nicolt Company?

- A) 0.109 units of output per dollar
- B) 0.250 units of output per dollar
- C) 0.835 units of output per dollar
- D) 1.667 units of output per dollar

Answer: <https://biology-forums.com/index.php?topic=267885>

Question 243

Which of the following is an example of scrap?

- A) short lengths from woodworking operations
- B) defective units of laptops detected after the production process but reworked before the units are sold as good products to customers
- C) defective aluminum cans sold to aluminum manufacturers for remelting to produce other aluminum products
- D) defective shirts, jeans, shoes, and carpeting sold as seconds

Answer: <https://biology-forums.com/index.php?topic=268354>

Question 244

What is the total flexible-budget variance (D)?

- A) \$240 unfavorable
- B) \$0
- C) \$1,360 favorable
- D) \$7,290 favorable

Answer: <https://biology-forums.com/index.php?topic=267268>

Question 245

Put the following steps in order for using the high-low method of estimating a cost function:

- A = Identify the cost function
- B = Calculate the constant
- C = Calculate the slope coefficient
- D = Identify the highest and lowest observed values

- A) D C A B
- B) C D A B
- C) A D C B
- D) D C B A

Answer: <https://biology-forums.com/index.php?topic=267599>

Question 246

A corporation can measure its quality performance by using financial or nonfinancial measures of quality. Discuss the merits of each method and whether the use of one precludes the use of the other.

Answer: <https://biology-forums.com/index.php?topic=268465>

Question 247

The time from which a machine setup begins for an order until the product is delivered to the customer is the _____.

- A) delivery time only
- B) manufacturing time plus the waiting time
- C) manufacturing time plus the delivery time
- D) customer-response time minus the receipt time

Answer: <https://biology-forums.com/index.php?topic=268491>

Question 248

What is decentralization and what are its benefits?

Answer: <https://biology-forums.com/index.php?topic=268719>

Question 249

Which of the following is a drawback of decentralizing a multinational company?

- A) It may lead to increased exchange rate risk.
- B) It may result in lack of control and results in increasing risk.
- C) It creates less responsiveness to the needs of a subunit's customers, suppliers, and employees.
- D) It may lead to an increase in bureaucracy.

Answer: <https://biology-forums.com/index.php?topic=268715>

Question 250

Using job costing, the 2014 budgeted manufacturing overhead rate is _____.

- A) \$6.50 per machine-hour
- B) \$4.80 per machine-hour
- C) \$5.50 per machine-hour
- D) \$6.00 per machine-hour

Answer: <https://biology-forums.com/index.php?topic=266922>

Question 251

Alka Corporation manufactures industrial-sized gas furnaces and uses budgeted machine-hours to allocate variable manufacturing overhead. The following information pertains to the company's manufacturing overhead data:

Budgeted output units 29,000 units

Budgeted machine-hours 10,150 hours

Budgeted variable manufacturing overhead costs for 10,150 hours \$324,800

Actual output units produced 31,000 units

Actual machine-hours used 14,400 hours

Actual variable manufacturing overhead costs \$333,250

What is the budgeted variable overhead cost rate per output unit?

- A) \$11.70
- B) \$11.75
- C) \$11.20
- D) \$11.00

Answer: <https://biology-forums.com/index.php?topic=267339>

Question 252

Kamrock applies manufacturing overhead costs to products at a budgeted indirect-cost rate of \$60 per direct manufacturing labor-hour. A retail outlet has requested a bid on a special order of the Toy Mouse product. Estimates for this order include: Direct materials of \$50,000; 600 direct manufacturing labor-hours at \$20 per hour; and a 20% markup rate on total manufacturing costs. Manufacturing overhead cost estimates for this special order total _____.

- A) \$46,000
- B) \$34,000
- C) \$36,000
- D) \$40,000

Answer: <https://biology-forums.com/index.php?topic=266926>

Question 253

Which account is credited if direct materials of \$20,000 and indirect materials of \$3,000 are sent to the manufacturing plant floor?

- A) Manufacturing Overhead Control for \$23,000
- B) Work-in-Process Control for \$23,000
- C) Accounts Payable Control for \$17,000
- D) Materials Control for \$23,000

Answer: <https://biology-forums.com/index.php?topic=266946>

Question 254

Casey Corporation produces a special line of basketball hoops. Casey Corporation produces the hoops in batches. To manufacture a batch of the basketball hoops, Casey Corporation must set up the machines and molds. Setup costs are batch-level costs because they are associated with batches rather than individual units of products. A separate Setup Department is responsible for setting up machines and molds for different styles of basketball hoops.

Setup overhead costs consist of some costs that are variable and some costs that are fixed with respect to the number of setup-hours. The following information pertains to January 2005.

Static-budget Actual

Amounts Amounts

Basketball hoops produced and sold 30,000 28,000

Batch size (number of units per batch) 200 250

Setup-hours per batch 5 4

Variable overhead cost per setup hour \$10 \$9

Total fixed setup overhead costs \$22,500 \$21,000

Required:

- a. Calculate the efficiency variance for variable overhead setup costs.
- b. Calculate the spending variance for variable overhead setup costs.

- c. Calculate the flexible-budget variance for variable overhead setup costs.
- d. Calculate the spending variance for fixed overhead setup costs.
- e. Calculate the production-volume variance for fixed overhead setup costs.

Answer: <https://biology-forums.com/index.php?topic=267435>

Question 255

What is the master-budget capacity utilization level for this budget period?

- A) 500,000 units
- B) 515,000 units
- C) 518,400 units
- D) 720,000 units

Answer: <https://biology-forums.com/index.php?topic=267525>

Question 256

Which of the following costs will be treated as period costs under absorption costing?

- A) raw materials used in the production
- B) sales commission paid on sale of product
- C) depreciation on factory equipment
- D) rent for factory building

Answer: <https://biology-forums.com/index.php?topic=267445>

Question 257

Which of the following statements best relates to the balanced scorecard's learning and growth perspective?

- A) How will we empower our employees?
- B) How do we lower costs?
- C) What processes will increase value to customers?
- D) How can we obtain greater profits?

Answer: <https://biology-forums.com/index.php?topic=267811>

Question 258

If advertising expense of \$483,000 is allocated on the basis of sales, the cost per cost driver rate would be _____.

- A) \$0.22 per dollar of sales
- B) \$0.23 per dollar of sales
- C) \$0.25 per dollar of sales
- D) \$0.24 per dollar of sales

Answer: <https://biology-forums.com/index.php?topic=267088>

Question 259

The direct allocation method _____.

- A) does not allocate support department costs to other support departments
- B) uses information about reciprocal services provided among support departments and can therefore lead to inaccurate estimates of the cost of operating departments
- C) allocates complete reciprocated costs
- D) offers key input for outsourcing decisions

Answer: <https://biology-forums.com/index.php?topic=268119>

Question 260

Match each one of the examples below with one of the stages of the capital budgeting decision model.

Stages:

1. Identify Projects
 2. Obtain Information
 3. Make Predictions
 4. Make Decisions by Choosing Among Alternatives
 5. Implement the Decision, Evaluate Performance, and Learn
- _____ a. Issuing corporate stock for the funds to purchase new equipment
 - _____ b. Learning how to effectively operate Machine #8 only takes 15 minutes
 - _____ c. The need to reduce the costs to process the vegetables used in producing goulash
 - _____ d. Monitoring the costs to operate a new machine
 - _____ e. Percentage of defective merchandise considered too high
 - _____ f. Will introducing the new product substantially upgrade our image as

a producer of quality products?

_____ g. Estimating yearly cash flows and setting investment budgets accordingly using

a 12-year planning horizon.

_____ h. Use of the internal rate of return for each alternative

_____ i. Tracking realized cash flows and comparing against estimated numbers.

Answer: <https://biology-forums.com/index.php?topic=268624>

Question 261

The net initial investment for a piece of construction equipment is \$3,000,000. Annual cash inflows are expected to increase by \$500,000 per year. The equipment has an 8-year useful life. What is the payback period?

A) 8 years

B) 6.5 years

C) 6 years

D) 5 years

Answer: <https://biology-forums.com/index.php?topic=268663>

Question 262

Why do firms often conduct multiple inspections?

Answer: <https://biology-forums.com/index.php?topic=268406>

Question 263

Lucas Manufacturing has three cost objects that it uses to accumulate costs for its manufacturing plants. They are:

Cost object #1: The physical buildings and equipment

Cost object #2: The use of buildings and equipment

Cost object #3: The availability and use of manufacturing labor

The following manufacturing overhead cost categories are found in the accounting records:

a. Depreciation on buildings and equipment

b. Lubricants for machines

c. Property insurance

d. Supervisors salaries

e. Fringe benefits

f. Property taxes

g. Utilities

Required:

Assign each of the above costs to the most appropriate cost object.

Answer: <https://biology-forums.com/index.php?topic=266623>

Question 264

A manufacturing plant produces two product lines: golf equipment and soccer equipment. An example of direct costs for the golf equipment line is _____.

A) beverages provided daily in the plant break room

B) monthly lease payments for a specialized piece of equipment needed to manufacture the golf driver

C) salaries of the clerical staff that work in the company administrative offices

D) overheads incurred in producing both golf and soccer equipment

Answer: <https://biology-forums.com/index.php?topic=266633>

Question 265

In multiproduct situations, when sales mix shifts toward the product with the lowest contribution margin then _____.

A) total revenues will increase

B) interest cost will decrease

C) total contribution margin will increase

D) operating income will decrease

Answer: <https://biology-forums.com/index.php?topic=266857>

Question 266

What is planning in decision making? Explain how budget helps in planning.

Answer: <https://biology-forums.com/index.php?topic=266584>

Question 267

What is the constant gross margin percent for Brital?

- A) 15%
- B) 22%
- C) 20%
- D) 30%

Answer: <https://biology-forums.com/index.php?topic=268220>

Question 268

Margin of safety measures the difference between budgeted revenues and breakeven revenues.

Answer: <https://biology-forums.com/index.php?topic=266828>

Question 269

For each of the following activities, characteristics, and applications, identify whether they can be found in a centralized organization, a decentralized organization, or both types of organizations.

- _____ a. Freedom for managers at lower organizational levels to make decisions
- _____ b. Gathering information may be very expensive
- _____ c. Greater responsiveness to user needs
- _____ d. Have few interdependencies among divisions
- _____ e. Maximum constraints and minimum freedom for managers at lowest levels
- _____ f. Maximization of benefits over costs
- _____ g. Minimization of duplicate functions
- _____ h. Minimum of suboptimization
- _____ i. Multiple responsibility centers with various reporting units
- _____ j. Profit centers

Answer: <https://biology-forums.com/index.php?topic=268717>

Question 270

Which of the following statements is true of conversion costs?

- A) In process costing, they include all the factors of production.
- B) They include all manufacturing costs including direct materials, direct labor, and other direct and indirect manufacturing costs.
- C) In process costing, they are usually considered to be added evenly throughout the production process.
- D) They include only direct materials and excludes all other manufacturing and non-manufacturing costs.

Answer: <https://biology-forums.com/index.php?topic=268267>

Question 271

Under the revised ABC system, overhead costs per unit for the Sweatshirts will be _____.

- A) \$1.39 per unit
- B) \$1.60 per unit
- C) \$2.19 per unit
- D) \$2.47 per unit

Answer: <https://biology-forums.com/index.php?topic=267051>

Question 272

Which of the following statements is true of a backflush costing system?

- A) All costs are tracked sequentially as products pass through each stage of production.
- B) When inventories are minimal, as in JIT production systems, backflush costing complicates costing systems.
- C) Usage of a backflush costing system can result in incomplete accounting records.
- D) Backflush costing increases the ability of the accounting system to pinpoint the uses of resources at each step in the production process.

Answer: <https://biology-forums.com/index.php?topic=268604>

Question 273

Cost accumulation is _____.

- A) the collection of cost data in some organized way by means of an accounting system
- B) anything for which a cost measurement is desired
- C) anything for which a profit measurement is desired
- D) the collection of profit data in some organized way by means of an accounting system

Answer: <https://biology-forums.com/index.php?topic=266626>

Question 274

Uniformly assigning the costs of resources to cost objects when those resources are actually used in a nonuniform way is called _____.

- A) activity-based costing

- B) uniform costing
- C) peanut-butter costing
- D) department costing

Answer: <https://biology-forums.com/index.php?topic=267000>

Question 275

Which of the following is a cost driver for a company's human resource costs?

- A) the number of employees in the company
- B) the number of job applications processed
- C) the number of units sold
- D) the square footage of the office space used by the human resource department

Answer: <https://biology-forums.com/index.php?topic=266658>

Question 276

The use of theoretical capacity results in an unrealistically low fixed manufacturing cost per unit because it is based on _____.

- A) real available capacity
- B) an unattainable level of capacity
- C) normal capacity utilization
- D) normal costing

Answer: <https://biology-forums.com/index.php?topic=267528>

Question 277

Which of the following statements about the cost-benefit approach is true?

- A) Resources should be spent if the expected costs exceed the expected benefits of the company.
- B) In a cost-benefit analysis, both costs and benefits are not easy to measure.
- C) Resources should be spent if the costs of a decision outweigh the benefits of the decision.
- D) A cost-benefit approach would not be appropriate for a decision to install a budgeting system.

Answer: <https://biology-forums.com/index.php?topic=266589>

Question 278

The cost NOT relevant for this decision is the _____.

- A) acquisition cost of the Trail Blazer
- B) acquisition cost of the Grand Cherokee
- C) repairs to the Trail Blazer
- D) annual operating costs of the Grand Cherokee

Answer: <https://biology-forums.com/index.php?topic=267666>

Question 279

What is cost of goods sold per unit using variable costing?

- A) \$22.10
- B) \$26
- C) \$39
- D) \$58.50

Answer: <https://biology-forums.com/index.php?topic=267460>

Question 280

Minnesota Ore Company mines iron ore for production into various metal products. During recent years, the company has had large fluctuations in its inventories of metal ingots. Much of the volatility of the inventory levels is due to the variability of demand by the company's largest customers, automobile manufacturers. For large orders, the company has the technology to quickly shift production from one product to another.

Required:

Explain how the company can improve its inventory control system and give the advantages of whatever you recommend.

Answer: <https://biology-forums.com/index.php?topic=268582>

Question 281

More insight into the static-budget variance can be gained by subdividing it into _____.

- A) the sales-mix variance and the sales-quantity variance
- B) the market-share variance and the market-size variance
- C) the flexible-budget variance and the sales-volume variance
- D) the flexible-budget variance and the sales-mix variance

Answer: <https://biology-forums.com/index.php?topic=268070>

Question 282

Clinton Company sells two items, product A and product B. The company is considering dropping product B. It is expected that sales of product A will increase by 405 as a result. Dropping product B will allow the company to cancel its monthly equipment rental costing \$100 per month. The other existing equipment will be used for additional production of product A. One employee earning \$200 per month can be terminated if product B production is dropped. Clinton's other fixed costs are allocated and will continue regardless of the decision made. A condensed, budgeted monthly income statement with both products follows:

	Product A	Product B	Total
Sales	\$10,000	\$ 8,000	\$18,000
Direct materials	2,500	2,000	4,500
Direct labor	2,000	1,200	3,200
Equipment rental	300	2,600	2,900
Other allocated overhead	1,000	2,100	3,100
Operating income	\$4,200	\$ 100	\$ 4,300

Required:

Prepare an incremental analysis to determine the financial effect of dropping product B.

Answer: <https://biology-forums.com/index.php?topic=267764>

Question 283

The drawback of the constant gross-margin percentage NRV method in joint costing is that _____.

- A) it recognizes that profits are derived from the costs incurred after splitoff
- B) it assumes the profit margin to be identical across all products
- C) it attempts to approximate the sales values at splitoff by subtracting from final selling prices the separable costs incurred after the splitoff point
- D) it ignores the separable costs of further processing

Answer: <https://biology-forums.com/index.php?topic=268240>

Question 284

The most likely explanation of the above variances for Material A is that _____.

- A) a lower price than expected was paid for Material A
- B) higher-quality raw materials were used than were planned
- C) the company used a higher-priced supplier
- D) Material A used during September was \$2,000 less than expected

Answer: <https://biology-forums.com/index.php?topic=267294>

Question 285

What are the reasons for allocating joint costs to individual products or services?

Answer: <https://biology-forums.com/index.php?topic=268187>

Question 286

There is no output-level variance for variable costing, when _____.

- A) the inventory level decreases during the period
- B) the inventory level increases during the period
- C) fixed manufacturing overhead is allocated to work in process
- D) fixed manufacturing overhead is not allocated to work in process

Answer: <https://biology-forums.com/index.php?topic=267549>

Question 287

How many separate cost pools should be formed given the following information?

- Cost Cost driver
- Postage costs # of brochures mailed
- Printing and paper costs # of brochures mailed
- Quality control costs # of inspections
- Customer service costs # of customers served

- A) 1 cost pool
- B) 2 cost pools
- C) 3 cost pools
- D) 4 cost pools

Answer: <https://biology-forums.com/index.php?topic=267588>

Question 288

Variable cost per labor-hour is \$8.50. Fixed cost is \$10,500. Calculate the total cost for 350 labor hours. Machine hours during the period are 50.

- A) \$10,925
- B) \$13,475
- C) \$13,900
- D) \$3,400

Answer: <https://biology-forums.com/index.php?topic=267573>

Question 289

Activity-based-costing analysis makes no distinction between _____.

- A) direct-materials inventory and work-in-process inventory
- B) short-run variable costs and short-run fixed costs
- C) parts of the supply chain
- D) components of the value chain

Answer: <https://biology-forums.com/index.php?topic=267166>

Question 290

Mario Garcia is paid \$20 an hour for straight-time and \$30 an hour for overtime. One week she worked 42 hours, which included 2 hours of overtime.

What is the overhead incurred to the company?

- A) \$60
- B) \$10
- C) \$30
- D) \$20

Answer: <https://biology-forums.com/index.php?topic=266764>

Question 291

The general term used to identify both the tracing and the allocation of accumulated costs to a cost object is _____.

- A) cost accumulation
- B) cost assignment
- C) cost tracing
- D) conversion costing

Answer: <https://biology-forums.com/index.php?topic=266625>

Question 292

Which of the following statements is true?

- A) Product costs and design costs are interchangeable terms.
- B) Inventoriable costs are assigned to inventories under GAAP.
- C) Manufacturing costs are a special case of period costs.
- D) Intangible costs refer to a particular cost of a product.

Answer: <https://biology-forums.com/index.php?topic=266762>

Question 293

What is the operating income amount for 2015 (d)?

- A) \$43,000
- B) \$25,000
- C) \$16,900
- D) \$46,000

Answer: <https://biology-forums.com/index.php?topic=267853>

Question 294

Which of the following is the correct mathematical expression to calculate total factor productivity?

- A) Sales value of output produced ÷ Quantity of all inputs used
- B) Quantity of output produced ÷ Quantity of the input used
- C) Quantity of output produced ÷ Costs of all inputs used
- D) Sales value of output produced ÷ Cost of inputs required to produce current year production in previous year

Answer: <https://biology-forums.com/index.php?topic=267887>

Question 295

Engineered costs _____.

- A) have a no repetitive relationship with output
- B) have no measurable cause-and-effect relationship between output and resources used

C) include research and development and human resource costs

D) include a high level of certainty

Answer: <https://biology-forums.com/index.php?topic=267861>

Question 296

What are the annual relevant ordering costs?

A) \$9,057

B) \$7,157

C) \$8,266

D) \$7,121

Answer: <https://biology-forums.com/index.php?topic=268536>

Question 297

How much (if any) extra income would Green earn if it produced and sold all of the Xyla from the condensed goat milk? Allocate joint processing costs based upon relative sales value on the splitoff. (Extra income means income in excess of what Green would have earned from selling condensed goat milk.)

A) \$576,552

B) \$132,250

C) \$523,250

D) \$181,968

Answer: <https://biology-forums.com/index.php?topic=268212>

Question 298

What is the Tiller Division's investment turnover?

A) .50

B) .833

C) 1.2

D) 1.5

Answer: <https://biology-forums.com/index.php?topic=268827>

Question 299

What is the amount of purchases budgeted for February?

A) \$32,214

B) \$70,200

C) \$73,320

D) \$95,160

Answer: <https://biology-forums.com/index.php?topic=267162>

Question 300

Plastic Products Company manufactures pipes and applies manufacturing costs to production at a budgeted indirect-cost rate of \$12 per direct labor-hour. The following data are obtained from the accounting records for June 2014:

Direct materials \$350,000

Direct labor (16,000 hours @ \$11/hour) 176,000

Indirect labor 20,000

Plant facility rent 100,000

Depreciation on plant machinery and equipment 40,000

Sales commissions 50,000

Administrative expenses 60,000

Required:

a. What actual amount of manufacturing overhead costs was incurred during June 2014?

b. What amount of manufacturing overhead was allocated to all jobs during June 2014?

c. For June 2014, was manufacturing overhead underallocated or overallocated? Explain.

Answer: <https://biology-forums.com/index.php?topic=266978>

Question 301

It is important that the product costs reflect as much of the diversity and complexity of the manufacturing process so that _____.

A) total costs reflect market price

B) value-added costs can be eliminated

C) there is high likelihood of cross-subsidizing of product costs

D) product-pricing errors are minimal

Answer: <https://biology-forums.com/index.php?topic=267081>

Question 302

_____ occurs when revenues are related to a particular revenue object but cannot be traced to it in an economically feasible (cost-effective) way.

- A) Revenue estimation
- B) Revenue allocation
- C) Resource allocation
- D) Revenue optimization

Answer: <https://biology-forums.com/index.php?topic=268150>

Question 303

Which of the following inventory costing methods shown below is required by GAAP (Generally Accepted Accounting Principles) for external financial reporting?

- A) absorption costing
- B) variable costing
- C) throughput costing
- D) direct costing

Answer: <https://biology-forums.com/index.php?topic=267451>

Question 304

The product strategy in which companies first determine the price at which they can sell a new product and then design a product that can be produced at a low enough cost to provide adequate operating income is referred to as _____.

- A) cost-plus pricing
- B) target costing
- C) kaizen costing
- D) full costing

Answer: <https://biology-forums.com/index.php?topic=267941>

Question 305

The inspection point is the _____.

- A) stage of the production cycle where products are checked to determine whether they are acceptable or unacceptable units
- B) point at which costs are allocated between normal and abnormal spoilage
- C) point at which the calculation of equivalent units is made
- D) stage of allocating total costs transferred out to good units completed and transferred

Answer: <https://biology-forums.com/index.php?topic=268382>

Question 306

Which of the following forms a part of decision making in CVP analysis?

- A) selection of inventory method for financial reporting purposes
- B) decision to form a capital policy
- C) decision to advertise
- D) decision to improve the efficiency of the work force

Answer: <https://biology-forums.com/index.php?topic=266819>

Question 307

A negative consequence of recording byproducts in the accounting records when the sale occurs is that _____.

- A) the revenue from the byproducts is usually fairly large and the accounting records will be distorted
- B) earnings cannot be timed under this method
- C) managers can be tempted to stockpile byproducts
- D) it involves complex calculations compared to the production method

Answer: <https://biology-forums.com/index.php?topic=268257>

Question 308

_____ include a budgeted statement of cash flows and a budgeted balance sheet.

- A) Revenue budgets
- B) Financial budgets
- C) Operating budgets
- D) Production budgets

Answer: <https://biology-forums.com/index.php?topic=267126>

Question 309

Zenich Corp manufactures laptops. The waiting time is 60 minutes before the start of production and the manufacturing lead time is 150 minutes per laptop. What is its manufacturing cycle efficiency?

- A) 40%
- B) 70%
- C) 60%
- D) 66.67%

Answer: <https://biology-forums.com/index.php?topic=268493>

Question 310

A well-designed management control system uses information from _____.

- A) internal sources only as they are the most reliable sources of information
- B) external sources only as they are more dynamic and future oriented
- C) both internal and external sources as a wide range of information is required
- D) external sources only as they are the most reliable sources of information

Answer: <https://biology-forums.com/index.php?topic=268700>

Question 311

When companies do not want to use market prices or find it too costly, they typically use _____ prices, even though suboptimal decisions may occur.

- A) average-cost
- B) full-cost
- C) long-run cost
- D) short-run average cost

Answer: <https://biology-forums.com/index.php?topic=268757>

Question 312

_____ describes a situation in which an employee prefers to exert less effort than the effort the owner desires because the employee's effort cannot be accurately monitored and enforced.

- A) Goal congruence
- B) Moral hazard
- C) Performance report
- D) Incentive report

Answer: <https://biology-forums.com/index.php?topic=268862>

Question 313

A report that measures financial and nonfinancial performance measures for various organization units in a single report is called a(n) _____.

- A) balanced scorecard
- B) financial report scorecard
- C) goal-congruence report
- D) investment success report

Answer: <https://biology-forums.com/index.php?topic=268794>

Question 314

Which of the following formulas determine cost of goods sold in a manufacturing entity?

- A) Beginning work-in-process inventory + Cost of goods manufactured - Ending work-in-process inventory = Cost of goods sold
- B) Beginning work-in-process inventory + Cost of goods manufactured + Ending work-in-process inventory = Cost of goods sold
- C) Cost of goods manufactured - Beginning finished goods inventory - Ending finished goods inventory = Cost of goods sold
- D) Cost of goods manufactured + Beginning finished goods inventory - Ending finished goods inventory = Cost of goods sold

Answer: <https://biology-forums.com/index.php?topic=266732>

Question 315

ABC assumes all costs are _____ because over the long run management can adjust the amount of resources employed.

- A) fixed
- B) variable
- C) committed
- D) nondiscretionary

Answer: <https://biology-forums.com/index.php?topic=267046>

Question 316

What amount of manufacturing overhead costs will be allocated to Job #316?

- A) \$439
- B) \$502
- C) \$595
- D) \$532

Answer: <https://biology-forums.com/index.php?topic=266957>

Question 317

Parker and Spitzer Manufacturing is approached by a European customer to fulfill a one-time-only special order for a product similar to one offered to domestic customers. The following per unit data apply for sales to regular customers:

- Direct materials \$1,782
- Direct labor 810
- Variable manufacturing support 1,296
- Fixed manufacturing support 2,808
- Total manufacturing costs 6,696
- Markup (50%) 3,348
- Targeted selling price \$ 10,044

Parker and Spitzer Manufacturing has excess capacity.

Required:

- a. What is the full cost of the product per unit if the marketing costs is \$3,000?
- b. What is the contribution margin per unit?
- c. Which costs are relevant for making the decision regarding this one-time-only special order? Why?
- d. For Parker and Spitzer Manufacturing, what is the minimum acceptable price of this one-time-only special order?
- e. For this one-time-only special order, should Parker and Spitzer Manufacturing consider a price of \$5,400 per unit? Why or why not?

Answer: <https://biology-forums.com/index.php?topic=267700>

Question 318

Outputs with a negative sales value are _____.

- A) added to cost of goods sold
- B) added to joint production costs and allocated to joint or main products
- C) added to joint production costs and allocated to byproducts and scrap
- D) subtracted from product revenue

Answer: <https://biology-forums.com/index.php?topic=268176>

Question 319

What are the direct material and conversion costs of all the units that were initially in the beginning work-in-process inventory and were subsequently shipped? Take into account the costs related to the completion of the conversion of the units during the month. Use the FIFO method of process costing.

- A) \$76,500; \$49,700
- B) \$0; \$38,250
- C) \$60,000; \$40,200
- D) \$39,000; \$15,600

Answer: <https://biology-forums.com/index.php?topic=268386>

Question 320

The goal of a properly constructed ABC system is to _____.

- A) have the most accurate cost system
- B) identify more indirect costs
- C) develop the best cost system for an economically reasonable cost
- D) have separate allocation rates for each department

Answer: <https://biology-forums.com/index.php?topic=267073>

Question 321

In a noncompetitive environment, the key factor affecting pricing decisions is the _____.

- A) customer's willingness to pay
- B) price charged for alternative products
- C) information on competitor's cost structure
- D) minimum price acceptable to the firm

Answer: <https://biology-forums.com/index.php?topic=267903>

Question 322

Inflation clouds the real economic returns on an asset and _____.

- A) makes variable-cost-based ROI higher
- B) makes historical-cost-based ROI lower.
- C) makes historical-cost-based ROI higher
- D) makes variable-cost-based ROI lower

Answer: <https://biology-forums.com/index.php?topic=268854>

Question 323

What is the budgeted revenue for the month assuming that Alex sells 175 tables?

- A) \$145,750
- B) \$148,750
- C) \$150,000
- D) \$142,250

Answer: <https://biology-forums.com/index.php?topic=266790>

Question 324

What are the objectives in accounting for spoilage?

Answer: <https://biology-forums.com/index.php?topic=268368>

Question 325

The net present value method focuses on _____.

- A) cash flows and discount rate
- B) inventory cost and cost of capital
- C) working capital and cost of capital
- D) operating income and required rate of return

Answer: <https://biology-forums.com/index.php?topic=268633>

Question 326

Which of the following methods is used to determine the most profitable production schedule and the most profitable product mix?

- A) balanced scorecard
- B) cause and effect diagram
- C) transfer pricing
- D) linear programming

Answer: <https://biology-forums.com/index.php?topic=267738>

Question 327

Explain the term cost leadership. What are the possible ways through which a company would try to become a cost leader? How far is it desirable to implement cost reduction measures?

Answer: <https://biology-forums.com/index.php?topic=267798>

Question 328

What is the operating income for 2015?

- A) \$75,000
- B) \$55,000
- C) \$62,000
- D) \$68,000

Answer: <https://biology-forums.com/index.php?topic=266745>

Question 329

What is the cost assigned to ending inventory during October?

- A) \$26,678
- B) \$31,536
- C) \$36,000
- D) \$38,000

Answer: <https://biology-forums.com/index.php?topic=268322>

Question 330

For a manufacturing company, direct material costs may be included in _____.

- A) direct materials inventory only
- B) merchandise inventory only
- C) both work-in-process inventory and finished goods inventory
- D) direct materials inventory, work-in-process inventory, and finished goods inventory accounts

Answer: <https://biology-forums.com/index.php?topic=266691>

Question 331

What is the fixed overhead spending variance?

- A) \$14,400 favorable
- B) \$9,000 favorable
- C) \$9,000 unfavorable
- D) \$14,400 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267402>

Question 332

List three reasons why we allocate joint costs to individual products or services. Give an example of when the particular cost allocation reason would come into use.

Answer: <https://biology-forums.com/index.php?topic=268186>

Question 333

Which of the following entries is used to record the standard costs of direct materials assigned to units worked on and total direct materials variances?

- A) Work in Process (at standard costs)
Direct Materials Variances
Direct Materials Control
- B) Work in Process (at actual costs)
Direct Materials Variances
Direct Materials Control
- C) Direct Materials Variances
Direct Materials Control
Work in Process (at standard costs)
- D) Direct Materials Variances
Direct Materials Control
Work in Process (at actual costs)

Answer: <https://biology-forums.com/index.php?topic=268342>

Question 334

What will be the breakeven point in units if absorption costing is used?

- A) 1,330 units
- B) 1,000 units
- C) 887 units
- D) 563 units

Answer: <https://biology-forums.com/index.php?topic=267554>

Question 335

Cobalt Company makes a household appliance with model number X500. The goal for 2015 is to improve product design and outlook. No defective units are currently produced. Manufacturing conversion costs depend on production capacity defined in terms of X500 units that can be produced. The industry market size for appliances increased 10% from 2014 to 2015. The following additional data are available for 2014 and 2015:

2014	2015
Units of X500 produced and sold	20,000 20,000
Selling price	\$150 \$170
Direct materials (square feet)	30,000 32,500
Direct material costs per square foot	\$10 \$10
Manufacturing capacity for X500 (units)	20,500 20,500
Total conversion costs	\$451,000 \$493,250
Conversion costs per unit of capacity	\$22 \$22.5

Out of the two basic strategies, Cobalt's strategy is _____.

- A) product differentiation because Cobalt is able to produce a given quantity of output with a lower cost of inputs

- B) cost leadership because Cobalt is able to produce a given quantity of output with a lower cost of inputs
C) cost leadership because Cobalt is able to increase its output price faster than the increase in its input prices
D) product differentiation because Cobalt is able to increase its output price faster than the increase in its input prices

Answer: <https://biology-forums.com/index.php?topic=267859>

Question 336

In evaluating different alternatives, it is useful to concentrate on _____.

- A) variable costs
B) fixed costs
C) total costs
D) relevant costs

Answer: <https://biology-forums.com/index.php?topic=267663>

Question 337

When corporate-sustaining costs are fully allocated to distribution channels, then the sum of the distribution-channel operating incomes is _____.

- A) greater than companywide operating income
B) equal to companywide operating income
C) equal to customer-level operating income
D) greater than customer-level operating income

Answer: <https://biology-forums.com/index.php?topic=268031>

Question 338

At a plant where a union agreement sets annual salaries and conditions, annual labor costs usually _____.

- A) are considered a variable cost
B) are considered a fixed cost
C) depend on the scheduling of floor workers
D) depend on the scheduling of production runs

Answer: <https://biology-forums.com/index.php?topic=266646>

Question 339

Which of the following illustrates a purpose for allocating costs to cost objects?

- A) to provide information for cost-control and pricing decisions
B) to provide information to customers
C) to determine marginal cost
D) to measure capital expenditure

Answer: <https://biology-forums.com/index.php?topic=268012>

Question 340

What is the direct materials cost per equivalent unit during June?

- A) \$569
B) \$560
C) \$552
D) \$480

Answer: <https://biology-forums.com/index.php?topic=268302>

Question 341

Sunk costs _____.

- A) are relevant
B) are differential
C) have future implications
D) are ignored when evaluating alternatives

Answer: <https://biology-forums.com/index.php?topic=267660>

Question 342

Customer relationship management initiatives use technology to coordinate all _____.

- A) advertising and marketing techniques to attract customers
B) research activities
C) customer-facing activities
D) quality control management activities

Answer: <https://biology-forums.com/index.php?topic=266555>

Question 343

Unit cost data can most mislead decisions by _____.

- A) not computing fixed overhead costs
- B) computing labor and materials costs only
- C) computing administrative costs
- D) not computing unit costs at the same output level

Answer: <https://biology-forums.com/index.php?topic=267697>

Question 344

What is the total amount debited to the Work-in-Process account during the month of March?

- A) \$2,525,000
- B) \$2,180,000
- C) \$1,820,000
- D) \$700,000

Answer: <https://biology-forums.com/index.php?topic=268306>

Question 345

Springfield Sign Shop manufactures only specific orders. It uses a standard cost system. During one large order for the airport authority, an unusual number of signs were spoiled. The normal spoilage rate is 10% of units started. The point of first inspection is half way through the process, the second is three-fourths through the process, and the final inspection is at the end of the process. Other information about the job is as follows:

Signs started 3,000

Signs spoiled 450

Direct materials put into process at beginning \$ 60,000

Conversion costs for job \$120,000

Standard direct material costs per sign \$27

Standard conversion cost per sign \$54

Average point of spoilage is the 3/4 completion point

Average current disposal cost per spoiled sign \$15

Required:

Make necessary journal entries to record all spoilage.

Answer: <https://biology-forums.com/index.php?topic=268434>

Question 346

Gas Supply Corporation uses the investment center concept for the gasoline stations that it manages in the city. Consolidated has a 15% required rate of return on investment in order for a branch station to be viable. Select operating data for three of its stations for 2015 are as follows:

Maple Street Oak Street High Street

Revenue \$17,000,000 \$13,500,000 \$15,000,000

Operating assets 7,000,000 7,000,000 6,000,000

Net operating income 900,000 1,200,000 980,000

Required:

- a. Compute the return on investment for each station.
- b. Which station manager is doing best based only on ROI? Why?
- c. Are any of the stations in danger of being closed due to lack of performance?
- d. What other factors should be included when evaluating the managers?

Answer: <https://biology-forums.com/index.php?topic=268840>

Question 347

The cost effect of productivity for variable costs is calculated by multiplying the difference in actual input units used to produce current year output and units of input required to produce current year output in previous year by the _____.

- A) price per input unit of previous year
- B) price per unit of capacity in the previous year
- C) price per unit of capacity in the current year
- D) price per input unit of current year

Answer: <https://biology-forums.com/index.php?topic=267848>

Question 348

Under variable costing, if a manager's bonus is tied to operating income, then increasing inventory levels compared to last year would result in _____.

- A) increasing the manager's bonus

- B) decreasing the manager's bonus
- C) not affecting the manager's bonus
- D) being unable to determine the manager's bonus using only the above information

Answer: <https://biology-forums.com/index.php?topic=267496>

Question 349

Customer response time involves _____.

- A) the speed it takes a customer to respond to an advertisement and place an order
- B) the speed at which an organization responds to customer requests
- C) the speed it takes to develop a new product
- D) the speed it takes an organization to develop a Total Quality Management (TQM) program

Answer: <https://biology-forums.com/index.php?topic=266565>

Question 350

Which of the following statements is true of the methods for allocating joint costs?

- A) Constant gross-margin percentage method results in same joint production cost per unit for all products.
- B) Estimated net realizable value method results in same gross margin percentage for all products.
- C) Present value allocation method is the least preferred method due to its complex calculations.
- D) Sales value at splitoff method uses the sales value of the entire production of the accounting period to allocate costs.

Answer: <https://biology-forums.com/index.php?topic=268188>

Question 351

Which corporate costs should be allocated to divisions?

- A) costs incurred to process orders
- B) cost related to homogeneous cost pools only
- C) product-handling costs
- D) both fixed and variable costs

Answer: <https://biology-forums.com/index.php?topic=268058>

Question 352

Which of the following is true of an executive compensation plan?

- A) The compensation paid to the executives should be linked only to the financial performance of the company.
- B) The executive compensations should be reported to credit rating agencies.
- C) It does not help balancing risk with short-run and long-run incentives.
- D) It includes benefits such as medical benefits, pension plans, and life insurance.

Answer: <https://biology-forums.com/index.php?topic=268868>

Question 353

To allocate corporate costs to divisions, the allocation base used should _____.

- A) be an output unit-level base
- B) have the best cause-and-effect relationship with the costs
- C) combine administrative costs and human resource management costs
- D) allocate the fixed costs only

Answer: <https://biology-forums.com/index.php?topic=268054>

Question 354

The production-volume variance may also be referred to as the _____.

- A) flexible-budget variance
- B) denominator-level variance
- C) spending variance
- D) efficiency variance

Answer: <https://biology-forums.com/index.php?topic=267424>

Question 355

Which of the following statements is true of normal spoilage and abnormal spoilage?

- A) Normal spoilage is inherent in a particular production process, whereas abnormal spoilage is not inherent in a particular production process.
- B) Abnormal spoilage arises even when the process is carried out in an efficient manner, whereas normal spoilage does not arise when the process is carried out in an efficient manner.
- C) Normal spoilage is usually regarded as avoidable and controllable, whereas abnormal spoilage is unavoidable and uncontrollable.
- D) The costs of normal spoilage are recorded as a loss as a separate line item in an income statement, whereas costs of abnormal spoilage are

included as a component of the costs of good units manufactured.

Answer: <https://biology-forums.com/index.php?topic=268367>

Question 356

Economic value added is equal to _____.

- A) After-tax operating income - [Weighted-average cost of capital + (Total assets - Current liabilities)]
- B) Pre-tax operating income - [Weighted-average cost of capital + (Total assets - Current liabilities)]
- C) After-tax operating income - [Weighted-average cost of capital × (Total assets - Current liabilities)]
- D) Pre-tax operating income - [Weighted-average cost of capital × (Total assets - Current liabilities)]

Answer: <https://biology-forums.com/index.php?topic=268836>

Question 357

Which of the following costs always differ among future alternatives?

- A) fixed costs
- B) historical costs
- C) relevant costs
- D) variable costs

Answer: <https://biology-forums.com/index.php?topic=267664>

Question 358

Which of the following sections of U.S. Internal Revenue Code govern how multinationals can set transfer prices for tax purposes?

- A) Section 328
- B) Section 382
- C) Section 428
- D) Section 482

Answer: <https://biology-forums.com/index.php?topic=268786>

Question 359

A well-conceived plan allows managers the ability to _____.

- A) not make decisions again until the next planning session
- B) keep lower-level managers from implementing change
- C) underestimate costs so that actual operating results will be favorable when comparisons are made
- D) take advantage of unforeseen opportunities

Answer: <https://biology-forums.com/index.php?topic=266577>

Question 360

What amount of joint costs will be allocated to the Turnbols?

- A) \$44,118
- B) \$30,882
- C) \$77,206
- D) \$66,176

Answer: <https://biology-forums.com/index.php?topic=268200>

Question 361

The operating income using variable costing will be _____ as compared to the operating income under absorption costing.

- A) lower by \$2,400
- B) lower by \$4,800
- C) higher by \$2,400
- D) higher by \$4,800

Answer: <https://biology-forums.com/index.php?topic=267481>

Question 362

The product or service transferred between subunits of an organization is called an intermediate product.

Answer: <https://biology-forums.com/index.php?topic=268726>

Question 363

Which of the following companies is part of the manufacturing sector of our economy?

- A) Nike
- B) Barnes & Noble

- C) Corvette Law Firm
- D) Sears, Roebuck, and Company

Answer: <https://biology-forums.com/index.php?topic=266687>

Question 364

A price-bidding decision for a one-time-only special order includes an analysis of all _____.

- A) manufacturing costs
- B) cost drivers related to the product
- C) direct and indirect variable costs of each function in the value chain
- D) fixed manufacturing costs

Answer: <https://biology-forums.com/index.php?topic=267918>

Question 365

A company decided to replace an old machine with a new machine. Which of the following is considered a relevant cost?

- A) the book value of the old equipment
- B) the depreciation expense on the old equipment
- C) the loss on the disposal of the old equipment
- D) the setup cost of the new equipment

Answer: <https://biology-forums.com/index.php?topic=267769>

Question 366

If the net present value for a project is positive, _____.

- A) the project should be accepted
- B) its internal rate of return is more than its cost of capital
- C) its expected rate of return is below the required rate of return
- D) its internal rate of return is less than its cost of capital

Answer: <https://biology-forums.com/index.php?topic=268634>

Question 367

Operating income using absorption costing will be _____ than operating income if using variable costing.

- A) \$9,600 higher
- B) \$4,800 lower
- C) \$3,600 higher
- D) \$14,400 lower

Answer: <https://biology-forums.com/index.php?topic=267474>

Question 368

Belief system _____.

- A) describe standards of behavior and codes of conduct expected of all executives and board of directors
- B) articulate the mission, purpose, and core values of a company
- C) are formal information systems managers use to focus the company's attention and learning on key strategic issues
- D) describe standards of behavior and codes of conduct expected of all employees

Answer: <https://biology-forums.com/index.php?topic=268876>

Question 369

Tom Magic Company manufactures various kinds of toys for different age groups. The company's flagship product is Rx. The company currently requires 8.50 labor hours to manufacture per unit of Rx. The company believes that because of numerous small improvements in the process, it will require 0.10 labor-hours less and hence will only 8.40 labor-hours in the next quarter. It will require 8.35 and 8.25 labor-hours in third and fourth quarter. The company has adopted _____.

- A) activity based budgeting
- B) kaizen budgeting
- C) zero-based budgeting
- D) cost-based budgeting

Answer: <https://biology-forums.com/index.php?topic=267205>

Question 370

With a constraining resource, managers should choose the product with the _____.

- A) lowest contribution margin per unit of the constraining resource
- B) highest sales price
- C) highest contribution margin per unit of the constraining resource

D) highest gross profit

Answer: <https://biology-forums.com/index.php?topic=267737>

Question 371

Process costing _____.

- A) allocates all product costs, including materials, and labor
- B) results in different costs for different units produced
- C) is commonly used by general contractors who construct custom-built homes
- D) is used exclusively in manufacturing

Answer: <https://biology-forums.com/index.php?topic=266886>

Question 372

Briefly describe the four criteria used to guide cost-allocation decisions.

Answer: <https://biology-forums.com/index.php?topic=268046>

Question 373

Which of the following is a step to overcome problems related to data collection for estimating cost function?

- A) The analyst should remove the inflationary effects.
- B) The analyst should consider fixed costs as variable.
- C) The analyst should also use extreme values while calculating cost functions.
- D) The analyst should not use accrual accounting.

Answer: <https://biology-forums.com/index.php?topic=267638>

Question 374

Sensitivity analysis helps to evaluate the risk associated with decisions.

Answer: <https://biology-forums.com/index.php?topic=266830>

Question 375

If there was no beginning work in process and no ending work in process under the weighted-average process costing method, the number of equivalent units for direct materials, if direct materials were added at the start of the process, would be _____.

- A) more than the units started or transferred in during the period
- B) equal to the units completed during the period
- C) less than the units completed during the period
- D) equal to total of units started and units completed during the period

Answer: <https://biology-forums.com/index.php?topic=268298>

Question 376

Which component of strategy measures the changes in operating income attributed solely to an increase in the quantity of output between Year 1 and Year 2?

- A) the growth component
- B) the price-recovery component
- C) the productivity component
- D) the cost leadership component

Answer: <https://biology-forums.com/index.php?topic=267834>

Question 377

Merchandising-sectors _____.

- A) purchase and then sell tangible products without changing their basic form
- B) provide intangible products
- C) purchase materials and components and convert them into finished goods
- D) purchase and then sell tangible products by changing their basic form

Answer: <https://biology-forums.com/index.php?topic=266682>

Question 378

List and briefly describe the six steps in estimating a cost function under quantitative analysis.

Answer: <https://biology-forums.com/index.php?topic=267608>

Question 379

The method that allocates costs by explicitly including all the services rendered among all support departments is the _____.

- A) direct method
- B) step-down method
- C) reciprocal method
- D) sequential method

Answer: <https://biology-forums.com/index.php?topic=268116>

Question 380

The Peric Manufacturing Shop produces motorcycle parts. Typically, 12 pieces out of a job lot of 1,000 parts are spoiled. Costs are assigned at the inspection point, \$40.00 per unit. Spoiled pieces may be disposed at \$8.00 per unit. The spoiled goods must be inventoried appropriately when the normal spoilage is detected. The current job requires the production of 3,000 good parts.

Which of the following journal entries properly reflects the recording of spoiled goods?

- A) Materials Control 200
Manufacturing Overhead Control 1,000
Work-in-Process Control 1,200
- B) Materials Control 288
Manufacturing Overhead Control 1,152
Work-in-Process Control 1,440
- C) Work-in-Process Control 1,440
Materials Control 288
Manufacturing Overhead Control 1,152
- D) Manufacturing Overhead Control 1,200
Materials Control 200
Work-in-Process Control 1,000

Answer: <https://biology-forums.com/index.php?topic=268409>

Question 381

What is the slope coefficient?

- A) \$52.00
- B) \$43.75
- C) \$30.00
- D) \$40.00

Answer: <https://biology-forums.com/index.php?topic=267603>

Question 382

Job costing is _____.

- A) used by businesses to price identical products
- B) used by businesses to price unique products for different jobs
- C) used to calculate equivalent units
- D) used to calculate the percentage of work completed

Answer: <https://biology-forums.com/index.php?topic=266887>

Question 383

What areas of responsibility does a chief financial officer have in a typical organization?

Answer: <https://biology-forums.com/index.php?topic=266603>

Question 384

Whitman Printing has contracts to complete weekly supplements required by forty-six customers. For the year 20X5, manufacturing overhead cost estimates total \$840,000 for an annual production capacity of 12 million pages.

For 2010, Whitman Printing decided to evaluate the use of additional cost pools. After analyzing manufacturing overhead costs, it was determined that number of design changes, setups, and inspections are the primary manufacturing overhead cost drivers. The following information was gathered during the analysis:

Cost pool Manufacturing overhead costs Activity level

Design changes \$ 120,000 200 design changes

Setups 640,000 4,000 setups

Inspections 80,000 16,000 inspections

Total manufacturing overhead costs \$840,000

During 2010, two customers, Money Managers and Hospital Systems, are expected to use the following printing services:

Activity Money Managers Hospital Systems

Pages 60,000 76,000

Design changes 10 2

Setups 20 10

Inspections 30 38

When costs are assigned using the single cost driver, number of pages printed, then Hospital Systems _____.

- A) is fairly billed because resources are allocated uniformly to all jobs
- B) is grossly under billed for the job, while other jobs will be unfairly over billed
- C) will likely seek to do business with competitors
- D) will contribute too little to profits, and Wallace Printing will not want to accept additional work from the company

Answer: <https://biology-forums.com/index.php?topic=267076>

Question 385

What is the budgeted indirect-cost rate per hour?

- A) \$1,575.00 per hour
- B) \$78.75 per hour
- C) \$18.00 per hour
- D) \$17.50 per hour

Answer: <https://biology-forums.com/index.php?topic=266991>

Question 386

Kaizen refers to incorporating cost reductions _____.

- A) in each successive budgeting period
- B) in each successive sales forecast
- C) in all customer service centers
- D) in all areas of the organization

Answer: <https://biology-forums.com/index.php?topic=267204>

Question 387

Which of the following departments is most likely to be a cost center?

- A) sales department of a company selling industrial tools
- B) call center of a company that serves customers and cross-sells other products
- C) maintenance department of a luxury resort
- D) research department of a company providing consultancy services

Answer: <https://biology-forums.com/index.php?topic=267190>

Question 388

Which of the following are reasons for using longer periods, such as a year, to calculate indirect cost rates?

- A) shorter the period, the greater is the influence of seasonal patterns on the amount of costs
- B) longer the period, the greater is the influence of seasonal patterns on the amount of costs
- C) shorter the period, the smaller is the influence of seasonal patterns on the amount of opportunity costs
- D) longer the period, the smaller is the influence of seasonal patterns on the amount of opportunity costs

Answer: <https://biology-forums.com/index.php?topic=266893>

Question 389

In joint costing, which of the following changes may lead to a change in product classification?

- A) main product sales price increases due to a new application
- B) byproduct sales price decreases due to a new government regulation
- C) main product becomes technologically obsolete
- D) byproduct loses its market due to a new invention

Answer: <https://biology-forums.com/index.php?topic=268173>

Question 390

An important element in designing accounting-based performance measures is choosing the time horizon of the performance measures. Discuss.

Answer: <https://biology-forums.com/index.php?topic=268850>

Question 391

The dual-rate cost-allocation method classifies costs in each cost pool into a _____.

- A) budgeted-cost pool and an actual-cost pool
- B) variable-cost pool and a fixed-cost pool
- C) direct-cost pool and an indirect-cost pool
- D) direct-cost pool and a reciprocal-cost pool

Answer: <https://biology-forums.com/index.php?topic=268093>

Question 392

Negotiated transfer prices are often employed when _____.

- A) market prices are stable
- B) market prices are volatile
- C) market prices change by a regular percentage each year
- D) goal congruence is not a major objective

Answer: <https://biology-forums.com/index.php?topic=268730>

Question 393

A push-through system that manufactures finished goods for inventory on the basis of demand forecasts is referred to as _____.

- A) just-in-time purchasing
- B) materials requirements planning
- C) relevant total costs
- D) economic order quantity

Answer: <https://biology-forums.com/index.php?topic=268575>

Question 394

A disadvantage of the weighted-average method compared to the FIFO process-costing method is that _____.

- A) FIFO is computationally simpler
- B) FIFO provides better management information for planning and control purposes
- C) when unit cost per input prices fluctuate markedly from month to month, its per unit cost is less representative than FIFO
- D) the information it provides about changes in unit prices from one period to the next is less useful than the information provided by FIFO

Answer: <https://biology-forums.com/index.php?topic=268325>

Question 395

The income statement of a service-sector firm reports _____.

- A) period costs only
- B) inventoriable costs only
- C) both period and inventoriable costs
- D) direct labor costs

Answer: <https://biology-forums.com/index.php?topic=266707>

Question 396

These questions refer to flexible-budget variance formulas with the following descriptions for the variables: A = Actual; B = Budgeted; P = Price; Q = Quantity. The best label for the formula $[(AP)(AQ) - (BP)(BQ)]$ is the _____.

- A) efficiency variance.
- B) price variance
- C) total flexible-budget variance
- D) spending variance

Answer: <https://biology-forums.com/index.php?topic=267293>

Question 397

Normal spoilage rates are computed by _____.

- A) dividing the units of normal spoilage by total actual units started into production
- B) dividing the units of normal spoilage by total good units completed
- C) dividing total actual units started into production by the units of normal spoilage
- D) dividing total good units completed by the units of normal spoilage

Answer: <https://biology-forums.com/index.php?topic=268362>

Question 398

To guide cost allocation decisions, the benefits-received criterion _____.

- A) generally uses the cost driver as the cost allocation base
- B) advocates allocating costs in proportion to the cost object's ability to bear costs allocated to it
- C) is the primarily used criterion in activity-based costing
- D) may use an allocation base of division revenues to allocate advertising costs

Answer: <https://biology-forums.com/index.php?topic=268037>

Question 399

Which of the following companies is most likely to use process costing?

- A) Crimpson Color, a company selling customized garments for niche customers
- B) Effel & Associates, a consulting firm providing various audit and related services
- C) Red Paste Inc., a company manufacturing and selling toothpaste on a large scale
- D) Grimpy Corp., a company manufacturing furniture for customers as per their requirements

Answer: <https://biology-forums.com/index.php?topic=268264>

Question 400

What are the three types of manufacturing cost?

Answer: <https://biology-forums.com/index.php?topic=266729>

Question 401

When there is an excess capacity, it makes sense to accept a one-time-only special order for less than the current selling price if _____.

- A) incremental revenues exceed incremental costs
- B) additional fixed costs is incurred to accommodate the order
- C) the company placing the order is in the same market segment as your current customers
- D) incremental revenue equals incremental operating income

Answer: <https://biology-forums.com/index.php?topic=267678>

Question 402

An annuity is _____.

- A) a noncash expense
- B) a series of equal cash flows at equal time intervals
- C) an investment product whose funds are invested in the stock market
- D) a rate at which an investment's present value of all expected cash inflows equals the present value of project's expected cash outflows.

Answer: <https://biology-forums.com/index.php?topic=268632>

Question 403

Financial accounting _____.

- A) focuses on the future and includes activities such as preparing next year's operating budget
- B) must comply with GAAP (generally accepted accounting principles)
- C) is the process of measuring, analyzing, and reporting financial and nonfinancial information related to the costs of acquiring or using resources in an organization
- D) is prepared for the use of department heads and other employees

Answer: <https://biology-forums.com/index.php?topic=266548>

Question 404

Is it advisable to ignore facility-sustaining cost drivers during product costing?

Answer: <https://biology-forums.com/index.php?topic=267040>

Question 405

High Universal Industries operates a division in Brazil, a country with very high inflation rates. Traditionally, the company has used the same costing techniques in all countries to facilitate reporting to corporate headquarters. However, the financial accounting reports from Brazil never seem to match the actual unit results of the division. Management has studied the problem and it appears that beginning inventories may be the cause of the unmatched information. The reason for this is that the inventories have a different financial base because of the severe inflation.

Required:

How can process costing assist in addressing the problem facing Universal Industries?

Answer: <https://biology-forums.com/index.php?topic=268331>

Question 406

When is a company said to be engaged in predatory pricing? What are the primary conditions to be satisfied to prove predatory pricing?

Answer: <https://biology-forums.com/index.php?topic=268000>

Question 407

Assume 200 barrels are transferred from the Extraction Division to the Refining Division for a transfer price of \$18 per barrel. The Refining Division sells the 200 barrels at a price of \$120 each to customers. What is the operating income of both divisions together?

- A) \$7,200
- B) \$9,600
- C) \$10,800

D) \$20,400

Answer: <https://biology-forums.com/index.php?topic=268736>

Question 408

How many mattresses need to be produced in January 2016?

- A) 15,400 mattresses
- B) 21,560 mattresses
- C) 28,460 mattresses
- D) 34,160 mattresses

Answer: <https://biology-forums.com/index.php?topic=267159>

Question 409

Calamata Corporation processes a single material into three separate products A, B, and C. During September, the joint costs of processing were \$300,000. Production and sales value information for the month were as follows:

Product Units Produced Final Sales Value per Unit Separable Costs

A 10,000 \$25 \$125,000

B 15,000 30 250,000

C 12,500 24 125,000

Required:

Determine the amount of joint cost allocated to each product if the constant gross-margin percentage NRV method is used.

Answer: <https://biology-forums.com/index.php?topic=268230>

Question 410

Many manufacturing, marketing, and design problems require employees with multiple skills; therefore, teams are used and the members have the added encouragement of _____.

- A) individual incentives
- B) management incentives
- C) morale incentives
- D) team incentives

Answer: <https://biology-forums.com/index.php?topic=268867>

Question 411

The time it takes the marketing department to specify to the manufacturing department the exact requirements of the customer's order is referred as _____.

- A) receipt time
- B) waiting time
- C) delivery time
- D) manufacturing cycle time

Answer: <https://biology-forums.com/index.php?topic=268488>

Question 412

What is the economic order quantity assuming each order was made at the economic-order-quantity amount?

- A) 1,485 units
- B) 1,000 units
- C) 780 units
- D) 3,000 units

Answer: <https://biology-forums.com/index.php?topic=268553>

Question 413

The order to follow when preparing the operating budget is _____.

- A) revenues budget, production budget, and direct manufacturing labor costs budget
- B) costs of goods sold budget, production budget, and cash budget
- C) revenues budget, manufacturing overhead costs budget, and production budget
- D) cash expenditures budget, revenues budget, and production budget

Answer: <https://biology-forums.com/index.php?topic=267127>

Question 414

What is the variable overhead spending variance?

- A) \$980 favorable
- B) \$900 unfavorable

- C) \$980 unfavorable
- D) \$900 favorable

Answer: <https://biology-forums.com/index.php?topic=267366>

Question 415

A unit cost is computed by dividing total cost by the number of units.

Answer: <https://biology-forums.com/index.php?topic=266677>

Question 416

Although unit costs are regularly used in financial reports and for making product mix and pricing decisions, managers should think in terms of total costs rather than unit costs for making decisions.

Answer: <https://biology-forums.com/index.php?topic=266676>

Question 417

Early inspections can _____.

- A) prevent any further conversion costs being wasted on units that are already good
- B) increase conversion costs on units that are already spoiled
- C) increase any further costs being spent on units that are already spoiled
- D) prevent any further costs being wasted on units that are already spoiled

Answer: <https://biology-forums.com/index.php?topic=268392>

Question 418

When the firm uses the target-costing approach to pricing, the target cost per unit is the difference between the per unit target price and the per unit target _____.

- A) contribution margin
- B) operating income
- C) production costs
- D) gross margin

Answer: <https://biology-forums.com/index.php?topic=267947>

Question 419

Explain why the term tax shield is used in conjunction with depreciation.

Answer: <https://biology-forums.com/index.php?topic=268684>

Question 420

The primary user of financial accounting information is a _____.

- A) factory shift supervisor
- B) distribution manager
- C) current shareholder
- D) department manager

Answer: <https://biology-forums.com/index.php?topic=266549>

Question 421

A customer cost hierarchy categorizes costs related to customers into different cost pools on the basis of different _____.

- A) contribution-margin ratios of products
- B) distribution-channel costs
- C) levels of cause-and-effect relationships
- D) division-sustaining costs

Answer: <https://biology-forums.com/index.php?topic=268040>

Question 422

Which of the following is a reason for a favorable material price variance?

- A) the purchasing manager bargaining effectively with suppliers
- B) the purchasing manager giving orders for small quantity to reduce storage cost
- C) the purchasing manager accepting a bid from the highest-priced supplier to ensure the quality of material
- D) the personnel manager hiring underskilled workers

Answer: <https://biology-forums.com/index.php?topic=267304>

Question 423

Which of the following is true of a budget?

- A) Budgets are used to express only the operational plans and not the strategic plans of a company.
- B) Budgets do not account for nonfinancial aspects of the upcoming period.
- C) Budgets are most useful when they are planned independent of the company's strategic plans.
- D) Budgets help managers to revise their plans and strategies.

Answer: <https://biology-forums.com/index.php?topic=267095>

Question 424

If the rework is abnormal _____.

- A) it is debited to Wages Payable Control
- B) it is credited to Wages Payable Control
- C) it is credited to Loss from Abnormal Rework
- D) it is debited to Loss from Abnormal Rework

Answer: <https://biology-forums.com/index.php?topic=268418>

Question 425

Assume the transfer price for a compressor is 150% of total costs of the Compressor Division and 1,000 of the compressors are produced and transferred to the Fabrication Division. The Compressor Division's operating income is _____.

- A) \$15,875
- B) \$16,375
- C) \$17,375
- D) \$18,250

Answer: <https://biology-forums.com/index.php?topic=268745>

Question 426

A perfectly competitive market exists when _____.

- A) individual buyers or sellers can affect prices by their own actions
- B) market prices reach well above their historical averages due to demand outstripping supply
- C) market prices drop well below their historical averages due to supply outstripping demand
- D) there is a homogeneous product with buying prices equal to selling prices

Answer: <https://biology-forums.com/index.php?topic=268751>

Question 427

The gross margin percentage is an example of the _____ measure of a balanced-scorecard.

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

Answer: <https://biology-forums.com/index.php?topic=267822>

Question 428

The loss from abnormal spoilage account would appear _____.

- A) on a balance sheet
- B) as a detailed item in the retained earnings schedule of a balance sheet
- C) a separate line item on an income statement
- D) a deduction from the cost of goods sold

Answer: <https://biology-forums.com/index.php?topic=268361>

Question 429

Sunk costs are _____.

- A) costs incurred as a result of an investment position
- B) costs that is the sum of all costs in a particular business function of the value chain
- C) the contributions to operating income that is forgone by not using a limited resource in its next-best alternative use
- D) costs that are unavoidable and cannot be changed no matter what action is taken

Answer: <https://biology-forums.com/index.php?topic=267662>

Question 430

How many of each product should be produced per month using the short-run profit maximizing strategy?

Small Medium Large

- A) 0 120 12

- B) 60 120 0
- C) 100 100 0
- D) 100 20 40

Answer: <https://biology-forums.com/index.php?topic=267750>

Question 431

Shazam Machines produces numerous types of money change machines. All machines are made in the same production department and many use exactly the same processes. Because customers have such different demands for the machine characteristics, the company uses a job-costing system. Unfortunately, some of the production managers have been upset for the last few months when their jobs were charged with the spoilage that occurred over an entire processing run of several types of machines. Some of the best managers have even threatened to quit unless the accounting system is changed.

Required:

What recommendations can you suggest to improve the accounting for spoilage?

Answer: <https://biology-forums.com/index.php?topic=268414>

Question 432

What is the bid price for the Winton High School job if the company uses a 40% markup of total manufacturing costs?

- A) \$2,310
- B) \$2,880
- C) \$2,058
- D) \$3,927

Answer: <https://biology-forums.com/index.php?topic=266930>

Question 433

Explain the difference between the cumulative average-time learning model and the incremental unit-time learning model.

Answer: <https://biology-forums.com/index.php?topic=267635>

Question 434

The difference between actual costing and normal costing is _____.

- A) normal costing uses actual quantities of direct-costs
- B) actual costing uses actual quantities of direct-costs
- C) normal costing uses budgeted indirect-costs
- D) actual costing uses actual quantities of cost-allocation bases

Answer: <https://biology-forums.com/index.php?topic=266918>

Question 435

The actual information pertains to the third quarter. As part of the budgeting process, the Duck Decoy Department of Paralith Incorporated had developed the following static budget for the third quarter. Duck Decoy is in the process of preparing the flexible budget and understanding the results.

	Actual	Flexible Budget	Static Budget
Sales volume (in units)	11,000	10,000	10,000
Sales revenues	\$238,000	\$230,000	\$230,000
Variable costs	150,000	\$ _____	180,000
Contribution margin	88,000	\$ 50,000	\$ 50,000
Fixed costs	36,000	\$ _____	35,000
Operating profit	\$ 52,000	\$ _____	\$ 15,000

The primary reason for high actual operating profits was _____.

- A) the variable-cost variance
- B) increased fixed costs
- C) flexible budget variance for revenues
- D) lower sales volume than planned

Answer: <https://biology-forums.com/index.php?topic=267265>

Question 436

For an automobile manufacturer, period costs include the cost of _____.

- A) the dashboard
- B) labor used for assembly
- C) advertising
- D) assembly-line equipment

Answer: <https://biology-forums.com/index.php?topic=266716>

Question 437

Which of the following statements is true of ABC systems?

- A) ABC systems are time-driven cost systems.
- B) ABC systems classify some direct costs as indirect costs and some indirect costs as direct costs.
- C) ABC systems provide valuable information to managers beyond accurate product costs.
- D) ABC systems assume all costs are variable costs.

Answer: <https://biology-forums.com/index.php?topic=267019>

Question 438

Which of the following satisfies the DuPont method of profitability analysis?

- A) $\text{Income} / \text{Investment} = \text{Income} / \text{Total costs} + \text{Revenues} / \text{Equity}$
- B) $\text{Income} / \text{Investment} = \text{Income} / \text{Revenues} + \text{Revenues} / \text{Investment}$
- C) $\text{Income} / \text{Investment} = \text{Income} / \text{Revenues} \times \text{Revenues} / \text{Investment}$
- D) $\text{Income} / \text{Investment} = \text{Income} / \text{Total costs} \times \text{Revenues} / \text{Equity}$

Answer: <https://biology-forums.com/index.php?topic=268838>

Question 439

Dynalia Florists operate a flower shop. Because most of their orders are via telephone or fax, numerous orders have to be reworked. The average cost of the reworked orders is \$5.25: \$3.50 for labor, \$1.25 for more flowers, and \$0.50 for overhead. This ratio of costs holds for the average original order. On a recent day, the shop reworked 40 orders out of 250. The original cost of the 40 orders totaled \$700. The average cost of all orders is \$18.34, including rework, with an average selling price of \$25.

Required:

Prepare the necessary journal entry to record the rework for the day if the shop charges such activities to Arrangement Department Overhead Control.

Prepare a journal entry to transfer the finished goods to Finished Goods Inventory.

Answer: <https://biology-forums.com/index.php?topic=268421>

Question 440

Depreciation is usually NOT considered an operating cash flow in capital budgeting because _____.

- A) depreciation is usually a constant amount each year over the life of the capital investment
- B) deducting depreciation from operating cash flows would be counting the lump-sum amount twice
- C) depreciation usually does not result in an increase in working capital
- D) depreciation usually has no effect on the disposal price of the machine

Answer: <https://biology-forums.com/index.php?topic=268681>

Question 441

What is the inspection cost per unit?

- A) \$30.40
- B) \$8.00
- C) \$9.00
- D) \$4,750

Answer: <https://biology-forums.com/index.php?topic=268446>

Question 442

Which of the following represents cross-sectional data?

- A) indirect manufacturing labor costs for the past 5 years
- B) number of machine-hours used for the past 10 years
- C) personnel costs of a month at 10 different organizations
- D) maintenance cost of machine in a plant for the past 3 years

Answer: <https://biology-forums.com/index.php?topic=267591>

Question 443

Any factor where a change in the factor causes a change in the speed with which an activity is undertaken is referred to as _____.

- A) a time driver
- B) a cost driver
- C) manufacturing lead time
- D) customer-response time

Answer: <https://biology-forums.com/index.php?topic=268486>

Question 444

The single-rate cost-allocation method may base the denominator choice on _____.

- A) master-budget capacity utilization
- B) fixed cost utilization
- C) variable cost utilization
- D) direct-cost utilization

Answer: <https://biology-forums.com/index.php?topic=268094>

Question 445

Heston Company has the following information for the current year:

- Beginning fixed manufacturing overhead in inventory \$190,000
- Fixed manufacturing overhead in production 750,000
- Ending fixed manufacturing overhead in inventory 50,000
- Beginning variable manufacturing overhead in inventory \$20,000
- Variable manufacturing overhead in production 100,000
- Ending variable manufacturing overhead in inventory 30,000

What is the difference between operating incomes under absorption costing and variable costing?

- A) \$140,000
- B) \$100,000
- C) \$80,000
- D) \$10,000

Answer: <https://biology-forums.com/index.php?topic=267469>

Question 446

What are the equivalent units for direct materials and conversion costs, respectively, for June?

- A) 1,250 units; 1,210.64 units
- B) 1,250 units; 1,212.5 units
- C) 1,100 units; 1,100 units
- D) 1012 units; 1040 units

Answer: <https://biology-forums.com/index.php?topic=268300>

Question 447

When there is unused capacity, _____.

- A) the transfer-price range lies between the its variable cost per unit and the higher of its contribution or price at which the product is available from external suppliers
- B) the transfer-price range lies between the maximum price at which the selling division is willing to sell and the minimum price the buying division is willing to pay
- C) the transfer-price range lies between the minimum price at which the selling division is willing to sell and the maximum price the buying division is willing to pay
- D) the transfer-price range lies between the its fixed cost per unit and the higher of its contribution or price at which the product is available from external suppliers

Answer: <https://biology-forums.com/index.php?topic=268770>

Question 448

Which of the following approaches spreads underallocated or overallocated overhead among ending balances in Work-in-Process Control, Finished Goods Control, and Cost of Goods Sold?

- A) the adjusted allocation-rate approach
- B) the proration approach
- C) the write-off variances to cost of goods sold approach
- D) the reinstatement approach

Answer: <https://biology-forums.com/index.php?topic=267541>

Question 449

Tiger Pride produces two product lines: T-shirts and Sweatshirts. Product profitability is analyzed as follows:

	T-SHIRTS	SWEATSHIRTS
Production and sales volume	60,000 units	35,000 units
Selling price	\$16.00	\$29.00
Direct material	\$ 2.00	\$ 5.00
Direct labor	\$ 4.50	\$ 7.20

Manufacturing overhead \$ 2.00 \$ 3.00
Gross profit \$ 7.50 \$13.80
Selling and administrative \$ 4.00 \$ 7.00
Operating profit \$ 3.50 \$ 6.80

What is the projected decline in operating income if the direct materials costs of T-Shirts increase to \$3.50 per unit and direct labor costs of Sweatshirts increase to \$13.00 per unit?

- A) \$293,000
- B) \$90,000
- C) \$203,000
- D) \$473,000

Answer: <https://biology-forums.com/index.php?topic=267155>

Question 450

Should Violet increase the selling price in 2016?

- A) Yes, because sales revenue increases for 2016.
- B) Yes, because gross margin increases for 2016.
- C) No, because sales volume decreases for 2016.
- D) No, because operating income decreases for 2016.

Answer: <https://biology-forums.com/index.php?topic=267187>

Question 451

On the assembly floor, Crystal is paid \$20 an hour for straight-time assuming 8 working hours a day and five working days in a week. She is paid \$30 an hour for overtime. One week she worked 52 hours.

Required:

- a. What is Crystal's total compensation for the week?
- b. What amount of compensation would be reported as direct manufacturing labor?
- c. What amount of compensation would be reported as manufacturing overhead?

Answer: <https://biology-forums.com/index.php?topic=266753>

Question 452

The flexible-budget variance for materials is \$5,000 (U). The sales-volume variance is \$13,000 (U). The price variance for material is \$31,000 (F). The efficiency variance for direct manufacturing labor is \$7,000 (F). Calculate the efficiency variance for materials.

- A) \$36,000 favorable
- B) \$13,000 unfavorable
- C) \$6,000 favorable
- D) \$36,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267290>

Question 453

Explain why some companies carry their inventories at NRV minus an estimated operating income margin instead of the NRV itself.

Answer: <https://biology-forums.com/index.php?topic=268245>

Question 454

Samiera, Inc., reports the following information for September sales:

Sales \$60,000
Variable costs 12,000
Fixed costs 16,000
Operating income \$ 32,000
Promotional expenses for September were \$1,000.

Required:

If sales double in October, what is the impact on the variable costs?

Answer: <https://biology-forums.com/index.php?topic=266679>

Question 455

Companies should only produce and sell units as long as _____.

- A) there is customer demand for the product
- B) the competition allows it
- C) the revenue from an additional unit exceeds the cost of producing it
- D) there is a generous supply of low-cost direct materials

Answer: <https://biology-forums.com/index.php?topic=267897>

Question 456

For a manufacturing company, direct labor costs may be included in _____.

- A) direct materials inventory only
- B) merchandise inventory only
- C) both work-in-process inventory and finished goods inventory
- D) direct materials inventory, work-in-process inventory, and finished goods inventory accounts

Answer: <https://biology-forums.com/index.php?topic=266692>

Question 457

Assume a manufacturing company that has started production in the current year. Which of the following would result in the highest profit being reported if the company has 1,000 units of ending inventory?

- A) throughput costing
- B) variable costing
- C) absorption costing
- D) standard costing

Answer: <https://biology-forums.com/index.php?topic=267504>

Question 458

Which of the following is true of an opportunity cost?

- A) It is the income foregone by not using a resource in an alternative way.
- B) The higher the opportunity costs, the lower is the relevant cost.
- C) It is recorded as an expense in the accounting records.
- D) It is an unavoidable cost that cannot be changed no matter what action is taken.

Answer: <https://biology-forums.com/index.php?topic=267724>

Question 459

What were the equivalent units for conversion costs for February if the beginning inventory was 70% complete as to conversion costs and the ending inventory was 40% complete as to conversion costs?

- A) 182,200
- B) 152,200
- C) 172,200
- D) 162,200

Answer: <https://biology-forums.com/index.php?topic=268313>

Question 460

Diane has been asked to consider plans to add the retrieval of larger tooling fixtures to her duties. She anticipates that there would be an average of 12 tooling fixtures per day requested. Each tooling fixture would take Diane 4 minutes to retrieve.

What is the average waiting time, in minutes, if Diane continues to be the only worker that would retrieve the small tools as well as the larger tooling fixtures?

- A) 3.50 minutes
- B) 7.00 minutes
- C) 9.25 minutes
- D) 64.00 minutes

Answer: <https://biology-forums.com/index.php?topic=268503>

Question 461

Berkel Company processes sugar cane into three products. During May, the joint costs of processing were \$600,000. Production and sales value information for the month were as follows:

Product	Units Produced	Sales Value at Splitoff Point	Separable costs
Sugar	15,000	\$200,000	\$60,000
Sugar Syrup	10,000	175,000	192,000
Fructose Syrup	5,000	125,000	96,000

Required:

Determine the amount of joint cost allocated to each product if the sales value at splitoff method is used.

Answer: <https://biology-forums.com/index.php?topic=268229>

Question 462

The NPV method is the preferred method over IRR for selecting projects because _____.

- A) its use leads to shareholder value maximization

- B) it accounts for the time value of money
- C) it assumes that cash flows are reinvested at the internal rate of return
- D) it gives a project ranking consistent with that of IRR

Answer: <https://biology-forums.com/index.php?topic=268660>

Question 463

Which of the following differentiates job costing from process costing?

- A) Job costing is used when each unit of output is identical, and process costing deals with unique products.
- B) Job costing is used when each unit of output is identical and not produced in batches, and process costing deals with unique products produced on large scale.
- C) Process costing is used when each unit of output is identical, and job costing deals with unique products not produced in batches.
- D) Job costing is used by manufacturing industries, and process costing is used by service industries.

Answer: <https://biology-forums.com/index.php?topic=266890>

Question 464

Which cost estimation method is being used by Verill Company?

- A) the regression analysis method
- B) the marginal costing method
- C) the conference method
- D) the operating costing method

Answer: <https://biology-forums.com/index.php?topic=267577>

Question 465

What are the target sales revenues?

- A) \$94,400
- B) \$80,000
- C) \$65,600
- D) \$18,000

Answer: <https://biology-forums.com/index.php?topic=267946>

Question 466

Historical-cost-based accounting measures are usually inadequate for evaluating economic returns on new investments and, in some cases, create disincentives for expansion.

Answer: <https://biology-forums.com/index.php?topic=268852>

Question 467

Which of the following is a characteristic of a management control system?

- A) It aids and coordinates the process of making decisions.
- B) It encourages short-term profitability and maximizing net income.
- C) It helps individuals throughout the organization to act independently and maximize the profitability of their departments.
- D) It deals with coordinating planning across the organization and is not concerned with behavioral aspects of management like employee motivation.

Answer: <https://biology-forums.com/index.php?topic=268697>

Question 468

Which of the following is referred to as the bottom-up aspect of the budgeting process?

- A) lower-level managers setting their individual targets that aggregate to be the company-wide target
- B) senior managers consulting middle- and lower-level managers to investigate any deviations from the budget
- C) lower-level managers implementing the budgets with senior managers monitoring progress and investigating deviations
- D) lower-level managers providing inputs to the budgeting process based on their specialized knowledge

Answer: <https://biology-forums.com/index.php?topic=267115>

Question 469

Which of the following statements about the direct/indirect cost classification is true?

- A) Indirect costs are always traced.
- B) Indirect costs are always allocated.
- C) The design of sales target affects the direct/indirect classification.
- D) The direct/indirect classification depends on the cost control measures.

Answer: <https://biology-forums.com/index.php?topic=266627>

Question 470

When a single manufacturing process yields two products, one of which has a relatively high sales value compared to the other, the two products are respectively known as _____.

- A) joint products and byproducts
- B) joint products and scrap
- C) main products and byproducts
- D) main products and joint products

Answer: <https://biology-forums.com/index.php?topic=268169>

Question 471

If Golden Generator Supply accepts the order at \$2,350, what is the amount contributed towards fixed costs and profit on a sales order of 1,000 units?

- A) \$200,000
- B) \$350,000
- C) \$795,000
- D) \$1,000,000

Answer: <https://biology-forums.com/index.php?topic=267925>

Question 472

Which of the following is a manufacturing overhead cost?

- A) cost of conversion of direct materials to finished goods
- B) labor cost that can be traced to individual products
- C) cost of materials that can be traced to individual products
- D) overtime premiums paid to plant workers

Answer: <https://biology-forums.com/index.php?topic=266750>

Question 473

An inaccurate cost function with a constant that is estimated too high may most likely result in _____.

- A) evaluating a weak manager as providing strong performance
- B) promoting a product that is actually less profitable than budgeted
- C) predicting total costs that are too low
- D) replicating processes that are truly cost saving

Answer: <https://biology-forums.com/index.php?topic=267610>

Question 474

What are the annual relevant ordering costs, assuming that relevant total costs are minimal?

- A) \$1,000
- B) \$2,253.33
- C) \$2,600
- D) \$6,000

Answer: <https://biology-forums.com/index.php?topic=268551>

Question 475

The _____ adjusts individual job-cost records to account for underallocated or overallocated overhead.

- A) adjusted allocation-rate
- B) proration approach
- C) write-off to cost of goods sold approach
- D) weighted-average cost approach

Answer: <https://biology-forums.com/index.php?topic=266971>

Question 476

When analyzing the change in operating income, the strategy component of productivity _____.

- A) calculations are similar to the sales-volume variance calculations
- B) compares the change in output price with the changes in input prices
- C) will report a large positive amount when a company has successfully pursued the cost leadership strategy
- D) isolates the change attributed solely to an increase in the quantity of units sold

Answer: <https://biology-forums.com/index.php?topic=267839>

Question 477

Which of the following statements is true of relevant inventory costs?

- A) The salaries paid to clerks, stock keepers, and materials handlers are relevant carrying costs if they are unaffected by changes in inventory levels.
- B) The costs of expediting an order from a supplier are relevant incremental costs of stockouts.
- C) Warehouse rent, warehouse workers' salaries and costs of insurance, that change with the quantity of inventory held are irrelevant carrying costs.
- D) Those ordering costs that change with the number of orders placed are irrelevant ordering costs.

Answer: <https://biology-forums.com/index.php?topic=268564>

Question 478

The annual relevant carrying costs of inventory consists of the sum of the _____.

- A) relevant ordering costs and the relevant costs of quality
- B) relevant ordering costs plus the relevant opportunity costs of capital
- C) relevant incremental costs plus the relevant opportunity costs of capital
- D) relevant incremental costs plus the relevant ordering costs

Answer: <https://biology-forums.com/index.php?topic=268565>

Question 479

Many companies have switched from absorption costing to variable costing for internal reporting _____.

- A) to comply with external reporting requirements as required by GAAP
- B) to increase bonuses for managers
- C) to reduce the undesirable incentive to build up inventories
- D) so the denominator level is more accurate

Answer: <https://biology-forums.com/index.php?topic=267489>

Question 480

Bosely Corporation is in the business of selling computers. The following expenses were incurred in March 2011:

- Fixed manufacturing costs \$75,000
- Fixed nonmanufacturing costs \$35,000
- Unit selling price \$1,200
- Variable manufacturing cost \$700
- Units produced 1,500

What will be the breakeven point if variable costing is used?

- A) 150 units
- B) 220 units
- C) 157 units
- D) 92 units

Answer: <https://biology-forums.com/index.php?topic=267555>

Question 481

Which of the following is an inventoriable cost?

- A) manufacturing overhead cost
- B) customer service costs
- C) distribution costs
- D) marketing costs

Answer: <https://biology-forums.com/index.php?topic=266708>

Question 482

In the above table, the amounts for (A) and (B), respectively, are _____.

- A) \$22,500 U; \$110,000 U
- B) \$22,500 U; Zero
- C) Zero; \$110,000 U
- D) Zero; Zero

Answer: <https://biology-forums.com/index.php?topic=267417>

Question 483

Maloney Corporation manufactures plastic water bottles. It plans to grow by producing high-quality water bottles at a low cost that are delivered in a timely manner. There are a number of other manufacturers who produce similar water bottles. Maloney believes that continuously improving its manufacturing processes and having satisfied employees are critical to implementing its strategy.

Required:

a. Is Maloney's strategy one of product differentiation or cost leadership? Explain briefly.

Identify at least one key element that you would expect to see included in the balanced scorecard:

- b. for the financial perspective.
- c. for the customer perspective.
- d. for the internal business process perspective.
- e. for the learning and growth perspective.

Answer: <https://biology-forums.com/index.php?topic=267830>

Question 484

If a sales-volume variance was caused by poor-quality products, then the _____ would be in the best position to explain the variance.

- A) production manager
- B) sales supervisor
- C) financial supervisor
- D) logistic manager

Answer: <https://biology-forums.com/index.php?topic=267264>

Question 485

What is the allocated joint costs of Condensed Milk?

- A) \$34,500
- B) \$13,500
- C) \$33,700
- D) \$11,500

Answer: <https://biology-forums.com/index.php?topic=268221>

Question 486

Under the revised ABC system, total overhead costs allocated to Sweatshirts will be _____.

- A) \$ 48,720
- B) \$ 76,720
- C) \$224,920
- D) None of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=267050>

Question 487

When using the physical-volume method, what is Cream's approximate production cost per gallon?

- A) \$3.03
- B) \$3.31
- C) \$3.13
- D) \$3.21

Answer: <https://biology-forums.com/index.php?topic=268205>

Question 488

Under ABC costing, what is the inspection cost allocated to Xylon Corp.?

- A) \$190
- B) \$160
- C) \$150
- D) \$180

Answer: <https://biology-forums.com/index.php?topic=267026>

Question 489

Effective planning of fixed overhead costs includes _____.

- A) planning day-to-day operational decisions
- B) eliminating value-added costs
- C) determining which products are to be produced
- D) choosing the appropriate level of capacity

Answer: <https://biology-forums.com/index.php?topic=267330>

Question 490

If Premium Company has a safety stock of 480 units and the average daily demand is 60 units, how many days can be covered if the shipment from the supplier is delayed by 4 days?

- A) 8 days
- B) 4 days
- C) 12 days

D) 7 days

Answer: <https://biology-forums.com/index.php?topic=268554>

Question 491

Which of the following statements is true of decentralization?

- A) A decentralized structure does not empower employees to handle customer complaints directly.
- B) A decentralized structure forces top management to lose some control over the organization.
- C) Decentralization slows responsiveness to local needs for decision making.
- D) A decentralized structure only delegate recurring and structured decisions to lower levels.

Answer: <https://biology-forums.com/index.php?topic=268713>

Question 492

Which of the following is an example of price discrimination?

- A) Larry's offers a 30% discount to buyers making repeat purchases within 30 days.
- B) Enrique Corp sells different kind of goods at different prices.
- C) Chang sells his wares at different prices based on the market conditions.
- D) Nathan sells his ice-creams for a discount during winter season.

Answer: <https://biology-forums.com/index.php?topic=267992>

Question 493

Product costing information will include _____.

- A) to increase profits
- B) to increase sales and image of the company
- C) for cost management
- D) for efficient human resource management

Answer: <https://biology-forums.com/index.php?topic=266873>

Question 494

Variable costs _____.

- A) are always indirect costs
- B) increase in total when the actual level of activity increases
- C) include most personnel costs and depreciation on machinery
- D) are never considered a part of prime cost

Answer: <https://biology-forums.com/index.php?topic=266647>

Question 495

Which of the following is true of variable costing?

- A) It expenses administrative costs as cost of goods sold.
- B) It treats direct manufacturing costs as a product cost.
- C) It includes fixed manufacturing overhead as an inventoriable cost.
- D) It is required for external reporting to shareholders.

Answer: <https://biology-forums.com/index.php?topic=267442>

Question 496

Capital Investments has three divisions. Each division's required rate of return is 15%. Planned operating results for 2015 are as follows:

Division Operating income Investment

A \$15,000,000 \$100,000,000

B \$25,000,000 \$125,000,000

C \$11,000,000 \$ 50,000,000

The company is planning an expansion, which will require each division to increase its investments by \$25,000,000 and its income by \$4,500,000.

Required:

- a. Compute the current ROI for each division.
- b. Compute the current residual income for each division.
- c. Rank the divisions according to their current ROIs and residual incomes.
- d. Determine the effects after adding the new project to each division's ROI and residual income.
- e. Assuming the managers are evaluated on either ROI or residual income, which divisions are pleased with the expansion and which ones are unhappy?

Answer: <https://biology-forums.com/index.php?topic=268872>

Question 497

Which of the following journal entries properly reflects the purchase of materials under backflush costing?

- A) Inventory Control \$253,575
Accounts Payable Control \$253,575
- B) Accounts Payable Control \$253,575
Allocated Costs: Direct Materials \$253,575
- C) Accounts Payable Control \$253,575
Materials Inventory \$253,575
- D) Allocated Costs: Direct Materials \$253,575
Inventory: Raw and Material \$253,575

Answer: <https://biology-forums.com/index.php?topic=268601>

Question 498

_____ are all manufacturing costs that are related to the cost object but cannot be traced to that cost object.

- A) Indirect manufacturing costs
- B) Marketing costs incurred
- C) Variable manufacturing costs
- D) Custom duties paid for the materials

Answer: <https://biology-forums.com/index.php?topic=266705>

Question 499

A step variable-cost function _____.

- A) is fixed over the long run but not over the short run
- B) is often approximated with a continuous variable-cost function
- C) remains the same over a wide range of activity
- D) example includes adding additional warehouse space

Answer: <https://biology-forums.com/index.php?topic=267623>

Question 500

Option one: Fixed costs of \$10,000 and a breakeven point of 500 units.

Option two: Fixed costs of \$20,000 and a breakeven point of 700 units.

Which option should you choose if you are expecting to produce 600 units?

- A) Option one as sales is higher than breakeven
- B) Option two as sales is lower than breakeven
- C) Option two as it would lead to a higher operating income
- D) Option one as fixed costs is more

Answer: <https://biology-forums.com/index.php?topic=266837>

Question 501

_____ includes banking and short- and long-term financing, investments, and cash management.

- A) Risk management
- B) Strategic planning
- C) Controllership
- D) Treasury management

Answer: <https://biology-forums.com/index.php?topic=266595>

Question 502

Which of the following statements is true of joint production process and its components?

- A) Distribution costs incurred beyond the splitoff point assignable to each of the specific products identified at the splitoff point are considered as joint costs.
- B) Decisions relating to the sale or further processing of each identifiable product can be made independently of decisions about the other products beyond the splitoff point.
- C) When a joint production process yields two or more products with low total sales values relative to the total sales values of other products, those products are called joint products.
- D) The primary purpose of joint costing is to allocate the separable costs to the individual products that are eventually sold.

Answer: <https://biology-forums.com/index.php?topic=268166>

Question 503

Which of the following entries is correct to record depreciation expense of Assembly Department?

- A) Work in Process—Assembly
Finished Goods

- B) Work in Process—Assembly
- Accumulated Depreciation
- C) Finished Goods
- Work in Process—Assembly
- D) Accumulated Depreciation
- Work in Process—Assembly

Answer: <https://biology-forums.com/index.php?topic=268328>

Question 504

_____ is the usual starting point for budgeting.

- A) The revenues budget
- B) The estimated net income
- C) The production budget
- D) The cash budget

Answer: <https://biology-forums.com/index.php?topic=267130>

Question 505

Assuming activity-cost pools are used, what are the activity-cost driver rates for design changes, setups, and inspections cost pools?

- A) \$400 per change, \$128 per setup, \$10 per inspection
- B) \$360 per change, \$320 per setup, \$6.40 per inspection
- C) \$168 per change, \$538 per setup, \$42 per inspection
- D) \$286 per change, \$152 per setup, \$20 per inspection

Answer: <https://biology-forums.com/index.php?topic=267058>

Question 506

What is the revenue effect of the growth component?

- A) \$450,000 U
- B) \$135,000 F
- C) \$135,000 U
- D) \$450,000 F

Answer: <https://biology-forums.com/index.php?topic=267850>

Question 507

What is the total throughput contribution?

- A) \$2,640,000
- B) \$3,190,000
- C) \$3,520,000
- D) \$4,070,000

Answer: <https://biology-forums.com/index.php?topic=267512>

Question 508

Crimson Services, Inc., employs 8 individuals. They are all paid \$16.50 per hour. How would total costs of personnel be classified?

- A) variable cost
- B) mixed cost
- C) irrelevant cost
- D) fixed cost

Answer: <https://biology-forums.com/index.php?topic=267557>

Question 509

How much cash will be paid to suppliers in March?

- A) \$46,400
- B) \$56,000
- C) \$88,000
- D) \$92,000

Answer: <https://biology-forums.com/index.php?topic=267221>

Question 510

In product-mix decisions, managers should _____.

- A) always focus on maximizing total contribution margin
- B) only focus on the product with the greatest contribution margin per machine-hour

C) only focus on the full costs of the product
D) always focus on maximizing the selling price of the product
Answer: <https://biology-forums.com/index.php?topic=267739>

Question 511

Which of the following is a fixed cost for an automobile manufacturing plant?

- A) administrative salaries
- B) electricity used by assembly-line machines
- C) sales commissions
- D) tires

Answer: <https://biology-forums.com/index.php?topic=266650>

Question 512

Sensitivity analysis helps managers evaluate risks _____.

- A) by showing the effects of changes to the original data or an underlying assumption
- B) by identifying inconsistencies in underlying assumptions and actual conditions
- C) by removing the effects of foreign currency exposure and other uncontrollable factors
- D) by identifying gaps in the production process using information on setups needed to manufacture products

Answer: <https://biology-forums.com/index.php?topic=267181>

Question 513

What is the average manufacturing cost per unit?

- A) \$11.00
- B) \$9.00
- C) \$11.25
- D) \$11

Answer: <https://biology-forums.com/index.php?topic=266674>

Question 514

Which of the following statements is true about analyzing a single variance?

- A) It should be overemphasized to take proper decision.
- B) It should be evaluated in isolation from other variances.
- C) It can lead to different other variances.
- D) It should be used for quality evaluation.

Answer: <https://biology-forums.com/index.php?topic=267309>

Question 515

Budgets should _____.

- A) be flexible
- B) be administered rigidly
- C) only be developed for short periods of time
- D) include only variable costs

Answer: <https://biology-forums.com/index.php?topic=267120>

Question 516

Which of the following statements is a disadvantage of balanced scorecards?

- A) Balanced scorecards ignore short-run objectives.
- B) Balanced scorecards may become unwieldy and difficult to understand.
- C) Balanced scorecards use a lot of nonfinancial measures.
- D) Balanced scorecards are of little use in influencing managerial behavior.

Answer: <https://biology-forums.com/index.php?topic=267828>

Question 517

Direct materials are \$600, direct labor is \$150, variable overhead costs are \$450, and fixed overhead costs are \$300. The cost of one unit is _____.

- A) \$450
- B) \$750
- C) \$1200
- D) \$1500

Answer: <https://biology-forums.com/index.php?topic=267696>

Question 518

What is the distinction between normal and abnormal spoilage?

Answer: <https://biology-forums.com/index.php?topic=268369>

Question 519

Gracius Manufacturing is approached by a European customer to fulfill a one-time-only special order for a product similar to one offered to domestic customers. Gracius Manufacturing has a policy of adding a 10% markup to full costs and currently has excess capacity. The following per unit data apply for sales to regular customers:

Variable costs:

Direct materials \$30

Direct labor 10

Manufacturing overhead 20

Marketing costs 10

Fixed costs:

Manufacturing overhead 100

Marketing costs 20

Total costs 190

Markup (10% of total costs) 19

Estimated selling price \$209

If the European customer wanted a long-term commitment, and not a one-time-only special order, for supplying this product, calculate the most likely price to be quoted assuming the markup remains same?

A) \$70.00

B) \$190.00

C) \$209.00

D) \$239.00

Answer: <https://biology-forums.com/index.php?topic=267914>

Question 520

Which of the following is a learning-curve model?

A) the cumulative average-time learning model and the incremental unit-time learning model

B) the simple regression model and the multiple regression model

C) the multicollinearity learning model and the goodness of fit learning model

D) the account analysis learning model and the conference learning method model

Answer: <https://biology-forums.com/index.php?topic=267630>

Question 521

Standard cost per output unit for each variable direct cost input is calculated by multiplying _____.

A) standard input allowed for one output unit by standard price per input unit

B) standard input allowed for one output unit by actual price per input unit

C) actual input allowed for one output unit by standard price per input unit

D) actual input allowed for one output unit by actual price per input unit

Answer: <https://biology-forums.com/index.php?topic=267277>

Question 522

Classifying a cost as either direct or indirect depends upon _____.

A) the behavior of the cost in response to volume changes

B) whether the cost is expensed in the period in which it is incurred

C) whether the cost can be easily traced with the cost object

D) whether a cost is fixed or variable

Answer: <https://biology-forums.com/index.php?topic=266632>

Question 523

Advocates of throughput costing maintain that _____.

A) both variable and fixed are necessary to produce goods; therefore, both types of costs should be inventoried

B) all manufacturing costs plus some design costs should be inventoried

C) fixed manufacturing costs are related to the capacity to produce rather than to the actual production of specific units

D) except direct labor no other costs are truly variable in output

Answer: <https://biology-forums.com/index.php?topic=267508>

Question 524

Costs that are initially recorded as assets and expensed when goods sold are called _____.

- A) period costs
- B) inventoriable costs
- C) irrelevant costs
- D) research and development costs

Answer: <https://biology-forums.com/index.php?topic=266711>

Question 525

Assume 100,000 pounds are transferred from the Manufacturing Division to the Distribution Division for a transfer price of \$8.00 per pound. The Distribution Division sells the 100,000 pounds at a price of \$11.00 each to customers. What is the operating income of both divisions together?

- A) \$200,000
- B) \$300,000
- C) \$400,000
- D) \$500,000

Answer: <https://biology-forums.com/index.php?topic=268738>

Question 526

Discontinuing an unprofitable customer _____.

- A) will eliminate all corporate costs assigned to and may result in losing more revenues relative to costs saved
- B) will eliminate all costs assigned to and may result in gaining more revenues relative to costs saved
- C) will not eliminate all costs assigned to and may result in losing more revenues relative to costs saved
- D) will not eliminate all corporate costs assigned to and may result in gaining more revenues relative to costs saved

Answer: <https://biology-forums.com/index.php?topic=268023>

Question 527

What are the period costs per unit associated with Product DCT121?

- A) \$4
- B) \$16
- C) \$21
- D) \$52

Answer: <https://biology-forums.com/index.php?topic=266724>

Question 528

_____ provides the lowest estimate of denominator-level capacity in case demand of the product is not a limiting factor.

- A) Practical capacity
- B) Theoretical capacity
- C) Master-budget capacity utilization
- D) Normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267524>

Question 529

You have been employed as an entry-level management accountant for a little under a year. You suspect that your immediate supervisor is involved in a significant fraud involving diverting of company assets to personal use. Briefly describe the steps you might take to resolve this dilemma.

Answer: <https://biology-forums.com/index.php?topic=266616>

Question 530

_____ are subtracted from sales to calculate gross margin.

- A) Variable manufacturing costs
- B) Fixed administrative costs
- C) Variable administrative costs
- D) Fixed selling costs

Answer: <https://biology-forums.com/index.php?topic=267459>

Question 531

A company has a policy "investigate all variances exceeding \$3,000 or 15% of the budgeted cost, whichever is lower." There is a variance of \$2,000 in repair and maintenance costs of \$12,000. What does the company do in the given situation?

- A) It should be ignored as it is less than \$3,000.

- B) It deserves more attention as it is more than 15% of total repair cost.
- C) It should be considered an in-control occurrence.
- D) It should be investigated as all variances are equally important.

Answer: <https://biology-forums.com/index.php?topic=267315>

Question 532

Traditional normal and standard costing systems use _____.

- A) backflush costing
- B) delayed costing
- C) variable tracking
- D) sequential tracking

Answer: <https://biology-forums.com/index.php?topic=268595>

Question 533

Activity-based costing information can be used for _____.

- A) product-mix decisions
- B) pricing decisions
- C) advertisement decisions
- D) inventory valuation

Answer: <https://biology-forums.com/index.php?topic=267077>

Question 534

Which of the following is true if a slope coefficient in a cost function is decreased from the last year?

- A) fixed cost per unit has decreased
- B) variable cost per unit has decreased
- C) production has decreased
- D) contribution margin has decreased

Answer: <https://biology-forums.com/index.php?topic=267612>

Question 535

A job that shows low profitability may be the result of _____.

- A) excessive usage of direct materials
- B) inefficient direct manufacturing labor
- C) overpricing the job
- D) insurance claim of the damaged goods

Answer: <https://biology-forums.com/index.php?topic=266898>

Question 536

Make a list of steps of designing an accounting based performance measure. Give example of decisions taken under each step.

Answer: <https://biology-forums.com/index.php?topic=268802>

Question 537

Which of the following statements is true of a balanced scorecard?

- A) The balanced scorecard reduces managers' emphasis on long-run financial performance.
- B) The balanced scorecard reduces managers' emphasis on short-run financial performance.
- C) The primary goal of using the balanced scorecard is to sustain short-run financial performance.
- D) The primary goal of using the balanced scorecard is to sustain short-run nonfinancial performance.

Answer: <https://biology-forums.com/index.php?topic=267807>

Question 538

The effect of spreading fixed manufacturing costs over a shrinking master-budget capacity utilization amount results in _____.

- A) greater utilization of capacity
- B) increased unit costs
- C) more competitive selling prices
- D) greater demand for the product

Answer: <https://biology-forums.com/index.php?topic=267538>

Question 539

Marshall Company uses a standard cost system. In April, \$266,000 of variable manufacturing overhead costs were incurred and the flexible-budget

amount for the month was \$300,000. Which of the following variable manufacturing overhead entries would have been recorded for March?

- A) Accounts Payable Control and other accounts 300,000
Work-in-Process Control 300,000
- B) Variable Manufacturing Overhead Allocated 300,000
Accounts Payable and other accounts 300,000
- C) Work-in-Process Control 266,000
Accounts Payable Control and other accounts 266,000
- D) Variable Manufacturing Overhead Control 266,000
Accounts Payable Control and other accounts 266,000

Answer: <https://biology-forums.com/index.php?topic=267375>

Question 540

How many ticket packages will Ruben need to sell in order to achieve \$60,000 of operating income?

- A) 367 packages
- B) 434 packages
- C) 1,100 packages
- D) 1,300 packages

Answer: <https://biology-forums.com/index.php?topic=266805>

Question 541

Which of the following can be a reason for a favorable price variance for direct materials?

- A) a decrease in the price of materials due to an oversupply of materials
- B) an unexpected increase in the price of materials
- C) less amount of material used during production than planned for actual output
- D) workers taking less time to produce the products

Answer: <https://biology-forums.com/index.php?topic=267281>

Question 542

Which of the following is a stage of the capital budgeting process that determines which investment yields the greatest benefit and the least cost to an organization?

- A) make decisions by choosing among alternatives stage
- B) make predictions stage
- C) identify projects stage
- D) implement the decision, evaluate performance, and learn stage

Answer: <https://biology-forums.com/index.php?topic=268617>

Question 543

For every \$25,000 of ticket packages sold, operating income will increase by _____.

- A) \$6,250
- B) \$12,500
- C) \$18,750
- D) \$15,000

Answer: <https://biology-forums.com/index.php?topic=266806>

Question 544

Team incentives encourage cooperation by _____.

- A) identifying an efficient and a nonefficient employee
- B) enhancing the incentives of individual employees leading to overall positive performance
- C) letting individuals help one another as they strive toward a common goal
- D) rewarding all teams by the same margin

Answer: <https://biology-forums.com/index.php?topic=268866>

Question 545

Technical consideration _____.

- A) help managers make wise economic decisions by providing them with the desired information
- B) focus on encouraging individuals to do their jobs better
- C) focus on compensating the managers for good performance
- D) emphasize on different costs for different purposes

Answer: <https://biology-forums.com/index.php?topic=266588>

Question 546

The gross-margin format is used for _____.

- A) variable costing income statement
- B) mixed costing income statement
- C) absorption costing income statement
- D) standard costing income statement

Answer: <https://biology-forums.com/index.php?topic=267455>

Question 547

Operating income reported on the end-of-period financial statements is changed when _____ is used to handle the production-volume variance at the end of the accounting period.

- A) the adjusted allocation-rate approach
- B) the proration approach
- C) the write-off variances to cost of goods sold approach
- D) the reinstatement approach

Answer: <https://biology-forums.com/index.php?topic=267540>

Question 548

If the byproduct inventory is recorded at NRV less profit margin of 20%, the balance sheet will report _____ of byproduct inventory.

- A) \$375
- B) \$0
- C) \$1,500
- D) \$300

Answer: <https://biology-forums.com/index.php?topic=268256>

Question 549

What is the amount of fixed overhead allocated to production?

- A) \$252,000
- B) \$257,000
- C) \$256,250
- D) \$244,000

Answer: <https://biology-forums.com/index.php?topic=267395>

Question 550

A price variance reflects the difference between _____.

- A) a standard input price in a company and its competitor
- B) an actual input price used last period and current period
- C) an actual input price used in a company and its competitor
- D) an actual input price and a budgeted input price

Answer: <https://biology-forums.com/index.php?topic=267276>

Question 551

The cost function $y = 10,000 + 3X$ _____.

- A) represents a mixed cost
- B) will intersect the y-axis at 3
- C) has a slope coefficient of 10,000
- D) is a curved line

Answer: <https://biology-forums.com/index.php?topic=267565>

Question 552

Unfavorable direct material price variances are _____.

- A) always credits
- B) always debits
- C) credited to the Materials Control account
- D) credited to the Accounts Payable Control account

Answer: <https://biology-forums.com/index.php?topic=267291>

Question 553

Lean accounting is much simpler than traditional product costing because _____.

- A) it compares value stream costs against costs that include costs of all purchased materials
- B) it computes the cost of individual products
- C) calculating actual product costs by value streams requires less overhead allocation
- D) adding a larger markup on value stream costs to compensate for some of the excluded costs is easier than tracing all non value added costs

Answer: <https://biology-forums.com/index.php?topic=268611>

Question 554

The cost components of a heater include \$30 for the compressor, \$10 for the sheet molded compound frame, and \$75 per unit for assembly. The factory machines and tools cost is \$60,000. The company expects to produce 1,000 heaters in the coming year. What cost function best represents these costs?

- A) $y = 60,000 + 115X$
- B) $y = 1,000 + 60,000X$
- C) $y = 60,000 + 1,000X$
- D) $y = 1,000 + 115X$

Answer: <https://biology-forums.com/index.php?topic=267559>

Question 555

If unit outputs exceed the breakeven point _____.

- A) there will be an increase in fixed costs
- B) total sales revenue will exceed fixed costs
- C) total sales revenue will exceed variable costs
- D) there will be a profit

Answer: <https://biology-forums.com/index.php?topic=266800>

Question 556

Which of the following is a part of the formal management control system?

- A) mutual commitments among the members of the organization
- B) the quality system which provides information about defective products
- C) shared values and loyalties among the members of the organization
- D) general understanding about acceptable behavior for managers

Answer: <https://biology-forums.com/index.php?topic=268698>

Question 557

The total amount of indirect costs assigned to product SR6 using the traditional method is _____ the total amount assigned using ABC.

- A) more than
- B) less than
- C) identical to
- D) None of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=267069>

Question 558

Which of the following costs is inventoried when using absorption costing?

- A) variable selling costs
- B) fixed administrative costs
- C) variable manufacturing costs
- D) fixed selling costs

Answer: <https://biology-forums.com/index.php?topic=267438>

Question 559

You are the chief financial officer of a lumber mill, and you are becoming quite concerned about the spoilage, scrap, and reworked items associated with your production processes. Your firm produces mainly products for the building industry.

Required:

Discuss the problems associated with these items and the methods your company can use to reduce spoilage, scrap, and reworked items.

Answer: <https://biology-forums.com/index.php?topic=268430>

Question 560

When the selling prices of all products at the splitoff point are unavailable, the _____ is the best alternative for allocating joint costs.

- A) sales value at splitoff method
- B) NRV method

- C) physical measures method
- D) constant gross-margin percentage method

Answer: <https://biology-forums.com/index.php?topic=268237>

Question 561

When evaluating a make-or-buy decision, which of the following needs to be considered?

- A) alternative uses of the production capacity
- B) the original cost of the production equipment
- C) pension costs to the current employees
- D) material-handling costs that cannot be eliminated

Answer: <https://biology-forums.com/index.php?topic=267714>

Question 562

Vital Industries manufactured 1,200 units of its product Huge in the month of April. It incurred a total cost of \$120,000 during the month. Out of this \$120,000, \$45,000 comprised of direct materials used in the product and the rest was incurred because of the conversion cost involved in the process. Ryan had no opening or closing inventory. What will be the total cost per unit of the product, assuming conversion costs contained \$10,000 of indirect labor?

- A) \$100
- B) \$90
- C) \$70
- D) \$30

Answer: <https://biology-forums.com/index.php?topic=268275>

Question 563

Which of the following statements is true of ABC systems?

- A) ABC systems provide less insight than traditional systems into the management of the indirect costs.
- B) ABC systems are used by managers for strategic decisions rather than for inventory valuation in merchandising companies.
- C) Service companies find great value from ABC because a vast majority of their cost structure is composed of direct costs.
- D) ABC systems is valuable for pricing decisions but not for understanding, managing, and reducing costs in government institutions.

Answer: <https://biology-forums.com/index.php?topic=267085>

Question 564

Which of the following is an advantage of using full cost of the product as the cost base?

- A) Managers are informed regarding the minimum long-run cost they need to recover to stay in business.
- B) Using the full cost of the product as a basis for pricing increases the temptation to cut prices below full costs.
- C) Fixed cost allocations can be arbitrary while using full cost of the product as the cost base.
- D) It requires a detailed analysis of cost behavior for computations and hence promotes a better understanding of the cost behavior.

Answer: <https://biology-forums.com/index.php?topic=267972>

Question 565

To recognize the disposal value of normal spoilage, _____.

- A) Manufacturing Overhead Control account is debited with spoiled goods at current net disposal value.
- B) Materials Control account is debited with spoiled goods at current net disposal value.
- C) Work-in-Process Control account is debited with spoiled goods at current net disposal value.
- D) Manufacturing Overhead Control account is credited with spoiled goods at current net disposal value.

Answer: <https://biology-forums.com/index.php?topic=268411>

Question 566

Which of the following statements about a company's supply chain is true?

- A) A company's supply chain is always internal to a firm.
- B) A company's supply chain is always external to a firm.
- C) A company's supply chain is the same thing as a company's value chain.
- D) Management accountants provide information to enhance a company's supply chain.

Answer: <https://biology-forums.com/index.php?topic=266560>

Question 567

The budgeted direct-labor cost rate includes _____.

- A) budgeted total costs in indirect cost pool
- B) budgeted total direct-labor costs in the denominator
- C) budgeted total direct-labor costs in the numerator

D) budgeted total direct-labor hours in the numerator

Answer: <https://biology-forums.com/index.php?topic=266988>

Question 568

The sales forecast should be primarily based on _____.

- A) statistical analysis
- B) input from sales managers and sales representatives
- C) production capacity
- D) input from the board of directors

Answer: <https://biology-forums.com/index.php?topic=267131>

Question 569

Interactive control systems _____.

- A) articulate the mission, purpose, and core values of a company
- B) describe standards of behavior and codes of conduct expected of all employees and help in achieving the maximum benefit
- C) are formal information systems managers use to focus the company's attention and learning on key strategic issues
- D) describe the geographic limits of a company and help organize its layout

Answer: <https://biology-forums.com/index.php?topic=268875>

Question 570

Under activity-based costing, what is the amount of machine maintenance costs allocated to the Mossman Job?

- A) \$206.00
- B) \$206.25
- C) \$206.75
- D) \$206.50

Answer: <https://biology-forums.com/index.php?topic=267024>

Question 571

Manufacturing cycle times affect both revenues and costs. Explain.

Answer: <https://biology-forums.com/index.php?topic=268514>

Question 572

What is budgeted sales for 2016?

- A) \$291,200
- B) \$246,330
- C) \$302,400
- D) \$322,000

Answer: <https://biology-forums.com/index.php?topic=267185>

Question 573

Which of the following is a period cost?

- A) sales promotion expenses
- B) direct material cost
- C) direct labor cost
- D) indirect manufacturing costs like plant insurance

Answer: <https://biology-forums.com/index.php?topic=266702>

Question 574

Which of the following is also called required rate of return?

- A) hurdle rate
- B) total cost rate
- C) variance rate
- D) predetermined overhead rate

Answer: <https://biology-forums.com/index.php?topic=268631>

Question 575

Which of the following companies is most likely to use an operation-costing system?

- A) a company involved in manufacture of ball bearing on a large scale
- B) a company that has been awarded a contract to construct a bridge for the government

C) a company that makes suits for which the basic design is same, but depending on specifications, each batch of suits varies somewhat from other batches

D) a furniture making company which makes furnitures as per the specifications of the customers

Answer: <https://biology-forums.com/index.php?topic=268337>

Question 576

Management accounting information helps managers calculate a target cost for a product _____.

A) by subtracting from the target price the operating income per unit of product that the company wants to earn

B) by subtracting from the target price the net income per unit of product that the company wants to earn

C) by subtracting profit margin per unit from the target price of product that the company wants to earn

D) by adding the operating income per unit and the contribution margin per unit

Answer: <https://biology-forums.com/index.php?topic=266561>

Question 577

If there is excess capacity, which model is the most profitable to produce?

A) Model X

B) Model Y

C) Model Z

D) Both Model X and Model Y have same and highest profitability

Answer: <https://biology-forums.com/index.php?topic=267742>

Question 578

Which of the following is true of master budgets?

A) They include only financial aspects of a plan and exclude nonfinancial aspects.

B) They aid in coordinating what needs to be done to implement a plan.

C) They aid in quantifying the expectations of all stakeholders.

D) They must be administered rigidly after they are committed to.

Answer: <https://biology-forums.com/index.php?topic=267098>

Question 579

A segment has the following data:

Sales \$630,000

Variable costs 336,000

Fixed costs 325,500

What will be the incremental effect on net income if this segment is eliminated, assuming the fixed costs will be allocated to profitable segments?

A) \$304,500 increase

B) \$304,000 decrease

C) \$294,000 decrease

D) \$325,500 decrease

Answer: <https://biology-forums.com/index.php?topic=267762>

Question 580

The journal entry to record the materials placed into production would include a _____.

A) credit to Direct Materials Inventory for \$82,000

B) debit to Direct Materials Inventory for \$148,000

C) credit to WIP Inventory for \$82,000

D) debit to WIP Inventory for \$148,000

Answer: <https://biology-forums.com/index.php?topic=266958>

Question 581

How many chairs were in inventory at the beginning of the month? Conversion costs are incurred uniformly over the production cycle.

A) 8,000 chairs

B) 18,000 chairs

C) 38,000 chairs

D) 48,000 chairs

Answer: <https://biology-forums.com/index.php?topic=268311>

Question 582

In general, profit potential of an organization decreases with _____.

A) lesser competition and stronger potential entrants

- B) greater competition and stronger potential entrants
- C) lesser competition and weaker potential entrants
- D) greater competition and weaker potential entrants

Answer: <https://biology-forums.com/index.php?topic=267788>

Question 583

_____ is the process of distributing indirect costs to products.

- A) Cost allocation
- B) Job cost recording
- C) Cost pooling
- D) Cost tracing

Answer: <https://biology-forums.com/index.php?topic=266879>

Question 584

_____ reduces theoretical capacity for unavoidable operating interruptions.

- A) Practical capacity
- B) Theoretical capacity
- C) Master-budget capacity utilization
- D) Normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267517>

Question 585

Finished goods inventory would normally include _____.

- A) direct materials in stock and awaiting use in the manufacturing process
- B) goods partially worked on but not yet fully completed
- C) goods fully completed but not yet sold
- D) goods returned after being sold to be re-worked on further improvements and quality

Answer: <https://biology-forums.com/index.php?topic=266701>

Question 586

What is the breakeven point, assuming the sales mix consists of three units of Product A and one unit of Product B?

- A) 10,000 units of A and 5,000 units of B
- B) 11,250 units of A and 3,750 units of B
- C) 12,000 units of A and 4,000 units of B
- D) 4,000 units of A and 12,000 units of B

Answer: <https://biology-forums.com/index.php?topic=266853>

Question 587

Benchmarking is a process _____.

- A) in which overhead costs are absorbed into units of output, or 'jobs'
- B) in which a firm's performance levels are compared against the best levels of performance in competing companies or in companies having similar processes
- C) which is based on calculating the breakeven point and analyzing the consequences of changes in various factors calculating the breakeven point
- D) in which the underlying processes of an organization is optimized using a systematic approach to achieve more efficient goals

Answer: <https://biology-forums.com/index.php?topic=267322>

Question 588

Which of the following is included in an explicit written contract for cost allocation?

- A) resource allocation for the budgeted costs
- B) the rate at which the company should be taxed upon
- C) permissible cost-allocation bases
- D) profit that the company must earn

Answer: <https://biology-forums.com/index.php?topic=268143>

Question 589

Overcosting a particular product may result in _____.

- A) loss of market share
- B) pricing the product too low
- C) operating efficiencies
- D) understating total product costs

Answer: <https://biology-forums.com/index.php?topic=266995>

Question 590

How is inflation related to capital budgeting? Discuss.

Answer: <https://biology-forums.com/index.php?topic=268696>

Question 591

To complete the first setup on a new machine took an employee 300 minutes. Using an 85% cumulative average-time learning curve indicates that the second setup on the new machine is expected to take _____.

- A) 127.50 minutes
- B) 210 minutes
- C) 277.50 minutes
- D) 255 minutes

Answer: <https://biology-forums.com/index.php?topic=267626>

Question 592

The cost allocation base _____.

- A) is a grouping of individual indirect cost items
- B) are costs related to a particular cost object that cannot be traced to that cost object in an economically feasible way
- C) is anything for which a measurement of costs is desired
- D) is a systematic way to link an indirect cost or group of indirect costs to cost objects

Answer: <https://biology-forums.com/index.php?topic=266882>

Question 593

The amount of markup percentage is usually higher if _____.

- A) there is idle capacity
- B) demand is strong
- C) competition is intense
- D) demand is elastic

Answer: <https://biology-forums.com/index.php?topic=267969>

Question 594

What is the balance in ending work-in-process inventory?

- A) \$25,500
- B) \$19,250
- C) \$15,600
- D) \$14,175

Answer: <https://biology-forums.com/index.php?topic=268346>

Question 595

If there is a machine breakdown, which model is the most profitable to produce?

- A) Model X
- B) Model Y
- C) Model Z
- D) Both Model X and Model Y have same and highest profitability

Answer: <https://biology-forums.com/index.php?topic=267743>

Question 596

Aerated Water Company makes internal transfers at 180% of full cost. The Soda Refining Division purchases 30,000 containers of carbonated water per day, on average, from a local supplier, who delivers the water for \$30 per container via an external shipper. To reduce costs, the company located an independent supplier in Missouri who is willing to sell 30,000 containers at \$22 each, delivered to Aerated Water Company's Shipping Division in Missouri. The company's Shipping Division in Missouri has excess capacity and can ship the 30,000 containers at a variable cost of \$1.50 per container. What is the total cost to Aerated Water Company if the carbonated water is purchased from the local supplier?

- A) \$900,000
- B) \$1,200,000
- C) \$1,501,000
- D) \$1,620,000

Answer: <https://biology-forums.com/index.php?topic=268758>

Question 597

If indirect-cost rates are calculated monthly, distortions might occur because of _____.

- A) rental costs paid monthly
- B) property tax payments made in July and December
- C) routine monthly preventive-maintenance costs that benefit future months
- D) salary hikes at the beginning of the financial year

Answer: <https://biology-forums.com/index.php?topic=266904>

Question 598

In making product mix and pricing decisions, managers should focus on _____.

- A) total costs
- B) unit costs
- C) variable costs
- D) manufacturing costs

Answer: <https://biology-forums.com/index.php?topic=266667>

Question 599

More insight into the sales-volume variance can be gained by subdividing it into _____.

- A) the sales-mix variance and the sales-quantity variance
- B) the market-share variance and the sales-mix variance
- C) the flexible-budget variance and the market-size variance
- D) the flexible-budget variance and the sales-mix variance

Answer: <https://biology-forums.com/index.php?topic=268072>

Question 600

What is the flexible-budget amount?

- A) \$248,033
- B) \$252,000
- C) \$248,000
- D) \$279,000

Answer: <https://biology-forums.com/index.php?topic=267369>

Question 601

An unfavorable price variance for direct materials might indicate _____.

- A) that the purchasing manager purchased in smaller quantities due to a change to just-in-time inventory methods
- B) congestion due to scheduling problems
- C) that the purchasing manager skillfully negotiated a better purchase price
- D) that the market had an unexpected oversupply of those materials

Answer: <https://biology-forums.com/index.php?topic=267283>

Question 602

A unit cost is computed by _____.

- A) multiplying total cost by the number of units produced
- B) dividing total cost by the number of units produced
- C) dividing variable cost by the number of units produced
- D) dividing fixed cost by the number of units produced

Answer: <https://biology-forums.com/index.php?topic=266666>

Question 603

An advantage of a negotiated transfer price is the _____.

- A) close relationship between the negotiated price and the market price
- B) negotiated transfer price preserves divisional autonomy
- C) negotiations usually do not require much time and energy
- D) simplicity of its computations and close approximation to market price

Answer: <https://biology-forums.com/index.php?topic=268766>

Question 604

What is the value of the operating assets belonging to the Tiller Division?

- A) \$ 10,000,000
- B) \$ 12,000,000
- C) \$ 14,400,000
- D) \$ 15,000,000

Answer: <https://biology-forums.com/index.php?topic=268823>

Question 605

Which of the following is an assumption of linear programming?

- A) Average variable costs remain constant throughout the year.
- B) Opportunity costs are irrelevant in decision making.
- C) Few sunk costs are relevant in decision making.
- D) All costs are either variable or fixed for a single cost driver.

Answer: <https://biology-forums.com/index.php?topic=267781>

Question 606

In each of the following industries, identify possible joint (or severable) products at the splitoff point.

- a. Coal
- b. Petroleum
- c. Dairy
- d. Lamb
- e. Lumber
- f. Cocoa Beans
- g. Christmas Trees
- h. Salt
- i. Cowhide

Answer: <https://biology-forums.com/index.php?topic=268177>

Question 607

Top management faces a persistent challenge to make sure that the performance evaluation model of lower level managers is _____.

- A) focused on short-term performance
- B) based solely on quantitative factors
- C) consistent with the decision model
- D) based solely on qualitative factors

Answer: <https://biology-forums.com/index.php?topic=267777>

Question 608

The Standards of Ethical Conduct for management accountants include concepts related to _____.

- A) competence, performance, diligence, and reporting
- B) competence, confidentiality, integrity, and credibility
- C) experience, diligence, reporting, and objectivity
- D) diligence, objectivity, conflicts of interest, and credibility

Answer: <https://biology-forums.com/index.php?topic=266606>

Question 609

As per control charts, nonrandom variations occurs when _____.

- A) there is a sudden increase in production
- B) chance fluctuations in the speed of equipment cause defective products to be produced
- C) defective products are produced as a result of a systematic problem
- D) there is a sudden increase in sales

Answer: <https://biology-forums.com/index.php?topic=268458>

Question 610

_____ refers to an organization's ability to achieve lower costs relative to competitors through productivity and efficiency improvements, elimination of waste, and tight cost control.

- A) Marketing strategy
- B) Product differentiation
- C) Cost leadership
- D) Competitor differentiation

Answer: <https://biology-forums.com/index.php?topic=267792>

Question 611

Luke employs 20 professional cleaners. Budgeted costs total \$1,800,000 of which \$1,550,000 is direct costs. Budgeted indirect costs are \$750,000 and actual indirect costs were \$795,800. Budgeted professional labor-hours are 1,000,000 and actual hours were 1,218,000. What is the budgeted direct cost-allocation rate?

- A) \$1.80 per hour
- B) \$1.7857 per hour
- C) \$0.75 per hour
- D) \$1.55 per hour

Answer: <https://biology-forums.com/index.php?topic=266987>

Question 612

The tariffs and customs duties governments levy on imports of products into a country also affect the transfer pricing practices of multinationals.

Answer: <https://biology-forums.com/index.php?topic=268788>

Question 613

What are the physical-volume proportions for products Standard and Premium, respectively?

- A) 60.00% and 40.00%
- B) 55.00% and 45.00%
- C) 60.61% and 39.39%
- D) 54.00% and 46.00%

Answer: <https://biology-forums.com/index.php?topic=268207>

Question 614

The Internal Revenue Service requires the use of _____ for calculating fixed manufacturing costs per unit.

- A) practical capacity
- B) theoretical capacity
- C) master-budget capacity utilization
- D) normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267542>

Question 615

Which of the following is an advantage of internal rate of return method?

- A) Sum of IRRs of individual projects gives an IRR of a combination or portfolio of projects.
- B) The percentage returns computed under the IRR method are easy to understand and compare.
- C) It can be expressed as a unique number.
- D) It can be used when the required rate of return varies over the life of a project.

Answer: <https://biology-forums.com/index.php?topic=268657>

Question 616

Breakeven point in units is _____.

- A) total costs divided by profit margin per unit
- B) contribution margin per unit divided by total cost per unit
- C) fixed costs divided by contribution margin per unit
- D) the sum of fixed and variable costs divided by contribution margin per unit

Answer: <https://biology-forums.com/index.php?topic=266794>

Question 617

_____ is the practice of charging a higher price for the same product or service when demand approaches the physical limit of the capacity to produce that product or service.

- A) Price discrimination
- B) Peak-load pricing
- C) Demand-based pricing
- D) Customer preference pricing

Answer: <https://biology-forums.com/index.php?topic=267990>

Question 618

Which of the following statements is true of the cost of producing a product?

- A) It controls pricing in highly competitive markets.

- B) It affects the willingness of a company to supply a product.
- C) It includes manufacturing costs, but not product design costs for pricing decisions.
- D) It is not a factor to be taken into account while pricing a product.

Answer: <https://biology-forums.com/index.php?topic=267902>

Question 619

Discuss the issues and complications that may arise when multinational corporations conduct performance measurement and comparisons among divisions located in different countries.

Answer: <https://biology-forums.com/index.php?topic=268860>

Question 620

Which of the following statements is true of performance reports?

- A) The performance report shows actual performance as compared to the budget.
- B) The performance report depicts the performance of a firm's competitors.
- C) The performance report compares only the budgeted performance over the years.
- D) The performance report contains no actual results due to confidentiality.

Answer: <https://biology-forums.com/index.php?topic=266578>

Question 621

What is the target cost for each interior door?

- A) \$288
- B) \$240
- C) \$192
- D) \$48

Answer: <https://biology-forums.com/index.php?topic=267945>

Question 622

Under the incremental method of allocating common costs _____.

- A) the parties are interested in being viewed as primary users
- B) each party bears a proportionate share of the total costs in relation to their individual stand-alone costs
- C) the first-incremental user bears a higher proportion of the cost in comparison with the primary user
- D) the primary user bears the maximum of the total cost

Answer: <https://biology-forums.com/index.php?topic=268135>

Question 623

Which of the following statements is true of Skizone's overhead variances?

- A) Budgeted variable overhead rate is higher than actual variable overhead rate.
- B) Static fixed overhead amount is higher than flexible fixed overhead amount.
- C) Budgeted variable overhead rate is lower than actual variable overhead rate.
- D) Static fixed overhead amount is lower than flexible fixed overhead amount.

Answer: <https://biology-forums.com/index.php?topic=267415>

Question 624

Craylon Corp sells two products X and Y. X sells for \$200 and Y sells for \$150. Both X and Y sell for \$300 as a bundle. What is the revenue allocated to product Y, if product X is termed as the primary product in the bundle?

- A) \$100
- B) \$128.50
- C) \$110
- D) \$112.85

Answer: <https://biology-forums.com/index.php?topic=268159>

Question 625

Managers who feel that top management does not believe in the budget are most likely to _____.

- A) pick up the slack and participate in the budgeting process
- B) to face little interference in the day-to-day aspects of running the business
- C) be inactive participants in the budgeting process
- D) convert the budget to a shorter more reasonable time period

Answer: <https://biology-forums.com/index.php?topic=267117>

Question 626

The chart used to express customer profitability is called the whale curve because _____.

- A) it is forward-bending at the point where customers start to become profitable and thus resembles a humpback whale
- B) it is forward-bending at the point where customers start to become unprofitable and thus resembles a humpback whale
- C) it is backward-bending at the point where customers start to become profitable and thus resembles a humpback whale
- D) it is backward-bending at the point where customers start to become unprofitable and thus resembles a humpback whale

Answer: <https://biology-forums.com/index.php?topic=268022>

Question 627

Pet Products Company uses an automated process to manufacture its pet replica products. For June, the company had the following activities:

Beginning work in process inventory 4,500 items, 1/4 complete

Units placed in production 15,000 units

Units completed 17,500 units

Ending work in process inventory 2,000 items, 3/4 complete

Cost of beginning work in process \$5,250

Direct material costs, current \$16,500

Conversion costs, current \$23,945

Direct materials are placed into production at the beginning of the process and conversion costs are incurred evenly throughout the process.

Required:

Prepare a production cost worksheet using the FIFO method.

Answer: <https://biology-forums.com/index.php?topic=268330>

Question 628

The only product of a company has an annual demand of 14,000 units. The cost of placing an order is \$70 and the cost of carrying one unit in inventory for one year is \$20.

Required:

Determine the economic order quantity.

Answer: <https://biology-forums.com/index.php?topic=268558>

Question 629

The most likely cost driver of direct labor costs is the _____.

- A) number of machine setups for the product
- B) number of miles driven
- C) number of production hours
- D) number of machine hours

Answer: <https://biology-forums.com/index.php?topic=266653>

Question 630

A \$5,000 unfavorable flexible-budget variance indicates that _____.

- A) the flexible-budget amount exceeded actual variable manufacturing overhead by \$5,000
- B) the actual variable manufacturing overhead exceeded the flexible-budget amount by \$5,000
- C) the flexible-budget amount exceeded standard variable manufacturing overhead by \$5,000
- D) the standard variable manufacturing overhead exceeded the flexible-budget amount by \$5,000

Answer: <https://biology-forums.com/index.php?topic=267344>

Question 631

If a computer manufacturer used its common stock price as a Balanced Scorecard control measure, it would represent the _____ perspective.

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

Answer: <https://biology-forums.com/index.php?topic=268703>

Question 632

What is the static-budget variance of revenues?

- A) \$105,000 favorable
- B) \$105,000 unfavorable
- C) \$8,000 favorable

D) \$8,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267239>

Question 633

The ending balance of work-in-process inventory is _____.

- A) \$438,500
- B) \$146,500
- C) \$130,000
- D) \$422,000

Answer: <https://biology-forums.com/index.php?topic=266960>

Question 634

The time required to get equipment, tools, and materials ready to start production is referred to as _____.

- A) setup time
- B) delivery time
- C) manufacturing-cycle time
- D) product design time

Answer: <https://biology-forums.com/index.php?topic=268585>

Question 635

"Management control systems consist of formal and informal control systems." Briefly explain the formal and informal management systems and enlist their components.

Answer: <https://biology-forums.com/index.php?topic=268708>

Question 636

How much will internal failure costs change if the internal product failures are reduced by 1/3 with the new procedures?

- A) \$22,500 decrease
- B) \$67,500 decrease
- C) \$500,000 decrease
- D) \$750,000 decrease

Answer: <https://biology-forums.com/index.php?topic=268473>

Question 637

Which of the following is an example of spoilage?

- A) short lengths from woodworking operations
- B) edges from plastic molding operations
- C) defective units of laptops detected after the production process but reworked before the units are sold as good products to customers
- D) defective aluminum cans sold to aluminum manufacturers for remelting to produce other aluminum products

Answer: <https://biology-forums.com/index.php?topic=268351>

Question 638

Homogeneous cost pool leads to _____.

- A) more accurate costs of a given cost object
- B) more resources being assigned to that cost object
- C) the need for more cost drivers
- D) the need for different cost allocation bases to allocate the costs

Answer: <https://biology-forums.com/index.php?topic=268052>

Question 639

Calculate and compare the difference in overall corporate net income of Branded Shoe Company between Scenario A and Scenario B if the Assembly Division sells 100,000 pairs of shoes for \$120 per pair to customers.

Scenario A: Negotiated transfer price of \$30 per pair of soles

Scenario B: Market-based transfer price

- A) \$1,000,000 more net income under Scenario A
- B) \$1,000,000 of net income using Scenario B
- C) \$200,000 of net income using Scenario A.
- D) The net income would be the same under both scenarios.

Answer: <https://biology-forums.com/index.php?topic=268741>

Question 640

A costing system that omits recording some or all of the journal entries relating to the cycle from purchase of direct materials to the sale of finished goods is called _____.

- A) dependent costing
- B) synchronous costing
- C) sequential costing
- D) backflush costing

Answer: <https://biology-forums.com/index.php?topic=268596>

Question 641

How can a company account for scrap? Include in your explanation a discussion of the two aspects of accounting for scrap.

Answer: <https://biology-forums.com/index.php?topic=268431>

Question 642

What are target sales revenues?

- A) \$960,000
- B) \$3,840,000
- C) \$4,800,000
- D) \$5,760,000

Answer: <https://biology-forums.com/index.php?topic=267942>

Question 643

To discourage unnecessary use of a support department, management might _____.

- A) allocate user department costs based upon support department usage
- B) allocate support department costs based upon user department usage
- C) allocate a fixed amount of support department costs to each and every department
- D) allocate a fixed amount of user department costs to each and every department

Answer: <https://biology-forums.com/index.php?topic=268109>

Question 644

Which of the following can be used to determine markup percentage in the case of cost-plus pricing?

- A) Target annual operating income / Invested capital
- B) Estimated annual dividend / Invested capital
- C) Target sales revenue / Target annual operating income
- D) Estimated annual dividend / Target annual operating income

Answer: <https://biology-forums.com/index.php?topic=267965>

Question 645

The flexible-budget variance for variable costs is _____.

- A) \$30,000 favorable
- B) \$31,000 unfavorable
- C) \$30,000 unfavorable
- D) \$48,000 favorable

Answer: <https://biology-forums.com/index.php?topic=267262>

Question 646

One possible means of determining the difference between operating incomes for absorption costing and variable costing is by _____.

- A) subtracting sales of the previous period from sales of this period
- B) subtracting fixed manufacturing overhead in beginning inventory from fixed manufacturing overhead in ending inventory
- C) multiplying the number of units produced by the budgeted fixed manufacturing cost rate
- D) adding fixed manufacturing costs to the production-volume variance

Answer: <https://biology-forums.com/index.php?topic=267466>

Question 647

A production process which involves spoilage and rework occurs in _____.

- A) the manufacture of high precision machine tools
- B) the manufacture of semiconductor units
- C) the manufacture of clothing

D) the mining industry

Answer: <https://biology-forums.com/index.php?topic=268353>

Question 648

What is the budgeted direct labor cost rate per hour?

- A) \$18.00 per hour
- B) \$17.50 per hour
- C) \$4.05 per hour
- D) \$2,000 per hour

Answer: <https://biology-forums.com/index.php?topic=266990>

Question 649

For decision making, a listing of the relevant costs _____.

- A) will help the decision maker concentrate on the pertinent data
- B) will only include historical costs
- C) will only include costs that are same among alternatives
- D) will include both sunk costs and opportunity costs

Answer: <https://biology-forums.com/index.php?topic=267658>

Question 650

Which of the following is true of cost-volume-profit analysis?

- A) The theory assumes that all costs are variable.
- B) The theory assumes that units manufactured equal units sold.
- C) The theory states that total variable costs remain the same over a relevant range.
- D) The theory states that total costs remain the same over the relevant range.

Answer: <https://biology-forums.com/index.php?topic=266775>

Question 651

A budget _____.

- A) is the qualitative expression of a proposed plan of action by management
- B) is an aid to coordinating what needs to be done to execute a plan
- C) helps in identifying problems and uncertainties
- D) promotes production automation

Answer: <https://biology-forums.com/index.php?topic=266570>

Question 652

Kaizen budgeting involves _____.

- A) large cost reductions
- B) management directed improvements
- C) continual small cost reductions
- D) continual small revenue increases

Answer: <https://biology-forums.com/index.php?topic=267206>

Question 653

Managers use cost-volume-profit (CVP) analysis to _____.

- A) forecast the cost of capital for a given period of time
- B) to study the behavior of and relationship among the elements such as total revenues, total costs, and income
- C) estimate the risks associated with a given job
- D) analyse a firm's profitability and help to decide wealth distribution among its stakeholders

Answer: <https://biology-forums.com/index.php?topic=266773>

Question 654

What is the proportion of variable costs to total costs?

- A) 45.00%
- B) 48.56%
- C) 53.56%
- D) 43.56%

Answer: <https://biology-forums.com/index.php?topic=266789>

Question 655

Kaiser Company just hired its fourth production manager in three years. All three previous managers had quit because they could not get the company above the break-even point, even though sales had increased somewhat each year. The company was operating at about 60 % of plant capacity. The flatware industry was growing, so increased sales were not out of the question.

I. R. Thinking took the job as manager of the production division with a very attractive salary package. After interviewing for the position, he proposed a salary and bonus package that would give him a very small salary but a large bonus if he took the operating income (using absorption costing) above the breakeven point during his very first year.

Required:

What do you think Mr. Thinking had in mind for increasing the company's operating income?

Answer: <https://biology-forums.com/index.php?topic=267501>

Question 656

Facility-sustaining costs are the costs of activities _____.

- A) undertaken to support individual products or services regardless of the number of units or batches in which the units are produced
- B) related to a group of units of a product or service rather than each individual unit of product or service
- C) that managers cannot trace to individual products or services but that support the organization as a whole
- D) performed on each individual unit of a product or service such as the cost of energy, machine depreciation, and repair

Answer: <https://biology-forums.com/index.php?topic=267033>

Question 657

To guide cost allocation decisions, the ability to bear criterion _____.

- A) is the primary criterion used in activity-based costing
- B) allocates cost among the beneficiaries in proportion to the benefits each receives.
- C) results in subsidizing products that are not profitable
- D) is used more frequently than any other criteria

Answer: <https://biology-forums.com/index.php?topic=268042>

Question 658

Kretzinger Company makes extensive use of financial performance reports for each of its departments. Although most departments have been reporting favorable cost variances with the company's current inventory system, management is concerned about the overall performance of the purchasing department. For example, the following information is for the purchasing of materials for a product the company has been manufacturing for several years:

Purchase Year Quantity Used Average Inventory Price Variance

20X1 40,000 8,000 \$ 1,000 F

20X2 60,000 15,000 10,000 F

20X3 60,000 20,000 12,000 F

20X4 50,000 12,500 20,000 U

20X5 54,000 18,000 8,000 F

20X6 58,000 23,200 9,500 F

Required:

- a. Compute the inventory turnover for each year. Can any conclusions be drawn for a yearly comparison of the purchase price variance and the inventory turnover?
- b. Identify problems likely to be caused by evaluating purchasing only on the basis of the purchase price variance.
- c. What recommendations will improve the evaluation process?

Answer: <https://biology-forums.com/index.php?topic=268581>

Question 659

Which of the following is an opportunity cost?

- A) lost sales
- B) cost of production
- C) marginal cost
- D) cost of sales

Answer: <https://biology-forums.com/index.php?topic=268448>

Question 660

What is the total production per day if the change is made?

- A) 6400 units
- B) 800 units
- C) 880 units

D) 1600 units

Answer: <https://biology-forums.com/index.php?topic=268510>

Question 661

The physical-measure method _____.

- A) allocates joint costs to joint products in a way that each product has an identical gross-margin percentage
- B) allocates joint costs to joint products on the basis of a comparable physical measure at the splitoff point
- C) allocates joint costs to joint products on the basis of the relative sales value at the splitoff point
- D) allocates joint costs to joint products on the basis of relative NRV

Answer: <https://biology-forums.com/index.php?topic=268193>

Question 662

Midize Flower Company provides flowers and other nursery products for decorative purposes in medium to large sized restaurants and businesses. The company has been investigating the purchase of a new specially equipped van for deliveries. The van has a value of \$66,645 with a seven-year life. The expected additional cash inflows are \$15,000 per year. What is the internal rate of return?

- A) 10%
- B) 13%
- C) 15%
- D) 20%

Answer: <https://biology-forums.com/index.php?topic=268643>

Question 663

The Jarvis Corporation produces bucket loader assemblies for the tractor industry. The product has a long term life expectancy. Jarvis has a traditional manufacturing and inventory system. Jarvis is considering the installation of a just-in-time inventory system to improve its cost structure. In doing a full study using its manufacturing engineering team as well as consulting with industry JIT experts and the main vendors and suppliers of the components Jarvis uses to manufacture the bucket loader assemblies, the following incremental cost-benefit relevant information is available for analysis:

The Jarvis cost of investment capital hurdle rate is 15%.

One time cost to rearrange the shop floor to create the manufacturing cell workstations is \$275,000.

One time cost to retrain the existing workforce for the JIT required skills is \$60,000.

Anticipated defect reduction is 40%. Currently there is a cost of quality defect assessment listed as \$150,000 per year.

The setup time for each of the existing functions will be reduced by 67%. Currently the forecast for setup costs are \$225,000 per year.

Jarvis will expect to save \$200,000 per year in carrying costs as a result of having a lower inventory.

The suppliers will require a 15% premium over the current level of prices in order to position themselves to supply the material on a smaller and more frequent schedule. Currently the materials purchases are \$1,500,000 per year.

Required:

Determine whether it is in the best interest of Jarvis Corporation to install a JIT system.

Answer: <https://biology-forums.com/index.php?topic=268594>

Question 664

What is the total conversion costs for the month of July?

- A) \$1,700
- B) \$1,500
- C) \$1,300
- D) \$1,000

Answer: <https://biology-forums.com/index.php?topic=268286>

Question 665

The fixed overhead cost variance can be further subdivided into the _____.

- A) price variance and the efficiency variance
- B) spending variance and flexible-budget variance
- C) production-volume variance and the efficiency variance
- D) flexible-budget variance and the production-volume variance

Answer: <https://biology-forums.com/index.php?topic=267423>

Question 666

Marv and Vicki own and operate a vegetable canning plant. In recent years, their business has grown tremendously and, at any point in time, they may have 30 to 35 different vegetables being processed. Also, during the peak summer months there are several thousand bushels of vegetables in some stage of processing at any one time. With the company's growth during the past few years, the owners decided to employ an accountant to provide cost estimations on each vegetable category and prepare monthly financial statements. Although the accountant is doing exactly as instructed, Marv and Vicki are confused about the monthly operating costs. Although they process an average of 50,000 canned units a month, the monthly production

report fluctuates wildly.

Required:

Explain how the production report can fluctuate wildly if they process a constant amount of vegetables each month.

Answer: <https://biology-forums.com/index.php?topic=268292>

Question 667

Which of the following statements is true of the financial and nonfinancial measures in just-in-time production systems?

- A) The inventory turnover ratio is expected to decrease.
- B) Units produced per hour are expected to increase.
- C) Manufacturing cycle time is expected to increase.
- D) Total setup time for machines with respect to total manufacturing time is expected to increase.

Answer: <https://biology-forums.com/index.php?topic=268593>

Question 668

Alex is injured and rushed to Care Hospitals for treatment. He spent 45 minutes at the hospital out of which he filled a form for 15 minutes, stood in the queue for 10 minutes, doctor treated him for 15 minutes, and payment time was 5 minutes. What is the service cycle efficiency for his visit?

- A) 18.50%
- B) 11.11%
- C) 66.67%
- D) 33.33%

Answer: <https://biology-forums.com/index.php?topic=268496>

Question 669

The budgeted indirect-cost rate is calculated _____.

- A) at the beginning of the year
- B) during the year
- C) at the end of each quarter
- D) at the end of the year

Answer: <https://biology-forums.com/index.php?topic=266917>

Question 670

When deciding to lease a new cutting machine or continue using the old machine, the irrelevant cost is _____.

- A) \$50,000, cost of the old machine
- B) \$20,000, cost of the new machine
- C) \$10,000, selling price of the old machine
- D) \$3,000, annual savings in operating costs if the new machine is purchased

Answer: <https://biology-forums.com/index.php?topic=267757>

Question 671

In a process-costing system, the calculation of equivalent units is used for calculating _____.

- A) the dollar amount of sales affected during the period
- B) the dollar amount of the cost of goods sold for the accounting period
- C) the dollar price earned for a particular job
- D) the dollar amount of revenue for the period including the revenue estimated to be received from the sale of equivalent units

Answer: <https://biology-forums.com/index.php?topic=268278>

Question 672

Are relevant revenues and relevant costs the only information needed by managers to select among alternatives? Explain using examples.

Answer: <https://biology-forums.com/index.php?topic=267704>

Question 673

The weighted-average cost of capital (WACC) equals _____.

- A) the after-tax average cost of all the long-term and short-term funds
- B) the after-tax average cost of all the long-term funds
- C) the pre-tax average cost of all the short-term funds
- D) the pre-tax average cost of all the long-term and short-term funds

Answer: <https://biology-forums.com/index.php?topic=268828>

Question 674

What is a supply chain, and what are the benefits of a supply chain analysis? Provide an example of these benefits.

Answer: <https://biology-forums.com/index.php?topic=268574>

Question 675

In capital budgeting, a project is accepted only if the internal rate of return equals or _____.

- A) exceeds the required rate of return
- B) exceeds the inflation rate
- C) exceeds the risk-free rate
- D) exceeds the accrual accounting rate of return

Answer: <https://biology-forums.com/index.php?topic=268638>

Question 676

An important difference between financial measures of quality and nonfinancial measures of quality is that _____.

- A) financial measures of quality tend to be useful indicators of future long-term performance, while nonfinancial measures have more of a short-term focus
- B) nonfinancial measures of quality tend to be useful indicators of future long-term performance, while financial measures of quality have more of a short-term focus
- C) nonfinancial measures are generally too subjective to have any long-term value, while financial measures are too objective for taxation purposes
- D) nonfinancial measures are generally too subjective to have any short-term value, while financial measures are too objective to have medium-term value

Answer: <https://biology-forums.com/index.php?topic=268460>

Question 677

Financial planning models _____.

- A) are not used in the budgeting process
- B) are not useful for sensitivity analysis
- C) are mathematical representations of the relationships affecting the budget process
- D) are used for nonfinancial aspects of budgeting

Answer: <https://biology-forums.com/index.php?topic=267177>

Question 678

_____ is a measure of the balanced scorecard's financial perspective.

- A) Service response time
- B) Number of new patents
- C) Operating income
- D) Defect rates

Answer: <https://biology-forums.com/index.php?topic=267812>

Question 679

Which of the following cost is included in cost of goods sold?

- A) customer service cost
- B) manufacturing labor cost
- C) distribution cost
- D) marketing cost

Answer: <https://biology-forums.com/index.php?topic=266695>

Question 680

Allocation of corporate-sustaining costs is useful for _____.

- A) evaluating the performance of salespersons with individual customer accounts
- B) motivating distribution-channel management
- C) focusing on the cause-and-effect relationships with the cost-allocation bases
- D) motivating division managers to examine how corporate costs are planned and controlled

Answer: <https://biology-forums.com/index.php?topic=268026>

Question 681

One reason for assigning selling and distribution costs to products for analytical purposes is _____.

- A) to justify a varied product-mix
- B) that these costs should be included in the cost of goods sold in the income statement
- C) to ensure that all costs are considered
- D) that all direct costs must be assigned

Answer: <https://biology-forums.com/index.php?topic=267083>

Question 682

_____ describes when a resource is consumed or benefit forgone to meet a specific objective.

- A) Cost incurrence
- B) Locked-in cost
- C) Resource utilization
- D) Designed-in cost

Answer: <https://biology-forums.com/index.php?topic=267951>

Question 683

Total factor productivity will increase if _____.

- A) technical productivity occurs
- B) the company uses more total inputs per output
- C) the company incurs fewer costs per input
- D) current technology becomes obsolete

Answer: <https://biology-forums.com/index.php?topic=267886>

Question 684

Smaller cost distortions occur when the traditional systems' single indirect-cost rate and the activity-cost-driver rates _____.

- A) use the same total costs for computations
- B) are similar in proportion to each other
- C) are more different than alike
- D) use the same cost driver units

Answer: <https://biology-forums.com/index.php?topic=267065>

Question 685

To discourage producing for inventory, management can _____.

- A) discourage using nonfinancial measures such as units in ending inventory compared to units in sales
- B) evaluate performance over a quarterly period rather than a single year
- C) incorporate a carrying charge for inventory in the internal accounting system
- D) implement absorption costing across all departments

Answer: <https://biology-forums.com/index.php?topic=267492>

Question 686

Companies that attempt to achieve zero defects in the manufacturing process treat spoilage as _____.

- A) scrap
- B) reworked units
- C) abnormal spoilage
- D) indirect spoilage

Answer: <https://biology-forums.com/index.php?topic=268363>

Question 687

Zenon Chemical, Inc., processes pine rosin into three products: turpentine, paint thinner, and spot remover. During May, the joint costs of processing were \$240,000. Production and sales value information for the month is as follows:

Product Units Produced Sales Value at Splitoff Point

Turpentine 15,000 liters \$120,000

Paint thinner 15,000 liters 100,000

Spot remover 7,500 liters 50,000

Required:

Determine the amount of joint cost allocated to each product if the physical-measure method is used.

Answer: <https://biology-forums.com/index.php?topic=268231>

Question 688

The Mill Flow Company has two divisions. The Cutting Division prepares timber at its sawmills. The Coating Division prepares the cut lumber into finished wood for the furniture industry. No inventories exist in either division at the beginning of 20X5. During the year, the Cutting Division prepared 60,000 cords of wood at a cost of \$660,000. All the lumber was transferred to the Coating Division, where additional operating costs of \$5 per cord were incurred. The 600,000 boardfeet of finished wood were sold for \$2,500,000.

Required:

- a. Determine the operating income for each division if the transfer price from Cutting to Coating is at cost - \$11 a cord.

- b. Determine the operating income for each division if the transfer price is \$9 per cord.
c. Since the Cutting Division sells all of its wood internally to the Coating Division, does the manager care what price is selected? Why? Should the Cutting Division be a cost center or a profit center under the circumstances?

Answer: <https://biology-forums.com/index.php?topic=268747>

Question 689

The following information pertains to Max Corporation:

- Beginning work-in-process inventory \$ 20,000
- Ending work-in-process inventory 23,000
- Beginning finished goods inventory 36,000
- Ending finished goods inventory 34,000
- Cost of goods manufactured 246,000
- Sales 300,000

What is the gross profit margin earned by the company?

- A) \$52,000
- B) \$50,000
- C) \$48,500
- D) \$53,500

Answer: <https://biology-forums.com/index.php?topic=266742>

Question 690

The method that measures the time it will take to recoup, in the form of future cash inflows, the total dollars invested in a project is called _____.

- A) the accrued accounting rate-of-return method
- B) the payback method
- C) the internal rate-of-return method
- D) the book-value method

Answer: <https://biology-forums.com/index.php?topic=268662>

Question 691

Bosely Corporation is reviewing its business strategy. The first step for Bosely is to perform an industry analysis. You have been hired to help the company go through the strategy formulation process.

Required:

To perform the industry analysis, what areas should Bosely focus on and give at least one example of how Bosely can effectively deal with each area.

Answer: <https://biology-forums.com/index.php?topic=267797>

Question 692

_____ describes the flow of goods, services, and information from the purchase of materials to the delivery of products to consumers, regardless of whether those activities occur in the same organization or with other organizations.

- A) Supply chain
- B) Production process
- C) Quality control
- D) Customer relationship management

Answer: <https://biology-forums.com/index.php?topic=266556>

Question 693

What is the static-budget variance of revenues?

- A) \$18,000 favorable
- B) \$18,000 unfavorable
- C) \$6,000 favorable
- D) \$4,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267237>

Question 694

Which of the following is true of long-run pricing?

- A) It is fixed at a level that recovers the variable cost of the company and a pre-determined profit markup.
- B) It is generally a function of the market factors and the cost involved in production is generally not a consideration.
- C) It is a strategic decision designed to build long-run relationships with customers based on stable and predictable prices.
- D) It is based only on internal requirements like cost and estimated rate of return as in the long run these requirements are the driving factors of any organization.

Answer: <https://biology-forums.com/index.php?topic=267909>

Question 695

Do activity-based costing systems always provide more accurate product costs than conventional cost systems? Why or why not?

Answer: <https://biology-forums.com/index.php?topic=267092>

Question 696

Which of the following statements is true of the sales method of accounting for byproducts?

- A) It makes journal entries when the byproducts are produced.
- B) It is the preferred method because of the matching principle.
- C) It allows a firm to manage its reported earnings by timing the sale of byproducts.
- D) This method recognizes the byproduct inventory in the accounting period in which it is produced.

Answer: <https://biology-forums.com/index.php?topic=268259>

Question 697

What amount of interest costs should be allocated to the Electric Mixer Division?

- A) \$292,500
- B) \$682,500
- C) \$9,100,000
- D) \$2,730,000

Answer: <https://biology-forums.com/index.php?topic=268056>

Question 698

Which of the following statements best defines manufacturing cells?

- A) They are manufacturing areas that use a "push-through" approach whereby finished goods are manufactured on the basis of demand forecasts.
- B) They are manufacturing centers which focuses on production of a single product.
- C) They are work areas with different types of equipment grouped together to make related products.
- D) They are production centers in which goods are manufactured only after receiving customer orders.

Answer: <https://biology-forums.com/index.php?topic=268584>

Question 699

The flexible budget will report _____ for the fixed costs.

- A) \$343,500
- B) \$270,000
- C) \$274,800
- D) \$216,000

Answer: <https://biology-forums.com/index.php?topic=267256>

Question 700

Which of the following is the first stage to the capital budgeting process?

- A) forecast all potential cash flows attributable to the alternative projects
- B) determine which investment yields the greatest benefit and the least cost to the organization
- C) obtain funding and make the investments selected
- D) identify potential capital investments that agree with the organization's strategy

Answer: <https://biology-forums.com/index.php?topic=268619>

Question 701

Cost reductions can be the result of _____.

- A) price increments
- B) congestion due to scheduling a large number of rush orders
- C) producing products faster and more efficiently
- D) inappropriate assignment of labor or machines to specific jobs

Answer: <https://biology-forums.com/index.php?topic=267312>

Question 702

_____ method includes fixed manufacturing overhead costs as inventoriable costs.

- A) Variable costing
- B) Absorption costing
- C) Throughput costing
- D) Activity-based costing

Answer: <https://biology-forums.com/index.php?topic=267444>

Question 703

Boron Company provided the following information:

- Budgeted input 82,000 gallons
- Actual input 82,800 gallons
- Budgeted production 80,000 units
- Actual production 81,500 units

What is the partial productivity ratio?

- A) 1.01 units per gallon
- B) 1.02 units per gallon
- C) 0.98 units per gallon
- D) 0.97 units per gallon

Answer: <https://biology-forums.com/index.php?topic=267880>

Question 704

Average number of repeat visits in a spa unit is a _____ measure on a balanced scorecard.

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

Answer: <https://biology-forums.com/index.php?topic=268797>

Question 705

What factor most often drives joint cost allocation?

- A) performance evaluation
- B) manager compensation
- C) selling prices
- D) simplicity of the method

Answer: <https://biology-forums.com/index.php?topic=268249>

Question 706

In a flexible budget _____.

- A) variable costs are calculated proportionately for the budgeted level of sales
- B) fixed costs are calculated proportionately for the actual level of sales
- C) fixed costs are kept at the same level of static budget
- D) variable costs are kept at the same level of static budget

Answer: <https://biology-forums.com/index.php?topic=267248>

Question 707

The first step to successful balanced scorecard implementation is clarifying the _____.

- A) organization's vision and strategy
- B) elements that pertain to value-added aspects of the business
- C) owner's expectations about return on investment
- D) objectives of all four balanced scorecard measurement perspectives

Answer: <https://biology-forums.com/index.php?topic=267805>

Question 708

What is the actual variable overhead cost?

- A) \$463,500
- B) \$436,500
- C) \$50,470
- D) \$49,490

Answer: <https://biology-forums.com/index.php?topic=267364>

Question 709

Throughput contribution equals _____.

- A) variable costs minus fixed costs
- B) revenues minus all direct labor costs
- C) revenues minus all direct material cost of goods sold

D) revenues minus manufacturing overhead

Answer: <https://biology-forums.com/index.php?topic=267505>

Question 710

Freddie's Company has mostly fixed costs and Valerie's Company has mostly variable costs. Which company has the greatest risk of a net loss? Explain why.

Answer: <https://biology-forums.com/index.php?topic=266846>

Question 711

Action Toys has a new video game cassette for the upcoming holiday season. It is trying to determine the target cost for the game if the selling price per unit will be set at \$60, the going price for video games, and the firm wants to earn a target operating income of 15% of sales. What will be the target cost per unit for the new game?

- A) \$60
- B) \$51
- C) \$27
- D) \$9

Answer: <https://biology-forums.com/index.php?topic=267948>

Question 712

Managers and accountants collect most of the cost information that goes into their systems through _____.

- A) an information databank
- B) computer programs
- C) source documents
- D) time surveys

Answer: <https://biology-forums.com/index.php?topic=266912>

Question 713

When variable overhead efficiency variance is favorable, it can be safely assumed that the _____.

- A) actual rate per unit of the cost-allocation base is higher than the budgeted rate
- B) actual quantity of the cost-allocation base used is higher than the budgeted quantity
- C) actual rate per unit of the cost-allocation base is lower than the budgeted rate
- D) actual quantity of the cost-allocation base used is lower than the budgeted quantity

Answer: <https://biology-forums.com/index.php?topic=267359>

Question 714

Under the revised ABC system, supervision costs allocated to Sweatshirts will be _____.

- A) \$48,720
- B) \$100,800
- C) \$100,920
- D) None of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=267049>

Question 715

Which of the following is an example of outsourcing?

- A) a smartphone manufacturing company factoring its receivables as a source of capital
- B) a large conglomerate company selling a business wing to its competitor
- C) an automobile company merging with a manufacturing firm to create economic synergies
- D) a petrochemical company assigning a vendor to make software for its supply chain management

Answer: <https://biology-forums.com/index.php?topic=267707>

Question 716

If a company's breakeven revenue is \$1,000 and its budgeted revenue is \$1,250, then its margin of safety percentage is 20%.

Answer: <https://biology-forums.com/index.php?topic=266829>

Question 717

Under what conditions might a manufacturing firm sell a product for less than its long-term price? Why?

Answer: <https://biology-forums.com/index.php?topic=267705>

Question 718

How does ABC costing system help service companies?

Answer: <https://biology-forums.com/index.php?topic=267094>

Question 719

The Zeron Corporation wants to purchase a new machine for its factory operations at a cost of \$380,000. The investment is expected to generate \$125,000 in annual cash flows for a period of four years. The required rate of return is 12%. The old machine can be sold for \$20,000. The machine is expected to have zero value at the end of the four-year period. What is the net present value of the investment? Would the company want to purchase the new machine? Income taxes are not considered.

- A) \$19,750; yes
- B) \$35,775; no
- C) \$360,000; yes
- D) \$163,005; no

Answer: <https://biology-forums.com/index.php?topic=268636>

Question 720

Conformance quality _____.

- A) is the first step of a quality management system such as ISO 9000
- B) is the performance of a product or service according to design and product specifications
- C) is making the product according to design, engineering, and manufacturing specifications
- D) focuses on how a product meets customer needs and wants

Answer: <https://biology-forums.com/index.php?topic=268435>

Question 721

An unfavorable flexible-budget variance for variable costs may be the result of _____.

- A) using more input quantities than were budgeted
- B) paying lower prices for inputs than were budgeted
- C) selling output at a higher selling price than budgeted
- D) selling less quantity compared to the budgeted

Answer: <https://biology-forums.com/index.php?topic=267247>

Question 722

Which of the following is an example of a revenue object?

- A) suppliers
- B) products
- C) labor
- D) duration to complete a given task

Answer: <https://biology-forums.com/index.php?topic=268151>

Question 723

Why would a manager perform customer-profitability analysis?

Answer: <https://biology-forums.com/index.php?topic=268024>

Question 724

Customer life-cycle costs are the _____.

- A) costs incurred by the selling company to satisfy the customer.
- B) refer to the costs to the customers for buying and using a product.
- C) same as the selling life-cycle prices.
- D) replacement costs of using a product or service.

Answer: <https://biology-forums.com/index.php?topic=267983>

Question 725

Megatron Corp. earned net income of 13,000 Euros in its overseas branch at France. Its headquarters is located in the U.S. The rate of conversion during set up was \$1.306 / Euro. What is the value of its income in its home currency if the rate is \$1.508 / Euro at the end of a financial year and the average rate being \$1.407 / Euro?

- A) \$16,060
- B) \$18,291
- C) \$14,070
- D) \$19,768

Answer: <https://biology-forums.com/index.php?topic=268859>

Question 726

The flexible-budget variance for materials is _____.

- A) \$1,500 favorable
- B) \$1,800 unfavorable
- C) \$1,500 unfavorable
- D) \$1,800 favorable

Answer: <https://biology-forums.com/index.php?topic=267254>

Question 727

Aaron Corp's net income is \$25,000. What is the amount of the investment if the return on investment is 20%?

- A) \$50,000
- B) \$100,000
- C) \$125,000
- D) \$250,000

Answer: <https://biology-forums.com/index.php?topic=268809>

Question 728

Efficiency is _____.

- A) the degree to which a predetermined objective or target is met
- B) the difference between an actual input quantity and a budgeted input quantity
- C) the continuous process of comparing a firm's performance levels against the best levels of performance in competing companies
- D) the relative amount of inputs used to achieve a given output level

Answer: <https://biology-forums.com/index.php?topic=267305>

Question 729

How many mattresses should be produced in the first quarter of 2016?

- A) 88,880 mattresses
- B) 81,840 mattresses
- C) 60,280 mattresses
- D) 51,920 mattresses

Answer: <https://biology-forums.com/index.php?topic=267160>

Question 730

Variable costing regards fixed manufacturing overhead as a(n) _____.

- A) administrative cost
- B) inventoriable cost
- C) period cost
- D) product cost

Answer: <https://biology-forums.com/index.php?topic=267448>

Question 731

Which of the following is an area that customers want to see improved levels of performance?

- A) higher sales margin
- B) quality of the product
- C) lower marginal costs
- D) profit margins

Answer: <https://biology-forums.com/index.php?topic=266559>

Question 732

Local Steel Construction Company produces two products, steel and wood beams. Steel beams have a unit contribution margin of \$200, and wood beams have a unit contribution margin of \$150. The demand for steel beams exceeds Local Steel Construction Company's production capacity, which is limited by available direct labor and machine-hours. The maximum demand for wood beams is 90 per week. Management desires that the product mix should maximize the weekly contribution toward fixed costs and profits.

Direct manufacturing labor is limited to 3,000 hours a week and 1,000 hours is all that the company's outdated machines can run a week. The steel beams require 120 hours of labor and 60 machine-hours. Wood beams require 150 labor hours and 120 machine-hours.

Required:

Formulate the objective function and constraints necessary to determine the optimal product mix.

Answer: <https://biology-forums.com/index.php?topic=267786>

Question 733

The stand-alone revenue-allocation method _____.

- A) uses product-specific information on the products in the bundle as weights for allocating the bundled revenues to the individual products
- B) ranks individual products in a bundle according to criteria determined by management
- C) ranks individual products in a bundle according to costs allocated to the products
- D) survey customers about the importance of each of the individual products in their purchase decision

Answer: <https://biology-forums.com/index.php?topic=268154>

Question 734

Mount Carmel Company sells only two products, Product A and Product B.

Product A Product B Total

Selling price \$40 \$50

Variable cost per unit \$24 \$40

Total fixed costs \$840,000

Mount Carmel sells two units of Product A for each unit it sells of Product B. Mount Carmel faces a tax rate of 30%.

Required:

- a. What is the breakeven point in units for each product assuming the sales mix is 2 units of Product A for each unit of Product B?
- b. What is the breakeven point if Mount Carmel's tax rate is reduced to 25%, assuming the sales mix is 2 units of Product A for each unit of Product B?
- c. How many units of each product would be sold if Mount Carmel desired an after-tax net income of \$73,500, facing a tax rate of 30%?

Answer: <https://biology-forums.com/index.php?topic=266859>

Question 735

The breakeven point is the activity level where _____.

- A) revenues equal fixed costs
- B) revenues equal variable costs
- C) contribution margin equals total costs
- D) revenues equal the sum of variable and fixed costs

Answer: <https://biology-forums.com/index.php?topic=266793>

Question 736

What is the transfer price per compressor from the Compressor Division to the Fabrication Division if the transfer price per compressor is 110% of full costs?

- A) \$16.50
- B) \$24.50
- C) \$28.18
- D) \$36.03

Answer: <https://biology-forums.com/index.php?topic=268744>

Question 737

The high-low method _____.

- A) measures the difference between actual cost and estimated cost for each observation of the cost driver
- B) calculates the standard deviation of residuals
- C) calculates the slope coefficient using only two observed values within the relevant range and their respective costs
- D) measures how well the predicted values, y , based on the cost driver, X , match actual cost observations, Y

Answer: <https://biology-forums.com/index.php?topic=267598>

Question 738

Ralph was in the process of completing the quarterly planning for the purchasing department when a major computer malfunction lost most of his data.

For direct material XXX he was able to recover the following:

Average inventory level of XXX 200

Orders per year 40

Average daily demand 48

Working days per year 250

Annual ordering costs \$4,000

Annual carrying costs \$6,000

Ralph purchases at the EOQ quantity level.

Required:

Determine the annual demand, the cost of placing an order, the annual carrying cost of one unit, and the economic order quantity.

Answer: <https://biology-forums.com/index.php?topic=268560>

Question 739

How many pool cues need to be produced in 2016?

- A) 22,500 cues
- B) 22,000 cues
- C) 20,500 cues
- D) 19,500 cues

Answer: <https://biology-forums.com/index.php?topic=267149>

Question 740

Spoilage that is an inherent result of the particular production process and arises even under efficient operating conditions is referred to as _____.

- A) incremental spoilage
- B) normal spoilage
- C) irregular spoilage
- D) direct spoilage

Answer: <https://biology-forums.com/index.php?topic=268357>

Question 741

Which of the following costs is relevant in a decision-making process?

- A) prepaid insurance costs
- B) historical costs
- C) sunk costs
- D) variable costs

Answer: <https://biology-forums.com/index.php?topic=267665>

Question 742

An example of a nonfinancial measure for customer satisfaction is _____.

- A) average manufacturing time for key products
- B) contribution margin
- C) percentage of products that fail soon after delivery
- D) time taken on machine repairs and costs incurred

Answer: <https://biology-forums.com/index.php?topic=268455>

Question 743

When using the five-step decision process, which one of the following steps should be done last?

- A) obtain information
- B) choose an alternative
- C) evaluation and feedback
- D) implementing the decision

Answer: <https://biology-forums.com/index.php?topic=267655>

Question 744

The sales-mix variance will be unfavorable when _____.

- A) the actual sales mix shifts toward the less profitable units
- B) the contribution margin per composite unit for the actual mix is greater than the budgeted mix
- C) the actual unit sales are less than the budgeted unit sales
- D) the actual contribution margin is less than the static-budget contribution margin

Answer: <https://biology-forums.com/index.php?topic=268075>

Question 745

What amounts are reported for revenues in the flexible-budget (A) and the static-budget (B), respectively?

- A) \$164,320; \$178,990
- B) \$180,750; \$186,910
- C) \$185,150; \$177,920
- D) \$178,990; \$186,910

Answer: <https://biology-forums.com/index.php?topic=267266>

Question 746

Financial accounting provides the primary source of information for _____.

- A) decision making in the finishing department
- B) improving customer service
- C) preparing the income statement for shareholders
- D) planning next year's operating budget

Answer: <https://biology-forums.com/index.php?topic=266551>

Question 747

What are the two components of sales-volume variance? Explain why sales-volume variance could be helpful to managers.

Answer: <https://biology-forums.com/index.php?topic=267429>

Question 748

Cost assignment _____.

- A) includes future and arbitrary costs
- B) encompasses allocating indirect costs to a cost object
- C) is the same as cost accumulation
- D) is the difference between budgeted and actual costs

Answer: <https://biology-forums.com/index.php?topic=266620>

Question 749

What is the variable overhead flexible-budget variance?

- A) \$2,100 favorable
- B) \$1,380 favorable
- C) \$2,100 unfavorable
- D) \$1,380 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267360>

Question 750

If a company would like to increase its degree of operating leverage it should _____.

- A) increase its sales relative to its fixed costs
- B) increase its sales relative to its variable costs
- C) increase its variable costs relative to its fixed costs
- D) increase its fixed costs relative to its variable costs

Answer: <https://biology-forums.com/index.php?topic=266849>

Question 751

A locked-in cost is a(n) _____.

- A) opportunity cost that is fixed in the short run
- B) cost that can be changed in the short run
- C) cost that has not yet been incurred, but based on decisions that have already been made, will be incurred in the future
- D) cost that has been incurred, but based on decisions that have already been made, will be not incurred in the future

Answer: <https://biology-forums.com/index.php?topic=267961>

Question 752

A mathematical inequality or equality that must be appeased is known as a(n) _____.

- A) objective function
- B) constraint
- C) operating policy
- D) business function

Answer: <https://biology-forums.com/index.php?topic=267783>

Question 753

New York Liberty Corporation makes miniature statues of the Empire State Building from cast iron. Sales total 50,000 units a year. The statues are finished either rough or polished, with an average demand of 60% rough and 40% polished. Iron ingots, the direct material, costs \$6 per pound. Processing costs are \$300 to convert 30 pounds into 60 statues. Rough statues are sold for \$15 each, and polished statues can be sold for \$18 or engraved for an additional cost of \$5. Polished statues can then be sold for \$30.

Required:

Determine whether New York Liberty Company should sell the engraved statues. Why?

Answer: <https://biology-forums.com/index.php?topic=268250>

Question 754

Spoilage is an example of _____.

- A) prevention costs
- B) appraisal costs
- C) internal failure costs
- D) external failure costs

Answer: <https://biology-forums.com/index.php?topic=268441>

Question 755

The basic source document for direct manufacturing labor is the _____.

- A) job-cost record
- B) materials-requisition record
- C) labor-time record
- D) labor-requisition record

Answer: <https://biology-forums.com/index.php?topic=266901>

Question 756

Qualitative factors _____.

- A) generally are easily measured in quantitative terms
- B) are generally irrelevant for decision making
- C) may include either financial or nonfinancial information
- D) include customer satisfaction

Answer: <https://biology-forums.com/index.php?topic=267671>

Question 757

A company which favors the residual income approach wants managers to _____.

- A) concentrate on maximizing an absolute amount of dollars
- B) concentrate on maximizing a percentage return
- C) maximize the investment turnover ratio
- D) maximize return on sales

Answer: <https://biology-forums.com/index.php?topic=268830>

Question 758

What is budgetary slack? What are the pros and cons of building slack into the budget from the point of view of (a) an employee and (b) a senior manager?

Answer: <https://biology-forums.com/index.php?topic=267212>

Question 759

Assume only the specified parameters change in a CVP analysis. The contribution margin percentage increases when _____.

- A) total fixed costs increase
- B) total fixed costs decrease
- C) variable costs per unit increase
- D) variable costs per unit decrease

Answer: <https://biology-forums.com/index.php?topic=266798>

Question 760

A graph comparing locked-in costs with incurred costs will have _____.

- A) locked-in costs rising much faster initially, but dropping to zero after the product is manufactured
- B) the two cost lines running parallel until the end of the process, when they join
- C) locked-in costs rising much faster initially than the incurred cost, but joining the incurred cost line at the completion of the value-chain functions
- D) no differences unless the product is manufactured inefficiently

Answer: <https://biology-forums.com/index.php?topic=267958>

Question 761

The partial productivity of overhead resources can be measured by considering the cost driver as _____.

- A) budgeted input
- B) the denominator
- C) the fixed input

D) the numerator

Answer: <https://biology-forums.com/index.php?topic=267889>

Question 762

How much of the gas cost will be assigned to the Lawn Department?

- A) \$12,000
- B) \$10,200
- C) \$10,020
- D) \$10,000

Answer: <https://biology-forums.com/index.php?topic=267021>

Question 763

What are control charts and how can inferences be drawn from them?

Answer: <https://biology-forums.com/index.php?topic=268468>

Question 764

Which of the following entries properly records the cost of goods sold for the month?

- A) Finished Goods 1,045,000
Work in Process 1,045,000
- B) Cost of Goods Sold 1,045,000
Finished Goods 1,045,000
- C) Finished Goods 1,045,000
Cost of Goods Sold 1,045,000
- D) Cost of Goods Sold 1,045,000
Work in Process 1,045,000

Answer: <https://biology-forums.com/index.php?topic=268600>

Question 765

Purple Trees manufactures rustic furniture. The cost accounting system estimates manufacturing costs to be \$240 per table, consisting of 60% variable costs and 40% fixed costs. The company has surplus capacity available. It is Purple Trees' policy to add a 75% markup to full costs. A large hotel chain is currently expanding and has decided to decorate all new hotels using the rustic style. Purple Trees is invited to submit a bid to the hotel chain. What per unit price will Purple Trees most likely bid on this long-term order?

- A) \$168 per unit
- B) \$180 per unit
- C) \$252 per unit
- D) \$420 per unit

Answer: <https://biology-forums.com/index.php?topic=267911>

Question 766

Standard labor rate is \$8 per hour. Standard labor allowed per unit is 0.6 hours. Actual cost per labor hour is \$7.5 and actual labour hour per unit is 0.7 hours. What is the standard labor cost per output unit?

- A) \$4.5
- B) \$4.8
- C) \$5.6
- D) \$5.25

Answer: <https://biology-forums.com/index.php?topic=267279>

Question 767

The method that restates all overhead entries in the general ledger and subsidiary ledgers using actual cost rates rather than budgeted cost rates is called _____.

- A) the adjusted allocation rate approach
- B) the proration approach
- C) the write-off of cost of goods sold approach
- D) the weighted-average cost approach

Answer: <https://biology-forums.com/index.php?topic=266968>

Question 768

The reduction in cost per unit of wooden chess pieces under ABC system is due to difference in allocation of _____.

- A) labor costs
- B) prime costs

- C) indirect costs
- D) material costs

Answer: <https://biology-forums.com/index.php?topic=267071>

Question 769

Tryst University offers only high-tech graduate-level programs. Tryst has two principal operating departments, Engineering and Social Sciences, and two support departments, Facility and Technology Maintenance and Enrollment Services. The base used to allocate facility and technology maintenance is budgeted total maintenance hours. The base used to allocate enrollment services is number of credit hours for a department. The Facility and Technology Maintenance budget is \$450,000, while the Enrollment Services budget is \$900,000. The following chart summarizes budgeted amounts and allocation-base amounts used by each department:

Services Provided: (Annually)

Budget Engineering Social Sciences F&T Maintenance Enrollment Service

F&T Maintenance

(in hours) \$450,000 3,000 6,000 Zero 1,000

Enrollment Service

(in credit hrs) \$900,000 25,000 35,000 2,000 Zero

Required:

Use the direct method to allocate support costs to each of the two principal operating departments, Engineering and Social Sciences. Prepare a schedule showing the support costs allocated to each department.

Answer: <https://biology-forums.com/index.php?topic=268131>

Question 770

Hammond and Jarrett provide tax consulting for estates and trusts. Their job-costing system has a single direct-cost category (professional labor) and a single indirect-cost pool (research support). The indirect-cost pool contains all the costs except direct personnel costs. All budgeted indirect costs are allocated to individual jobs using actual professional labor-hours.

Required:

- a. Discuss the reasons a consulting firm might use a normal costing system rather than an actual costing system.
- b. What might be some reasons for the firm to change from a one-pool to a multiple-pool allocation concept?

Answer: <https://biology-forums.com/index.php?topic=266984>

Question 771

When deciding to accept a one-time-only special order from a wholesaler, management should _____.

- A) consider the sunk costs and opportunity costs
- B) not consider the special order's impact on future prices of their products
- C) determine whether excess capacity is available
- D) verify past design costs for the product

Answer: <https://biology-forums.com/index.php?topic=267677>

Question 772

Which of the following journal entries is used to record fixed overhead costs allocated?

- A) Fixed Overhead Allocated
Work-in-Process Control
- B) Work-in-Process Control
Fixed Overhead Allocated
- C) Fixed Overhead Control
Work-in-Process Control
- D) Fixed Overhead Allocated
Fixed Overhead Control

Answer: <https://biology-forums.com/index.php?topic=267399>

Question 773

Contract disputes regarding cost allocation can be reduced by defining _____.

- A) the material items allowed for production
- B) the terms used, such as what constitutes direct labor
- C) permissible tax deductions
- D) minimum profit level the company should earn

Answer: <https://biology-forums.com/index.php?topic=268144>

Question 774

A tool that distinguishes random from nonrandom variations in an operating process is a _____.

- A) control chart
- B) Pareto diagram
- C) cause-and-effect diagram
- D) time-series graphs

Answer: <https://biology-forums.com/index.php?topic=268463>

Question 775

Under the weighted-average method, the stage of completion of beginning work in process _____.

- A) is relevant in determining the equivalent units
- B) must be combined with the work done during the current period to determine the equivalent units
- C) is irrelevant in determining the equivalent-unit calculation
- D) can almost always be determined with a high degree of precision

Answer: <https://biology-forums.com/index.php?topic=268299>

Question 776

Factors used to decide whether to outsource a part include _____.

- A) the supplier's cost of direct materials
- B) if the supplier is reliable
- C) the original cost of equipment currently used for production of that part
- D) past design costs used to develop the current composition of the part

Answer: <https://biology-forums.com/index.php?topic=267694>

Question 777

If selling price per unit is \$40, variable costs per unit are \$25, total fixed costs are \$20,000, the tax rate is 30%, and the company sells 5,000 units, net income is _____.

- A) \$32,158
- B) \$26,548
- C) \$28,500
- D) \$38,500

Answer: <https://biology-forums.com/index.php?topic=266816>

Question 778

_____ is a strategy that integrates people and technology in all business functions to enhance relationships with customers, partners, and distributors.

- A) Supply-chain analysis
- B) Customer relationship management
- C) Value-chain analysis
- D) Continuous quality improvement

Answer: <https://biology-forums.com/index.php?topic=266554>

Question 779

Which of the following is a sign that a "smoothing out" costing system exists?

- A) Very few indirect costs are identified as output unit-level costs.
- B) Products that a company is well suited to make and sell show large profits.
- C) Operations staff has no substantial disagreements with the reported costs of manufacturing and marketing products and services.
- D) The company loses bids they believe were priced competitively.

Answer: <https://biology-forums.com/index.php?topic=267068>

Question 780

Sunk costs include _____.

- A) the accumulated depreciation of the existing van
- B) the original cost of the new van
- C) the current salvage value of the existing van
- D) the annual operating cost of the new van

Answer: <https://biology-forums.com/index.php?topic=267771>

Question 781

Distinguish between the two principal methods of accounting for byproducts, the production byproduct method and the sale byproduct method. Briefly discuss the relative merits (or lack thereof) of each.

Answer: <https://biology-forums.com/index.php?topic=268261>

Question 782

In cost-plus pricing, the markup component _____.

- A) is a rigid number
- B) is ultimately determined by the market
- C) provides a means to calculate the actual selling price
- D) is the end rather than the start of pricing decisions

Answer: <https://biology-forums.com/index.php?topic=267964>

Question 783

How are cost drivers selected in activity-based costing systems?

Answer: <https://biology-forums.com/index.php?topic=267091>

Question 784

For January, budgeted cost of goods sold is _____.

- A) \$200,000
- B) \$140,000
- C) \$126,000
- D) \$112,000

Answer: <https://biology-forums.com/index.php?topic=267225>

Question 785

Job costing _____.

- A) cannot be used by the service industry
- B) records the flow of costs for each product or service
- C) allocates an equal amount of cost to each unit made during a time period
- D) is used when each unit of output is identical

Answer: <https://biology-forums.com/index.php?topic=266888>

Question 786

Each indirect-cost pool of a manufacturing firm _____.

- A) utilizes a separate cost-allocation rate
- B) is a subset of total direct costs
- C) relates to multiple cost centres
- D) utilizes the same cost-allocation rate for all costs incurred

Answer: <https://biology-forums.com/index.php?topic=266875>

Question 787

Engineered costs _____.

- A) possess a high level of uncertainty
- B) are nonrepetitive
- C) are from physically observable activities
- D) have processes that are sketchy or unavailable

Answer: <https://biology-forums.com/index.php?topic=267866>

Question 788

Which of the following statements is true of absorption costing?

- A) Absorption costing allocates fixed manufacturing overhead to actual units produced during the period.
- B) Absorption costing carries over nonmanufacturing costs to the future periods.
- C) Absorption costing shows the same level of profit as variable costing irrespective of the level of inventories.
- D) Absorption costing allocates total manufacturing cost using the budgeted level of production for a particular year.

Answer: <https://biology-forums.com/index.php?topic=267468>

Question 789

What is the flexible-budget variance for variable manufacturing overhead?

- A) \$13,245 unfavorable
- B) \$35,715 unfavorable
- C) \$13,245 favorable
- D) \$35,715 favorable

Answer: <https://biology-forums.com/index.php?topic=267346>

Question 790

The reason to have a post-investment audit is _____.

- A) they encourage mid-level managers to make overly optimistic estimates during the early stages of the capital budgeting process
- B) they help alert senior management to problems in the implementation of projects
- C) they analyze by calculating contribution-margin
- D) they help in calculating present value

Answer: <https://biology-forums.com/index.php?topic=268689>

Question 791

Increases in the carrying cost and decreases in the ordering cost per purchase order result in _____.

- A) smaller EOQ amounts
- B) larger EOQ amounts
- C) larger relevant total costs
- D) smaller relevant total costs

Answer: <https://biology-forums.com/index.php?topic=268567>

Question 792

In a cost-benefit approach, managers should spend resources if the _____.

- A) marginal costs to the company exceed the marginal benefits
- B) expected benefits to the company exceed the expected costs
- C) marginal costs to the company equal the marginal benefits
- D) expected benefits to the company equal the expected costs

Answer: <https://biology-forums.com/index.php?topic=266587>

Question 793

Costs incurred to handle each unit sold would most likely be classified as a _____.

- A) customer output unit-level cost
- B) customer batch-level cost
- C) customer-sustaining cost
- D) corporate-sustaining cost

Answer: <https://biology-forums.com/index.php?topic=268004>

Question 794

Direct materials inventory would normally include _____.

- A) direct materials in stock and awaiting use in the manufacturing process
- B) goods partially worked on but not yet fully completed
- C) goods fully completed but not yet sold
- D) products in their original form intended to be sold without changing their basic form

Answer: <https://biology-forums.com/index.php?topic=266699>

Question 795

When managers set and measure target levels of performance and feedback, _____.

- A) the historical-cost-based accounting measures are usually adequate for evaluating economic returns on new investments
- B) the historical-cost ROIs cannot be used to evaluate current performance
- C) the timing of feedback is not dependent on the sophistication of the organization's information technology
- D) the timing of feedback depends on the specific level of management receiving the feedback

Answer: <https://biology-forums.com/index.php?topic=268851>

Question 796

The markup percentage is most likely to be the lowest while using _____ as the cost base.

- A) variable manufacturing cost
- B) variable cost of the product
- C) manufacturing cost
- D) full cost of the product

Answer: <https://biology-forums.com/index.php?topic=267966>

Question 797

The maximum price that Genent's Preserves should be willing to pay for the decorative jars is _____.

- A) \$0.56 per jar
- B) \$0.76 per jar
- C) \$0.44 per jar
- D) \$2.00 per jar

Answer: <https://biology-forums.com/index.php?topic=267755>

Question 798

Actual costing is a costing system that traces direct costs to a cost object by _____.

- A) using the budgeted direct cost rates times the budgeted quantities of direct-cost inputs
- B) using the actual direct costs rates times the budgeted quantities of the direct-cost inputs
- C) using the actual direct cost rates times the actual quantities of the direct-cost inputs
- D) using the budgeted direct cost rates times the actual quantities of the direct cost inputs

Answer: <https://biology-forums.com/index.php?topic=266895>

Question 799

What is the Cyclotron Division's return on investment?

- A) 35%
- B) 75%
- C) 50%
- D) 80%

Answer: <https://biology-forums.com/index.php?topic=268815>

Question 800

For each of the following activities identify an appropriate activity-cost driver.

- a. machine maintenance
- b. machine setup
- c. quality control
- d. material ordering
- e. production scheduling
- f. warehouse expense
- g. engineering design

Answer: <https://biology-forums.com/index.php?topic=267061>

Question 801

Describe the benefits of preparing an operating budget to an organization.

Answer: <https://biology-forums.com/index.php?topic=267105>

Question 802

Cornerstone Company has two divisions. The Bottle Division produces products that have variable costs of \$3 per unit. Its 20X5 sales were 140,000 to outsiders at \$5 per unit and 40,000 units to the Mixing Division at 140% of variable costs. Under a dual transfer-pricing system, the Mixing Division pays only the variable cost per unit. The fixed costs of the Bottle Division are \$125,000 per year.

Mixing sells its finished products to outside customers for \$11.50 per unit. Mixing has variable costs of \$2.50 per unit in addition to the costs from the Bottle Division. The annual fixed costs of Mixing were \$85,000. There were no beginning or ending inventories during the year.

Required:

What are the operating incomes of the two divisions and the company as a whole for the year? Explain why the company's operating income is less than the sum of the two divisions' total income.

Answer: <https://biology-forums.com/index.php?topic=268764>

Question 803

Which of the following is true of the Work-in-Process Control account?

- A) It tracks all direct material purchases.
- B) Its balance is the sum of amounts from all in-process individual job-cost records.
- C) It is an expense account.
- D) It tracks overhead costs in-process from beginning through completion.

Answer: <https://biology-forums.com/index.php?topic=266936>

Question 804

What is the cost per statue if throughput costing is used?

- A) \$20.70

- B) \$16.10
- C) \$10.35
- D) \$6.90

Answer: <https://biology-forums.com/index.php?topic=267509>

Question 805

Companies are increasingly using nonfinancial measures to evaluate performance. Why? Since these numbers do not come from the company's financial records, why are they used?

Answer: <https://biology-forums.com/index.php?topic=268804>

Question 806

The purpose of the equivalent-unit computation is to _____.

- A) convert completed units into the amount of partially completed output units that could be made with that quantity of input
- B) assist the business in determining the cost assigned to ending inventory and work-in-process inventory
- C) predict the future production capabilities of the organization
- D) satisfy the GAAP requirements which requires all partially completed goods to be reported as equivalent-units

Answer: <https://biology-forums.com/index.php?topic=268277>

Question 807

Costing systems measure _____.

- A) locked in costs
- B) sunk costs
- C) cost incurrence
- D) out of pocket costs

Answer: <https://biology-forums.com/index.php?topic=267960>

Question 808

The Octova Corporation manufactures two types of vacuum cleaners: the ZENITH for commercial building use and the House-Helper for residences. Budgeted and actual operating data for the year 20X5 are as follows:

Static Budget		Zenith		House-Helper		Total	
Number sold	20,000	80,000	100,000				
Contribution margin	\$4,600,000	\$15,200,000	\$19,800,000				

Actual Results		Zenith		House-Helper		Total	
Number sold	21,500	64,500	86,000				
Contribution margin	\$6,665,000	\$14,190,000	\$20,855,000				

Required:

Compute the sales-mix variance and the sales-quantity variance by type of vacuum cleaner, and in total. (in terms of the contribution margin)

Answer: <https://biology-forums.com/index.php?topic=268090>

Question 809

Which of the following statements is true in regard to the cause-and-effect relationship between allocated joint costs and individual products?

- A) A high individual product value results in a high level of joint costs.
- B) A low individual product value results in a low level of joint costs.
- C) A high individual product value results in a low level of joint costs.
- D) There is no cause-and-effect relationship.

Answer: <https://biology-forums.com/index.php?topic=268195>

Question 810

The inspections activity-cost driver rate is _____.

- A) \$5.50
- B) \$6.00
- C) \$6.50
- D) \$5.00

Answer: <https://biology-forums.com/index.php?topic=267053>

Question 811

A unit cost is also called an average cost.

Answer: <https://biology-forums.com/index.php?topic=266678>

Question 812

Cola Drink Company processes direct materials up to the splitoff point where two products, A and B, are obtained. The following information was collected for the month of July:

Direct materials processed: 2,500 liters (with 20% shrinkage)

Production: A 1,500 liters

B 500 liters

Sales: A \$15.00 per liter

B \$10.00 per liter

The cost of purchasing 2,500 liters of direct materials and processing it up to the splitoff point to yield a total of 2,000 liters of good products was \$4,500. There were no inventory balances of A and B.

Product A may be processed further to yield 1,375 liters of Product Z5 for an additional processing cost of \$150. Product Z5 is sold for \$25.00 per liter. There was no beginning inventory and ending inventory was 125 liters.

Product B may be processed further to yield 375 liters of Product W3 for an additional processing cost of \$275. Product W3 is sold for \$30.00 per liter. There was no beginning inventory and ending inventory was 25 liters.

What is Product Z5's estimated net realizable value at the splitoff point?

A) \$11,100

B) \$22,350

C) \$34,225

D) \$34,375

Answer: <https://biology-forums.com/index.php?topic=268213>

Question 813

Which of the following journal entries records the total conversion costs variances of the Assembly Department, assuming that conversion costs are 20% higher than expected?

A) Work in Process — Assembly 3,360,000

Conversion-Cost Variances 560,000

Assembly Department Conversion Cost Control 2,800,000

B) Assembly Department Conversion Costs Allocated 3,360,000

Direct Materials Variances 560,000

Finishing Department Conversion Cost Control 2,800,000

C) Assembly Department Conversion Costs Allocated 2,800,000

Conversion-Cost Variances 560,000

Assembly Department Conversion Cost Control 3,360,000

D) Work in Process — Assembly 560,000

Assembly Department Conversion Cost Control 560,000

Answer: <https://biology-forums.com/index.php?topic=268344>

Question 814

Spoilage that is not inherent in a particular production process and would not arise under efficient operating conditions is referred to as _____.

A) incremental spoilage

B) usual spoilage

C) abnormal spoilage

D) indirect spoilage

Answer: <https://biology-forums.com/index.php?topic=268358>

Question 815

Corporate administrative costs allocated to a division cost pool are most likely to be _____.

A) output unit-level costs

B) facility-sustaining costs

C) product-sustaining costs

D) batch-level costs

Answer: <https://biology-forums.com/index.php?topic=268055>

Question 816

The static-budget variance is the difference between _____.

A) an actual result and the corresponding budgeted amount in the static budget

B) the budget amount in the static budget and the amount in the flexible budget

C) an actual result and the flexible budget amount

D) the static budget amount and the sales-volume variance

Answer: <https://biology-forums.com/index.php?topic=268069>

Question 817

Place the following steps from the five-step decision process in order:

- A = Obtain information including historical costs
- B = Evaluate performance to provide feedback
- C = Make decisions choosing among alternatives
- D = Make predictions about the future
- E = Identify the problem and uncertainties

- A) A, E, D, B, C
- B) C, D, E, A, B
- C) E, A, D, C, B
- D) D, C, B, A, E

Answer: <https://biology-forums.com/index.php?topic=267651>

Question 818

When machine-hours are used as an overhead cost-allocation base and annual leasing costs for equipment unexpectedly increase, the most likely result would be to report a(n) _____.

- A) unfavorable variable overhead spending variance
- B) favorable variable overhead efficiency variance
- C) unfavorable fixed overhead flexible-budget variance
- D) favorable production-volume variance

Answer: <https://biology-forums.com/index.php?topic=267382>

Question 819

For a given job the direct costs associated with the job are _____.

- A) actual overhead
- B) raw materials
- C) sunk costs
- D) fixed costs

Answer: <https://biology-forums.com/index.php?topic=266899>

Question 820

If the contribution margin ratio is 0.40, targeted operating income is \$80,000, and targeted sales volume in dollars is \$500,000, then the degree of operating leverage is _____.

- A) 1.50 times
- B) 2.00 times
- C) 2.50 times
- D) 3.00 times

Answer: <https://biology-forums.com/index.php?topic=266840>

Question 821

For externally reported inventory costs, the Work-in-Process Control account is increased (debited) by _____.

- A) marketing costs
- B) allocated plant utility costs
- C) the purchase costs of direct and indirect materials
- D) customer-service costs

Answer: <https://biology-forums.com/index.php?topic=266944>

Question 822

Best products, an Atlanta based company, is in the midst of its budgeting process. It has already prepared its direct materials usage budget and is now in the process of preparing its direct material purchase budget. In addition to the details gathered to prepare the direct materials usage budget, Best also must know _____.

- A) the level of direct material inventory to be maintained
- B) the ratio of direct materials to cost of goods sold
- C) the beginning direct materials inventory level
- D) the quantity of direct materials to be purchased

Answer: <https://biology-forums.com/index.php?topic=267138>

Question 823

Calculate the variable overhead flexible-budget variance.

- A) \$1,055 unfavorable
- B) \$1,055 favorable
- C) \$1,405 unfavorable
- D) \$1,405 favorable

Answer: <https://biology-forums.com/index.php?topic=267363>

Question 824

Which of the following information is required by a company's manager while preparing a manufacturing overhead costs budget?

- A) estimated incentives to be paid to marketing personnel
- B) estimated expense for office supplies
- C) estimated expense for maintenance of factory building
- D) rent expense for lease of office building

Answer: <https://biology-forums.com/index.php?topic=267143>

Question 825

What is the variable overhead spending variance?

- A) \$4,500 unfavorable
- B) \$3,937.50 unfavorable
- C) \$4,500 favorable
- D) \$3,937.50 favorable

Answer: <https://biology-forums.com/index.php?topic=267370>

Question 826

Concose Park Department is considering a new capital investment. The following information is available on the investment. The cost of the machine will be \$330,000. The annual cost savings if the new machine is acquired will be \$85,000. The machine will have a 5-year life, at which time the terminal disposal value is expected to be \$32,000. Concose Park Department is assuming no tax consequences. If Concose Park Department has a required rate of return of 11%, which of the following is closest to the present value of the project?

- A) \$8,245
- B) \$24,836
- C) \$3,136
- D) \$15,840

Answer: <https://biology-forums.com/index.php?topic=268635>

Question 827

What are joint costs, separable costs, and a splitoff point?

Answer: <https://biology-forums.com/index.php?topic=268181>

Question 828

Sales total \$400,000 when variable costs total \$300,000 and fixed costs total \$50,000. The breakeven point in sales dollars is _____.

- A) \$200,000
- B) \$120,000
- C) \$170,000
- D) \$210,000

Answer: <https://biology-forums.com/index.php?topic=266795>

Question 829

Which of the following is true of the physical-measure approach of allocating joint costs?

- A) Costs cannot be allocated if the measurement basis for each product are different.
- B) Physical measures usually result in less costs being allocated to the product that weighs the most.
- C) The physical measure reflects a product's ability to generate revenues.
- D) Obtaining comparable physical measures for all products is always straightforward.

Answer: <https://biology-forums.com/index.php?topic=268214>

Question 830

Which of the following statements is true of direct costs?

- A) A direct cost of one cost object is a true sense of the budgeted costs.
- B) All variable costs are direct costs.
- C) A direct cost of one cost object can be an indirect cost of another cost object.
- D) All fixed costs are direct costs.

Answer: <https://biology-forums.com/index.php?topic=266639>

Question 831

Which of the following is true of transfer pricing?

- A) It creates costs for the selling subunit.
- B) It creates revenues for the buying subunit.
- C) It helps top managers evaluate the performance of individual subunits.
- D) It makes managers' information-processing and decision-making tasks difficult.

Answer: <https://biology-forums.com/index.php?topic=268724>

Question 832

The total production-volume variance should be _____.

- A) \$80,000 F
- B) \$80,000 U
- C) \$108,000 F
- D) \$108,000 U

Answer: <https://biology-forums.com/index.php?topic=267419>

Question 833

What is Leslie's gross margin (or gross profit)?

- A) \$103,000
- B) \$152,000
- C) \$341,000
- D) \$317,000

Answer: <https://biology-forums.com/index.php?topic=266735>

Question 834

Under economic-order-quantity decision model, it is assumed that _____.

- A) the quantity ordered can vary at each reorder point
- B) demand, ordering costs, and carrying costs are uncertain
- C) the purchasing cost per unit is affected by the order quantity
- D) no inventory stockouts occur

Answer: <https://biology-forums.com/index.php?topic=268533>

Question 835

Operating income using variable costing will be _____ than operating income if using absorption costing.

- A) \$2,400 higher
- B) \$2,400 lower
- C) \$3,600 higher
- D) \$900 lower

Answer: <https://biology-forums.com/index.php?topic=267478>

Question 836

Inventoriable costs _____.

- A) include administrative and marketing costs
- B) are expensed in the accounting period in which the products are sold
- C) are expensed in the accounting period in which the products are manufactured
- D) are also referred to as nonmanufacturing costs

Answer: <https://biology-forums.com/index.php?topic=266709>

Question 837

A _____ links an indirect cost to a cost object.

- A) cost-allocation base
- B) cost pool
- C) cost assignment
- D) cost tracing

Answer: <https://biology-forums.com/index.php?topic=266880>

Question 838

Direct Disk Drive Company operates a computer disk manufacturing plant. Direct materials are added at the end of the process. The following data

were for August 20X5:

Work in process, beginning inventory 150,000 units

Transferred-in costs (100% complete)

Direct materials (0% complete)

Conversion costs (90% complete)

Transferred in during current period 450,000 units

Completed and transferred out 400,000 units

Work in process, ending inventory 200,000 units

Transferred-in costs (100% complete)

Direct materials (0% complete)

Conversion costs (65% complete)

Calculate equivalent units for conversion costs using the FIFO method.

A) 401,500 units

B) 350,000 units

C) 300,000 units

D) 395,000 units

Answer: <https://biology-forums.com/index.php?topic=268336>

Question 839

ERP systems store vast quantities of information about the materials, machines and equipment, labor, power, maintenance, and setups needed to manufacture different products. This helps simplify the budgeting process as ERP systems _____.

A) can quickly calculate the manufacturing and nonmanufacturing costs based on a given sales quantity

B) automatically identify and record changes in processes involved in producing products

C) identify which underlying assumptions are likely to change

D) always use a rolling budget ensuring that a budget is always available for a specified future period

Answer: <https://biology-forums.com/index.php?topic=267179>

Question 840

As a discounted cash flow method does not report good operating income results in the project's early years, managers are tempted to not use discounted cash flow methods even though the decisions based on them would be in the best interests of the company as a whole over the long run.

Answer: <https://biology-forums.com/index.php?topic=268690>

Question 841

What is benchmarking, and how is it useful to a company?

Answer: <https://biology-forums.com/index.php?topic=267325>

Question 842

The cost function $y = 2,000 + 6X$ _____.

A) has a slope coefficient of 2,000

B) has an intercept of 6

C) is a straight line

D) represents a fixed cost

Answer: <https://biology-forums.com/index.php?topic=267563>

Question 843

The income statement of a manufacturing firm reports _____.

A) sales promotion costs only

B) inventoriable costs only

C) cost of goods sold

D) only manufacturing overhead costs

Answer: <https://biology-forums.com/index.php?topic=266706>

Question 844

Which of the following is true if the constant in the cost function is low compared to the last year?

A) total variable costs have decreased

B) production has increased

C) the sales commission percentage has decreased

D) total fixed cost have decreased

Answer: <https://biology-forums.com/index.php?topic=267611>

Question 845

The difference between budgeted fixed manufacturing overhead and the fixed manufacturing overhead allocated to actual output units achieved is called the fixed overhead _____.

- A) efficiency variance
- B) flexible-budget variance
- C) combined-variance analysis
- D) production-volume variance

Answer: <https://biology-forums.com/index.php?topic=267428>

Question 846

A company would use multiple cost-allocation bases _____.

- A) if managers believed the benefits exceeded the additional costs of that costing system
- B) because there is more than one way to allocate overhead
- C) because this is a simpler approach than using one cost allocation base
- D) if managers believe that using multiple cost-allocation bases is the only acceptable method

Answer: <https://biology-forums.com/index.php?topic=266975>

Question 847

Ethical challenges for management accountants include _____.

- A) whether to accept gifts from suppliers, knowing it is an effort to indirectly influence decisions
- B) adhering to the principles of accounting
- C) whether to file a tax return this year
- D) whether to accept gifts higher incentives from the company for their performance

Answer: <https://biology-forums.com/index.php?topic=266611>

Question 848

When a Bakery transfers goods from the Mixing Department to the Baking Department, the accounting entry is _____.

- A) Work in Process — Mixing Department
Work in Process — Baking Department
- B) Work in Process — Baking Department
Accounts Payable
- C) Work in Process — Baking Department
Work in Process — Mixing Department
- D) Work in Process — Mixing Department
Accounts Payable

Answer: <https://biology-forums.com/index.php?topic=268279>

Question 849

The net present value method of capital budgeting is preferred over the internal rate-of-return method because _____.

- A) the net present value method is expressed as a percentage of initial investment
- B) the net present values of individual projects can be added to determine the effects of accepting a combination of projects
- C) the percentage return computed under the net present value method is very easy to compare
- D) the calculation under the net present value method is easy as it does not use time value of money

Answer: <https://biology-forums.com/index.php?topic=268644>

Question 850

On occasion, the FIFO and the weighted-average methods of process costing will result in the same dollar amount of costs being transferred to the next department. Which of the following scenarios would have that result?

- A) when the beginning and ending inventories are equal in terms of unit numbers
- B) when the beginning and ending inventories are equal in terms of the percentage of completion for both direct materials, and conversion costs
- C) when there is no ending inventory
- D) when there is no beginning inventory

Answer: <https://biology-forums.com/index.php?topic=268316>

Question 851

The scenario that resources should be spent if the expected benefits to the company exceed the expected costs describes _____.

- A) cost-benefit approach
- B) behavioral and technical considerations
- C) balanced scorecard

D) different costs for different purposes

Answer: <https://biology-forums.com/index.php?topic=266585>

Question 852

The capital budgeting method which calculates the expected monetary gain or loss from a project by discounting all expected future cash inflows and outflows to the present point in time using the required rate of return is the _____.

- A) payback method
- B) accrual accounting rate-of-return method
- C) sensitivity method
- D) net present value method

Answer: <https://biology-forums.com/index.php?topic=268629>

Question 853

What are the relevant costs for Rubium?

- A) \$480,000
- B) \$485,000
- C) \$650,000
- D) \$800,000

Answer: <https://biology-forums.com/index.php?topic=267729>

Question 854

What is the flexible-budget amount?

- A) \$250,000
- B) \$200,500
- C) \$258,300
- D) \$204,700

Answer: <https://biology-forums.com/index.php?topic=267394>

Question 855

When using the high-low method, the two observations used are the high and low observations of the _____.

- A) cost driver
- B) fixed cost component
- C) slope coefficient
- D) direct cost

Answer: <https://biology-forums.com/index.php?topic=267596>

Question 856

If the travel book line had been discontinued, corporate profits for the current year would have decreased by _____.

- A) \$35,000
- B) \$14,000
- C) \$13,000
- D) \$6,000

Answer: <https://biology-forums.com/index.php?topic=267763>

Question 857

Terbium Corporation manufactures water toys. It plans to grow by producing high-quality water toys that are delivered in a timely manner. There are a number of other manufacturers who produce similar water toys. Terbium believes that continuously improving its manufacturing processes and reengineering processes to downsize and eliminate excess capacity are critical to implementing its strategy. To further company strategy, measures on the balanced scorecard would most likely include _____.

- A) number of process improvements
- B) price premium earned
- C) longer cycle times
- D) an increase in operating income from increased profit margins

Answer: <https://biology-forums.com/index.php?topic=267827>

Question 858

Problems with costing occur when _____.

- A) incorrect job numbers are recorded on source documents
- B) bar coding is used to record materials used on the job
- C) a computer screen requests an employee number before that employee is able to work on information related to a specific job

D) incorrect product delivery forms are entered into the system

Answer: <https://biology-forums.com/index.php?topic=266902>

Question 859

A budget serves as much as a control tool as a planning tool because _____.

- A) it aids in the coordination and communication among various business functions
- B) it helps to evaluate customer needs and feedback
- C) it is a benchmark against which actual performance can be compared
- D) it helps to make predictions about the future

Answer: <https://biology-forums.com/index.php?topic=266572>

Question 860

The net present value method assumes that project cash flows can be reinvested at the company's _____.

- A) internal rate of return
- B) required rate of return
- C) growth rate
- D) accounting rate of return

Answer: <https://biology-forums.com/index.php?topic=268658>

Question 861

In the merchandising sector _____.

- A) only variable costs are subtracted to determine gross margin
- B) fixed overhead costs are subtracted to determine gross margin
- C) fixed overhead costs are subtracted to determine contribution margin
- D) all operating costs are subtracted to determine contribution margin

Answer: <https://biology-forums.com/index.php?topic=266866>

Question 862

Vision Enterprises manufactures digital video equipment. For each unit, \$3,000 of direct material is used and there is \$2,000 of direct manufacturing labor at \$20 per hour. Manufacturing overhead is applied at \$25 per direct manufacturing labor hour. Calculate the profit earned on 50 units if each unit sells for \$9,000.

- A) \$65,000
- B) \$80,000
- C) \$75,000
- D) \$2,500

Answer: <https://biology-forums.com/index.php?topic=266906>

Question 863

Which of the following is true of depreciation cost?

- A) Depreciation cost on equipment is irrelevant in decision making because depreciation on equipment that has already been purchased is a past cost.
- B) Depreciation cost on equipment is relevant in decision making because depreciation on equipment that has already been purchased is an opportunity cost.
- C) Depreciation cost on equipment is irrelevant in decision making because there is no cash transaction.
- D) Depreciation cost on equipment is irrelevant in decision making because depreciation on equipment that has already been purchased is an opportunity cost.

Answer: <https://biology-forums.com/index.php?topic=267758>

Question 864

Rachel's Pet Supply Corporation manufactures two models of grooming stations, a standard and a deluxe model. The following activity and cost information has been compiled:

	Number of Product Setups	Number of Components	Number of Direct Labor Hours
Standard	3	30	650
Deluxe	7	50	150

Overhead costs \$40,000 \$120,000

Assume a traditional costing system applies the \$160,000 of overhead costs based on direct labor hours.

- a. What is the total amount of overhead costs assigned to the standard model?
- b. What is the total amount of overhead costs assigned to the deluxe model?

Assume an activity-based costing system is used and that the number of setups and the number of components are identified as the activity-cost drivers for overhead.

- c. What is the total amount of overhead costs assigned to the standard model?
d. What is the total amount of overhead costs assigned to the deluxe model?
e. Explain the difference between the costs obtained from the traditional costing system and the ABC system. Which system provides a better estimate of costs? Why?

Answer: <https://biology-forums.com/index.php?topic=267074>

Question 865

The primary user of management accounting information is a(n) _____.

- A) the controller
B) a shareholder evaluating a stock investment
C) bondholder
D) external regulator

Answer: <https://biology-forums.com/index.php?topic=266550>

Question 866

Sales-mix variance = \$250,000 (F), sales-volume variance = \$4,50,000 (U), flexible-budget variance = \$200,000(F), market-size variance = \$30,000(U), calculate the sales-quantity variance.

- A) \$170,000 (U)
B) \$200,000 (U)
C) \$30,000 (U)
D) \$700,000 (U)

Answer: <https://biology-forums.com/index.php?topic=268063>

Question 867

An example of allocating joint costs using physical measures is allocating joint costs based on _____.

- A) sales value at splitoff point
B) volume of the products
C) constant gross-margin percentage
D) net realizable value

Answer: <https://biology-forums.com/index.php?topic=268189>

Question 868

Period costs _____.

- A) are treated as expenses in the period they are incurred
B) are directly traceable to products
C) are treated as expenses in the following period they are incurred
D) are also referred to as manufacturing overhead costs

Answer: <https://biology-forums.com/index.php?topic=266718>

Question 869

A single indirect-cost rate based on direct manufacturing labor-hours for the entire plant is _____.

- A) \$15 per direct labor-hour
B) \$10 per direct labor-hour
C) \$21 per direct labor-hour
D) \$12 per direct labor-hour

Answer: <https://biology-forums.com/index.php?topic=266924>

Question 870

Which of the following is true of line management?

- A) It is directly responsible for achieving the goals of the organization.
B) It is responsible of management accounting functions.
C) It provides advice, support, and assistance to staff management.
D) It only includes the top level management.

Answer: <https://biology-forums.com/index.php?topic=266592>

Question 871

Management accountants help managers identify what information is relevant and what information is irrelevant that help in decision making.

Answer: <https://biology-forums.com/index.php?topic=266770>

Question 872

Which of the following is a limitation of using past performance as a basis for judging actual results?

- A) It does not account for productivity increases over the periods.
- B) It increases the incentive for managers to introduce budgetary slack.
- C) It does consider inefficiencies of previous periods.
- D) It increases the tendency of senior managers exaggerating changes in future conditions as opposed to changes in current conditions.

Answer: <https://biology-forums.com/index.php?topic=267109>

Question 873

Backflush costing does not strictly adhere to generally accepted accounting principles. Explain why. Also, describe the types of businesses that might use backflush costing.

Answer: <https://biology-forums.com/index.php?topic=268608>

Question 874

Which of the following is a reason why top managers want lower-level managers to participate in the budgeting process?

- A) To benefit from their experience with the day-to-day aspects of running the business.
- B) To reduce the time and cost expended in the budgeting process.
- C) To ensure that they do not introduce any budgetary slack.
- D) To ensure that the budgets are administered rigidly given the changing market conditions.

Answer: <https://biology-forums.com/index.php?topic=267113>

Question 875

Return on investment can be increased by _____.

- A) increasing current assets
- B) decreasing total assets
- C) decreasing revenues
- D) increasing the debt portion of the capital

Answer: <https://biology-forums.com/index.php?topic=268807>

Question 876

Antique Brass Company has budgeted sales volume of 120,000 units and budgeted production of 108,000 units, while 20,000 units are in beginning finished goods inventory. How many units are targeted for ending finished goods inventory?

- A) 20,000 units
- B) 32,000 units
- C) 12,000 units
- D) 8,000 units

Answer: <https://biology-forums.com/index.php?topic=267147>

Question 877

Fixed manufacturing costs expensed on the income statement (excluding adjustments for variances) total _____.

- A) \$3,600
- B) \$4,800
- C) \$6,000
- D) 0

Answer: <https://biology-forums.com/index.php?topic=267475>

Question 878

Abnormal spoilage totals _____.

- A) 5,800 units
- B) 0 units
- C) 7,200 units
- D) 13,000 units

Answer: <https://biology-forums.com/index.php?topic=268376>

Question 879

Schmidt Sewing Company incorporates the services of Deb's Sewing. Schmidt purchases pre-cut dresses from Deb's. This is primarily known as _____.

- A) insourcing

- B) outsourcing
- C) fragmentation
- D) in-housing

Answer: <https://biology-forums.com/index.php?topic=267716>

Question 880

What is the profit margin earned if each unit requires two machine-hours?

- A) 53.33%
- B) 33.33%
- C) 66.67%
- D) 58.73%

Answer: <https://biology-forums.com/index.php?topic=266914>

Question 881

For February, the cost components of a picture frame include \$0.30 for the glass, \$0.75 for the wooden frame, and \$0.80 for assembly. The assembly desk and tools cost \$500. Two hundred fifty frames are expected to be produced in the coming year. What cost function best represents these costs?

- A) $y = 1.85 + 500X$
- B) $y = 500 + 1.85X$
- C) $y = 3.85 + 600X$
- D) $y = 1.05 + 500X$

Answer: <https://biology-forums.com/index.php?topic=267558>

Question 882

What is the conversion cost per equivalent unit in March?

- A) \$1,595.52
- B) \$1,409.52
- C) \$1,345.52
- D) \$1,066.52

Answer: <https://biology-forums.com/index.php?topic=268308>

Question 883

What is the complete reciprocated cost of the Plant Maintenance Department?

- A) \$393,750
- B) \$369,459
- C) \$365,000
- D) \$375,773

Answer: <https://biology-forums.com/index.php?topic=268127>

Question 884

Which of the following can be used to arrive at the target rate of return on investment?

- A) dividing target annual operating income by invested capital
- B) multiplying target annual operating income by the rate of fixed preference dividend
- C) dividing invested capital by estimated dividend rate
- D) multiplying earnings available to equity stakeholders by price-equity ratio

Answer: <https://biology-forums.com/index.php?topic=267968>

Question 885

Audrey Auto Accessories manufactures plastic moldings for car seats. Its costing system uses two cost categories, direct materials and conversion costs. Each product must pass through Department A and Department B. Direct materials are added at the beginning of production. Conversion costs are allocated evenly throughout production.

Data for Department A for February 2015 are:

Work in process, beginning inventory, 40% converted 200 units

Units started during February 800 units

Work in process, ending inventory: 100 units

30% complete as to conversion costs

100% complete as to materials

Costs for the Department A for February 2015 are:

Work in process, beginning inventory:

Direct materials \$600,000

Conversion costs \$150,000

Direct materials costs added during February \$4,000,000

Conversion costs added during February \$2,250,000

What were the equivalent units of direct materials and conversion costs, respectively, at the end of February? Assume Audrey uses the weighted-average process costing method.

- A) 1,000; 930
- B) 1,000; 1,000
- C) 1,000; 900
- D) 800; 700

Answer: <https://biology-forums.com/index.php?topic=268329>

Question 886

Which of the following costs can be classified into both value-added and non-value-added costs?

- A) production control costs
- B) machine breakdown costs
- C) rework costs
- D) direct material costs

Answer: <https://biology-forums.com/index.php?topic=267957>

Question 887

Which of the following is a reason that has accelerated the demand for refinements to the costing system?

- A) The declining demand for customized products has led managers to decrease the variety of products and services their companies offer.
- B) The use of product and process technology has led to an increase in indirect costs and a decrease in direct costs.
- C) The increased of automated processes has led to the increase in direct manufacturing cost leading to a decrease in breakeven point.
- D) The increasing competition in product markets has led to an increase in contribution margin resulting in a decrease of breakeven point.

Answer: <https://biology-forums.com/index.php?topic=267004>

Question 888

Which of the following is true of rewarding managers on the basis of residual income?

- A) Managers are paid a fixed amount for his services regardless of the risk involved.
- B) Managers' efforts are easily measured.
- C) Managers taking less risk should be rewarded more since more risk can lead to huge losses.
- D) Managers' rewards are dependent on their own efforts and other local economic factors.

Answer: <https://biology-forums.com/index.php?topic=268861>

Question 889

_____ is the continuing reduction in the demand for a company's products that occurs when competitor prices are not met.

- A) Downward demand spiral
- B) Competitor pricing pressure
- C) Continuous step down demand
- D) Super-variable costing

Answer: <https://biology-forums.com/index.php?topic=267535>

Question 890

Leslie Manufacturing reported the following:

Revenue \$450,000

Beginning inventory of direct materials, January 1, 2015 20,000

Purchases of direct materials 156,000

Ending inventory of direct materials, December 31, 2015 18,000

Direct manufacturing labor 21,000

Indirect manufacturing costs 42,000

Beginning inventory of finished goods, January 1, 2015 40,000

Cost of goods manufactured 114,000

Ending inventory of finished goods, December 31, 2015 45,000

Operating costs 150,000

How much of the above would be considered period costs for Leslie Manufacturing?

- A) \$104,000
- B) \$140,000
- C) \$150,000
- D) \$147,000

Answer: <https://biology-forums.com/index.php?topic=266727>

Question 891

Ralph Company has been very aggressive in developing various types of financial and nonfinancial measurement schemes to help with the evaluation of its manufacturing processes. It appears that some of the managers are suboptimizing in that their decision processes are geared solely for their department's benefit, sometimes to the detriment of the organization as a whole.

Required:

What changes in the evaluation system could the company implement to help minimize the suboptimization of the managers' decision-making process?

Answer: <https://biology-forums.com/index.php?topic=267895>

Question 892

Normal spoilage totals _____.

- A) 7,200 units
- B) 0 units
- C) 13,000 units
- D) 5,800 units

Answer: <https://biology-forums.com/index.php?topic=268375>

Question 893

Bouvous Corporation had the following information for 2015:

Revenue \$ 400,000
Operating expenses 350,000
Total assets 500,000

What is the return on investment?

- A) 10%
- B) 20%
- C) 25%
- D) 18.2%

Answer: <https://biology-forums.com/index.php?topic=268811>

Question 894

Which of the following is a disadvantage of an enterprise resource planning (ERP) system?

- A) The use of standard costing systems is not allowed in an ERP system.
- B) Shifting manufacturing and distribution plans rapidly in response to changes in supply and demand is not possible in an ERP system.
- C) The ERP systems must often be customized to fit the strategic needs of the user.
- D) The ERP system increases lead times when purchasing material from a different supplier.

Answer: <https://biology-forums.com/index.php?topic=268592>

Question 895

Companies have an incentive to lower the transfer prices of products they are exporting into a country to reduce the tariffs and customs duties charged on those products.

Answer: <https://biology-forums.com/index.php?topic=268790>

Question 896

_____ is relevant in a decision to replace equipment.

- A) Warehouse rent costs
- B) Book value of old equipment
- C) Accumulated depreciation on old equipment
- D) Salvage value

Answer: <https://biology-forums.com/index.php?topic=267767>

Question 897

Which of the following costs is a relevant inventory stockout cost under EOQ decision model?

- A) The costs of obsolescence and costs of insurance that change with the quantity of inventory held.
- B) The return forgone by investing capital in inventory rather than elsewhere.
- C) The lost contribution margin on sales forgone as a result of customer dissatisfaction due to unavailability of goods.
- D) The costs of storage space owned that cannot be used for other profitable purposes when inventories decrease.

Answer: <https://biology-forums.com/index.php?topic=268566>

Question 898

What is the revenue effect of the price-recovery component?

- A) \$2,625,000 U
- B) \$1,250,000 U
- C) \$1,250,000 F
- D) \$2,625,000 F

Answer: <https://biology-forums.com/index.php?topic=267857>

Question 899

What is the budgeted variable manufacturing overhead cost per unit?

- A) \$183.00 per unit
- B) \$178.89 per unit
- C) \$119.25 per unit
- D) \$122.00 per unit

Answer: <https://biology-forums.com/index.php?topic=267353>

Question 900

What are the direct variable manufacturing costs per unit associated with Product DCT121?

- A) \$142
- B) \$90
- C) \$105
- D) \$110

Answer: <https://biology-forums.com/index.php?topic=266659>

Question 901

If the distress price is used as the transfer price, _____.

- A) the selling division will show a loss because the distress price will not exceed the full cost of the division
- B) the buying division will show a loss because the distress price will not exceed the full cost of the division
- C) the selling division will show a loss because the distress price will exceed the full cost of the division
- D) the buying division will show a loss because the distress price will exceed the full cost of the division

Answer: <https://biology-forums.com/index.php?topic=268755>

Question 902

All else being equal, a reduction in selling price will _____.

- A) increase contribution margin
- B) reduce fixed costs
- C) increase variable costs
- D) reduce operating income

Answer: <https://biology-forums.com/index.php?topic=266820>

Question 903

Lauren had been a manager of a major hotel chain for 15 years. Due to a hotel owner's illness, Lauren was offered the opportunity to purchase a hotel near a vacation area she had often visited. It was a great place surrounded by mountains and known for its scenic beauty. After obtaining a lawyer and an accountant to assist her, Lauren did an analysis of the business and evaluated several contingencies relating to various scenarios. Since the expected monetary value of the various scenarios was much higher than the price of the hotel, she decided to purchase the hotel. She resigned her position, obtained a loan, and purchased the hotel. The following year, there was a severe economic downturn and also a very bad weather season that reduced the number of guests and also caused a resulting mold situation in the hotel building that required expensive repair work. Lauren ran short of cash, became emotionally distraught, and eventually had to sell the hotel at a significant loss. Was it a bad decision for her to purchase the hotel instead of keeping her other managerial position? Explain.

Answer: <https://biology-forums.com/index.php?topic=266871>

Question 904

Which of the following correctly reflects what units passed inspection this period? Assume beginning work in process was completed and ending work in process was started during the period.

Inspection Point at Completion Level

10% 50% 100%

- A) Beginning work in process (30% complete) No No Yes
- B) Started and completed No Yes Yes
- C) Ending work in process (40% complete) Yes No Yes

D) Beginning work in process (5% complete) Yes Yes Yes

Answer: <https://biology-forums.com/index.php?topic=268391>

Question 905

Differentiate between a cost pool and a cost-allocation base.

Answer: <https://biology-forums.com/index.php?topic=266884>

Question 906

Digital Cellular sells phones for \$100. The unit variable cost per phone is \$50 plus a selling commission of 10%. Fixed manufacturing costs total \$1,250 per month, while fixed selling and administrative costs total \$2,500.

Required:

- What is the contribution margin per phone?
- What is the breakeven point in phones?
- How many phones must be sold to earn pretax income of \$7,500?

Answer: <https://biology-forums.com/index.php?topic=266811>

Question 907

If Genent's Engine Company accepts the offer from the outside supplier, the monthly avoidable costs (costs that will no longer be incurred) total _____.

- \$93,840
- \$92,000
- \$115,000
- \$116,840

Answer: <https://biology-forums.com/index.php?topic=267719>

Question 908

Which of the following capacity levels should a company choose, from a long-run product costing perspective, to allocate budgeted fixed manufacturing costs to products?

- master-budget capacity utilization to highlight unused capacity
- normal capacity utilization for benchmarking purposes
- practical capacity for pricing decisions
- theoretical capacity for performance evaluation

Answer: <https://biology-forums.com/index.php?topic=267532>

Question 909

A _____ is a grouping of individual indirect cost items.

- cost allocation base
- cost assignment
- cost pool
- job-costing system

Answer: <https://biology-forums.com/index.php?topic=266874>

Question 910

Why do organizations use budgeted rates instead of actual rates to allocate the costs of support departments to each other and to user departments and divisions? Explain.

Answer: <https://biology-forums.com/index.php?topic=268112>

Question 911

Nonfinancial performance measures _____.

- are usually used in combination with financial measures for control purposes
- are used to evaluate overall cost efficiency
- allow managers to make informed tradeoffs
- are often the sole basis of a manager's performance evaluations

Answer: <https://biology-forums.com/index.php?topic=267313>

Question 912

Products with a relatively low sales value are known as _____.

- primary products
- main products

- C) joint products
- D) byproducts

Answer: <https://biology-forums.com/index.php?topic=268174>

Question 913

In the context of transfer pricing, which of the following represents the maximum contribution margin forgone by the selling subunit if the product or service is transferred internally?

- A) sub-optimal transfer price
- B) notional loss
- C) compromise sale
- D) opportunity cost

Answer: <https://biology-forums.com/index.php?topic=268778>

Question 914

What are Bleach's and Cleanser's return on investment based on current values, respectively?

- A) 0.22; 0.6749
- B) 0.42; 0.5219
- C) 0.50; 0.3286
- D) 0.67; 0.2286

Answer: <https://biology-forums.com/index.php?topic=268846>

Question 915

A finance manager has to select one of the four different suppliers of raw materials. The total cost functions under the four options are given below. Assume the quality of the raw material to be the same, which of the following is preferred by the finance manager?

- A) $y = 200 + 5X$
- B) $y = 200 + 5.50X$
- C) $y = 200 + 4.50X$
- D) $y = 200 + 4.70X$

Answer: <https://biology-forums.com/index.php?topic=267561>

Question 916

A band of normal activity or volume in which specific cost-volume relationships are maintained is referred to as the _____.

- A) average range
- B) cost-allocation range
- C) cost driver range
- D) relevant range

Answer: <https://biology-forums.com/index.php?topic=266655>

Question 917

Allscott Company is developing its budgets for 2016 and, for the first time, will use the kaizen approach. The initial 2016 income statement, based on static data from 2015, is as follows:

Sales (140,000 units) \$420,000
Less: Cost of goods sold 280,000
Gross margin 140,000
Operating expenses (includes \$28,000 of depreciation) 112,000
Net income \$28,000

Selling prices for 2016 are expected to increase by 8%, and sales volume in units will decrease by 10%. The cost of goods sold as estimated by the kaizen approach will decline by 10% per unit. Other than depreciation, all other operating costs are expected to decline by 5%.

Required:

Prepare a kaizen-based budgeted income statement for 2016.

Answer: <https://biology-forums.com/index.php?topic=267210>

Question 918

Which of the following is true of a bottleneck?

- A) It occurs in an operation when the work to be performed approaches or exceeds the capacity available to do it.
- B) It occurs in an operation when there is excess capacity to complete the work given.
- C) It is the uncertainty about when customers will order products or services.
- D) It is the time taken by a manufacturing department to produce a finished product.

Answer: <https://biology-forums.com/index.php?topic=268487>

Question 919

The law firm of Smith & Jones has a staff of 30 lawyers and administrative staff. Budgeted total costs of the firm total \$4,000,000 of which \$2,500,000 is direct-labor costs. Assuming that the remaining costs are indirect and direct-labor cost is the allocation base, calculate the budgeted indirect cost rate.

- A) 38 of direct-labor cost
- B) 60% of direct-labor cost
- C) 63% of direct-labor cost
- D) 160% of direct-labor cost

Answer: <https://biology-forums.com/index.php?topic=266989>

Question 920

What is the static-budget variance of operating income?

- A) \$238,000 favorable
- B) \$238,000 unfavorable
- C) \$235,000 favorable
- D) \$235,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267241>

Question 921

Maxire Shoes manufactures shoes. All direct materials are included at the inception of the production process. For March, there were 2,800 units in beginning inventory with a direct material cost of \$1,400. Direct materials totaled \$35,000 for the month. Work-in-process records revealed that 70,000 units were started in March and that 60,000 were finished. Normal spoilage of 2% of units finished was incurred. Ending work-in-process units are complete in respect to direct materials costs. Spoilage is not detected until the process is complete. Endicott uses the weighted-average method.

Required:

- a. What are the direct materials costs assigned to completed good units?
- b. What are the direct material amounts allocated to the work-in-process ending inventory?

Answer: <https://biology-forums.com/index.php?topic=268387>

Question 922

In joint costing, the sales value at splitoff method is used frequently _____.

- A) in a dynamic business environment where the selling prices change frequently
- B) in anticipation of subsequent management decisions
- C) when selling prices are dependent on further processing decisions
- D) since the selling-price data exists at the splitoff

Answer: <https://biology-forums.com/index.php?topic=268236>

Question 923

Which of the following is true of staff management?

- A) It plans income taxes, sales taxes, and international taxes.
- B) It is directly responsible for achieving the goals of the organization.
- C) It provides advice, support, and assistance to line management.
- D) It controls the main business functions such as production and marketing.

Answer: <https://biology-forums.com/index.php?topic=266593>

Question 924

Standard material cost per kg of raw material is \$5. Standard material allowed per unit is 2 Kg. Actual material used per unit is 2.5 Kg. Actual cost per kg is \$4.5. What is the standard cost per output unit?

- A) \$9
- B) \$11.25
- C) \$10
- D) \$12.5

Answer: <https://biology-forums.com/index.php?topic=267278>

Question 925

Which of the following statements is of true engineered costs?

- A) They arise from periodic (usually annual) decisions regarding the maximum amount to be incurred.
- B) They have a detailed, physically observable, and repetitive relationship with output.
- C) They include advertising, executive training, and R&D.
- D) They have high level of uncertainty.

Answer: <https://biology-forums.com/index.php?topic=267862>

Question 926

Gevorg's Electronics manufactures TVs and DVDRs. During April, the following activities occurred:

TVs DVDRs

Budgeted units sold 19,404 72,996

Budgeted contribution margin per unit \$40 \$75

Actual units sold 22,000 80,000

Actual contribution margin per unit \$45 \$76

Required:

Compute the following variances in terms of the contribution margin.

- Determine the total sales-mix variance.
- Determine the total sales-quantity variance.
- Determine the total sales-volume variance.

Answer: <https://biology-forums.com/index.php?topic=268089>

Question 927

The above table is a _____.

- 4-variance analysis
- 3-variance analysis
- 2-variance analysis
- 1-variance analysis

Answer: <https://biology-forums.com/index.php?topic=267416>

Question 928

What are the inventoriable costs per unit associated with Product DCT121?

- \$137
- \$140
- \$143
- \$88

Answer: <https://biology-forums.com/index.php?topic=266723>

Question 929

Which of the following statements is true of productivity measures?

- Partial productivity and total factor productivity measures never work best together.
- Partial productivity explicitly considers gains from using fewer physical inputs as well as substitution among inputs.
- All productivity measures are physical measures lacking financial content.
- Total factor productivity considers the trade-offs across various inputs based on current input prices.

Answer: <https://biology-forums.com/index.php?topic=267890>

Question 930

The total overhead variance should be _____.

- \$145,500 F
- \$130,500 U
- \$145,500 U
- \$130,500 F

Answer: <https://biology-forums.com/index.php?topic=267420>

Question 931

Under the dual-rate cost-allocation method, when fixed costs are allocated based on actual usage then _____.

- user-division managers are motivated to make accurate long-run usage forecasts
- user-division managers can better plan for the short-run and for the long-run
- the costs of unused capacity are highlighted
- variations in one division's usage affect another division's allocation

Answer: <https://biology-forums.com/index.php?topic=268107>

Question 932

Which of the following statements best defines a just-in-time production system?

- a push-through system that manufactures finished goods for inventory on the basis of demand forecasts
- a push-through system in which each component in a production line is produced immediately as needed by the next step in the production line

C) a demand-pull system that manufactures finished goods for inventory on the basis of demand forecasts
D) a demand-pull system in which each component in a production line is produced immediately as needed by the next step in the production line
Answer: <https://biology-forums.com/index.php?topic=268577>

Question 933

The following information pertains to Amigo Corporation:

Month Sales Purchases
July \$30,000 \$10,000
August 34,000 12,000
September 38,000 14,000
October 42,000 16,000
November 48,000 18,000
December 60,000 20,000

• Cash is collected from customers in the following manner:

Month of sale (2% cash discount) 30%

Month following sale 50%

Two months following sale 15%

Amount uncollectible 5%

• 40% of purchases are paid for in cash in the month of purchase, and the balance is paid the following month.

Required:

a. Prepare a summary of cash collections for the 4th quarter.

b. Prepare a summary of cash disbursements for the 4th quarter.

Answer: <https://biology-forums.com/index.php?topic=267231>

Question 934

If deciding whether to eliminate a distribution channel, allocating corporate-sustaining costs to distribution channels _____.

A) helps define cost reduction possibilities

B) gives the misleading impression of potential cost savings

C) identifies administrative inefficiencies

D) evaluates the effectiveness of sales personnel

Answer: <https://biology-forums.com/index.php?topic=268030>

Question 935

Why does the manufacturing overhead control account (debit) need to equal the manufacturing overhead allocated account (credit)?

Answer: <https://biology-forums.com/index.php?topic=266965>

Question 936

The marketing manager's performance evaluation is most fair when based on a denominator level using _____.

A) practical capacity

B) theoretical capacity

C) master-budget capacity utilization

D) normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267534>

Question 937

Which of the following elements are used in calculating revenue in a flexible budget?

A) budgeted selling price and actual quantity of output

B) actual selling price and budgeted quantity of output

C) budgeted selling price and budgeted quantity of output

D) actual selling price and actual quantity of output

Answer: <https://biology-forums.com/index.php?topic=267246>

Question 938

What is the difference between an actual cost system and a normal cost system?

Answer: <https://biology-forums.com/index.php?topic=266916>

Question 939

The new cost analyst in your accounting department has just received a computer-generated report that contains the results of a simple regression program for cost estimation. The summary results of the report appear as follows:

Variable Coefficient Standard Error t-Value

Constant \$74.79 \$16.82 4.45
Independent variable \$1,081.76 \$215.67 5.02
 $r^2 = 0.75$

Required:

- What is the cost estimation equation according to the report?
- What is the goodness of fit? What does it tell about the estimating equation?

Answer: <https://biology-forums.com/index.php?topic=267646>

Question 940

What is the breakeven point assuming the sales mix consists of two units of Product X and one unit of Product Y?

- 1,000 units of Y and 2,000 units of X
- 1,113 units of Y and 2,025 units of X
- 2,313 units of Y and 4,025 units of X
- 1,250 units of Y and 2,500 units of X

Answer: <https://biology-forums.com/index.php?topic=266850>

Question 941

The above interest costs would be considered a(n) _____.

- output unit-level cost
- facility-sustaining cost
- product-sustaining cost
- batch-level cost

Answer: <https://biology-forums.com/index.php?topic=268057>

Question 942

A variance is _____.

- the difference between actual fixed cost per unit and standard variable cost per unit
- the standard units of inputs for one output
- the difference between an actual result and a budgeted performance
- the difference between actual variable cost per unit and standard fixed cost per unit

Answer: <https://biology-forums.com/index.php?topic=267234>

Question 943

Given this change in the cost _____.

- SR6 will now command a higher sales price
- SR6 has benefited from the new system
- SR6 is definitely more accurately costed
- the costing results for SR6 under the new system depend on the adequacy and quality of the estimated cost drivers and costs used by the system

Answer: <https://biology-forums.com/index.php?topic=267070>

Question 944

The cost of the manager of a retail distribution channel would most likely be classified as a _____.

- customer-sustaining cost
- distribution-channel cost
- customer batch-level cost
- corporate-sustaining cost

Answer: <https://biology-forums.com/index.php?topic=268005>

Question 945

What were the equivalent units for conversion costs during October?

- 10,125
- 11,375
- 11,125
- 9,000

Answer: <https://biology-forums.com/index.php?topic=268321>

Question 946

Which of the following reduces manufacturing cycle times and delays?

- increasing the capacity of a bottleneck resource
- selling of an existing equipment to save up on depreciation costs

- C) increasing the time it takes for setups and processing
- D) outsourcing the job to a third party

Answer: <https://biology-forums.com/index.php?topic=268505>

Question 947

If breakeven point is 1,000 units, each unit sells for \$30, and fixed costs are \$10,000, then on a graph the _____.

- A) total revenue line and the total cost line will intersect at \$30,000 of revenue
- B) total cost line will be zero at zero units sold
- C) revenue line will start at \$10,000
- D) total revenue line and the total cost line will intersect at \$40,000 of revenue

Answer: <https://biology-forums.com/index.php?topic=266802>

Question 948

What is Leslie's cost of goods sold?

- A) \$103,000
- B) \$109,000
- C) \$112,000
- D) \$118,000

Answer: <https://biology-forums.com/index.php?topic=266734>

Question 949

The benefits-received criteria for allocating joint costs indicate market-based measures are preferred because _____.

- A) physical measures such as quantity are clear bases for allocating cost than other measures
- B) physical measures are more difficult to calculate
- C) revenues are usually the best indicators of the benefits received
- D) revenues always remain consistent over short-run

Answer: <https://biology-forums.com/index.php?topic=268196>

Question 950

Which one of the following is a variable cost for an insurance company?

- A) rent of the building
- B) CEO's salary
- C) electricity expenses
- D) property taxes

Answer: <https://biology-forums.com/index.php?topic=266649>

Question 951

'Managers should be wary of using the same unitized fixed overhead costs for planning and control purposes'. Do you agree with this argument? Give reasons for your answer.

Answer: <https://biology-forums.com/index.php?topic=267403>

Question 952

Fixed manufacturing costs included in ending inventory total _____.

- A) \$1,200
- B) \$1,500
- C) \$900
- D) 0

Answer: <https://biology-forums.com/index.php?topic=267476>

Question 953

All individual cost items included in the dependent variable should have _____.

- A) a different cost driver
- B) an independent relationship with the independent variable
- C) an economically plausible relationship with the cost driver
- D) a heterogeneous cost pool

Answer: <https://biology-forums.com/index.php?topic=267590>

Question 954

Which of the following costs is NOT considered to calculate the minimum acceptable price of a one-time-only special order?

- A) marketing costs
- B) direct material costs
- C) indirect material costs
- D) special design costs

Answer: <https://biology-forums.com/index.php?topic=267685>

Question 955

Activity-based costing (ABC) can eliminate cost distortions because ABC systems _____.

- A) establish a cause-and-effect relationship with the activities performed
- B) use single cost pool for all overhead costs, thereby enabling simplicity
- C) use a broad average to allocate all overhead costs
- D) never consider interactions between different departments in assigning support costs

Answer: <https://biology-forums.com/index.php?topic=267015>

Question 956

Different management levels in Bates, Inc., require varying degrees of managerial accounting information. Because of the need to comply with the managers' requests, four different variances for manufacturing overhead are computed each month. The information for the September overhead expenditures is as follows:

- Budgeted output units 3,200 units
- Budgeted fixed manufacturing overhead \$20,000
- Budgeted variable manufacturing overhead \$5 per direct labor hour
- Budgeted direct manufacturing labor hours 2 hours per unit
- Fixed manufacturing costs incurred \$26,000
- Direct manufacturing labor hours used 7,200
- Variable manufacturing costs incurred \$35,600
- Actual units manufactured 3,400

Required:

- a. Compute a 4-variance analysis for the plant controller.
- b. Compute a 3-variance analysis for the plant manager.
- c. Compute a 2-variance analysis for the corporate controller.
- d. Compute the flexible-budget variance for the manufacturing vice president.

Answer: <https://biology-forums.com/index.php?topic=267422>

Question 957

Fixed costs equal \$15,000, unit contribution margin equals \$25, and the number of units sold equal 1,150. Operating income is _____.

- A) \$28,750
- B) \$13,750
- C) \$15,000
- D) \$14,750

Answer: <https://biology-forums.com/index.php?topic=266788>

Question 958

What is the amount of the budgeted variable manufacturing overhead cost per unit?

- A) \$9.50 per unit
- B) \$18.58 per unit
- C) \$19.00 per unit
- D) \$19.56 per unit

Answer: <https://biology-forums.com/index.php?topic=267350>

Question 959

Effective planning of variable overhead costs means that a company performs those variable overhead costs that primarily _____.

- A) increase the planned variable overhead budgets
- B) add value for the customer using the products or services
- C) increase the linearity between total costs and volume of production
- D) identify the product advertising requirements

Answer: <https://biology-forums.com/index.php?topic=267327>

Question 960

What is the total equivalent units in ending inventory for assignment of direct materials cost?

- A) 25 units

- B) 50 units
- C) 150 units
- D) 200 units

Answer: <https://biology-forums.com/index.php?topic=268296>

Question 961

Customer response time comprises of _____.

- A) manufacturing cycle time and delivery time only
- B) receipt time and manufacturing cycle time only
- C) receipt time, manufacturing cycle time, and delivery time
- D) manufacturing time and delivery time only

Answer: <https://biology-forums.com/index.php?topic=268489>

Question 962

What is the flexible-budget amount?

- A) \$49,490
- B) \$45,450
- C) \$46,350
- D) \$47,650

Answer: <https://biology-forums.com/index.php?topic=267365>

Question 963

What is the value of the operating assets belonging to the Beta Division (c)?

- A) \$7,333,333
- B) \$11,904,760
- C) \$8,333,333
- D) \$14,303,600

Answer: <https://biology-forums.com/index.php?topic=268818>

Question 964

Orange Corporation has budgeted sales of 16,000 units, targeted ending finished goods inventory of 4,000 units, and beginning finished goods inventory of 2,000 units. How many units should be produced next year?

- A) 22,000 units
- B) 20,000 units
- C) 18,000 units
- D) 16,000 units

Answer: <https://biology-forums.com/index.php?topic=267145>

Question 965

What is the estimated cost function for the above data?

- A) $y = 300,000 + 120X$
- B) $y = 220,000 + 147X$
- C) $y = 100,000 + 80X$
- D) $y = 130X$

Answer: <https://biology-forums.com/index.php?topic=267606>

Question 966

What costs would be associated with normal and abnormal spoilage, respectively, using the FIFO method of process costing?

- A) \$21,060; \$37,440
- B) \$12,960; \$37,440
- C) \$14,400; \$12,960
- D) \$16,000; \$8,000

Answer: <https://biology-forums.com/index.php?topic=268385>

Question 967

If Beta Corp's net income is \$210,000 and the tax rate is 30%, then the company's planned operating income is _____.

- A) \$325,000
- B) \$300,000
- C) \$273,000
- D) \$357,000

Answer: <https://biology-forums.com/index.php?topic=266817>

Question 968

Fairytale Weddings manufactures wedding dresses. The following information relates to the manufacture of gowns in its Perth plant:
20X1 20X2

Units produced and sold 43,000 52,600
Direct manufacture labor-hours 22,000 26,000
Direct materials used (square yards) 130,000 152,000
Direct manufacture cost per hour \$16 \$17
Direct materials cost per yard \$10 \$11

Required:

Prepare an analysis of change in annual costs from 20X1 to 20X2 including direct materials, direct manufacturing labor, and total inputs.

Answer: <https://biology-forums.com/index.php?topic=267894>

Question 969

_____ focuses on reducing costs during the manufacturing stage.

- A) Target costing
- B) Kaizen costing
- C) Cost-plus pricing
- D) Life-cycle costing

Answer: <https://biology-forums.com/index.php?topic=267954>

Question 970

Scrap is _____.

- A) units of production that do not meet the specifications required by customers but that are subsequently repaired and sold as good finished units
- B) products of a joint production process that have low total sales values relative to the total sales value of the main product
- C) residual material that results from manufacturing a product
- D) units of production whether fully or partially completed, that do not meet the specifications required by customers for good units and are discarded or sold at reduced prices

Answer: <https://biology-forums.com/index.php?topic=268352>

Question 971

_____ is a method of inventory costing in which all variable manufacturing costs and all fixed manufacturing costs are included as inventoriable costs.

- A) Variable costing
- B) Mixed costing
- C) Absorption costing
- D) Standard costing

Answer: <https://biology-forums.com/index.php?topic=267440>

Question 972

Under standard costing, there is no need to calculate a cost per equivalent unit.

Answer: <https://biology-forums.com/index.php?topic=268433>

Question 973

For a company which produce its products in batches, the CEO's salary is a(n) _____ cost.

- A) batch-level
- B) output unit-level
- C) facility-sustaining
- D) product-sustaining

Answer: <https://biology-forums.com/index.php?topic=267029>

Question 974

Which of the following is the correct mathematical expression to calculate annual relevant ordering costs?

- A) Demand in units for a specified period / (Relevant ordering cost per purchase order × Size of each order)
- B) Size of each order × Relevant ordering cost per purchase order / Demand in units for a specified period
- C) (Demand in units for a specified period / Size of each order) × Relevant ordering cost per purchase order
- D) (Demand in units for a specified period - Size of each order) × Relevant ordering cost per purchase order

Answer: <https://biology-forums.com/index.php?topic=268532>

Question 975

How many of the units that were started and completed during February?

- A) 83,000
- B) 78,000
- C) 73,000
- D) 63,000

Answer: <https://biology-forums.com/index.php?topic=268318>

Question 976

Activity-based budgeting makes it easier to _____.

- A) determine a rolling budget
- B) prepare pro forma financial statements
- C) determine how to reduce costs
- D) execute a financial budget

Answer: <https://biology-forums.com/index.php?topic=267167>

Question 977

Which of the following journal entries is used to record actual variable overhead costs incurred?

- A) Accounts Payable
Variable Overhead Control
- B) Variable Overhead Control
Accounts Receivable
- C) Work-in-Process Control
Variable Overhead Control
- D) Variable Overhead Control
Accounts Payable

Answer: <https://biology-forums.com/index.php?topic=267377>

Question 978

When machine-hours are used as a cost-allocation base, the item most likely to contribute to a favorable variable overhead efficiency variance is _____.

- A) excessive machine breakdowns
- B) skillful workforce
- C) additional machinery
- D) strengthened demand for the product

Answer: <https://biology-forums.com/index.php?topic=267376>

Question 979

Which of the following statements is true of budgets?

- A) Master budgets express management's operating and financial plans.
- B) Financial budgets are prepared before the master budget is prepared.
- C) Operating budgets are prepared independently of the master budget.
- D) Financial budgets are working documents at the core of the budgeting process.

Answer: <https://biology-forums.com/index.php?topic=267103>

Question 980

In joint costing, which of the following is a market-based approach to allocating costs?

- A) sales units
- B) units of production
- C) physical measures
- D) net realizable value

Answer: <https://biology-forums.com/index.php?topic=268190>

Question 981

Compared to variable overhead costs planning, fixed overhead costs planning have an additional strategic issue of _____.

- A) eliminating activities that do not add value
- B) increasing the linearity between total costs and volume of production
- C) choosing the appropriate level of investment

D) identifying essential value-adding activities

Answer: <https://biology-forums.com/index.php?topic=267326>

Question 982

Which of the following is true of reverse engineering?

- A) It is the process of building a new product by first determining the selling price of the product.
- B) It is the process by which a company analyzes its own process to reduce cost.
- C) It is the process by which a company markets a product by analyzing competitors marketing strategy.
- D) It is the process by which the competitor's products are disassembled and analyzed.

Answer: <https://biology-forums.com/index.php?topic=267931>

Question 983

Goodness-of-fit measures how well the predicted values in a cost estimating equation _____.

- A) match the cost driver
- B) determine the level of activity
- C) match the actual cost observations
- D) rely on the independent variable

Answer: <https://biology-forums.com/index.php?topic=267614>

Question 984

In joint costing, the potential conflict between cost concepts used for decision making and cost concepts used for evaluating the performance of managers will be most severe when the _____ method is used.

- A) sales value at splitoff
- B) physical measure
- C) constant gross-margin percentage NRV
- D) estimated NRV

Answer: <https://biology-forums.com/index.php?topic=268247>

Question 985

Given this change in the cost structure _____.

- A) The costing results for chess pieces under the new system depend on the adequacy and quality of the estimated cost drivers and costs used by the system.
- B) Chess pieces have benefited from the new system.
- C) Chess pieces are definitely more accurately costed.
- D) Chess will now have a lower sales price.

Answer: <https://biology-forums.com/index.php?topic=267072>

Question 986

The _____ approach carries the underallocated or overallocated amounts to overhead accounts in the following year.

- A) adjusted allocation-rate
- B) proration
- C) write-off to cost of goods sold
- D) None of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=266974>

Question 987

A company has a plant in a high tax jurisdiction that produces products for a facility in a low tax jurisdiction. Suggest a strategy, including transfer prices, which will result in the lowest tax for the overall corporation.

Answer: <https://biology-forums.com/index.php?topic=268791>

Question 988

What cost is allocated to abnormal spoilage using the weighted-average process-costing method?

- A) \$ 0
- B) \$25,520
- C) \$11,600
- D) \$13,920

Answer: <https://biology-forums.com/index.php?topic=268378>

Question 989

Lean accounting is much simpler than traditional product costing. Why?

Answer: <https://biology-forums.com/index.php?topic=268612>

Question 990

Which of the following statements is true of costing systems?

- A) Single-indirect cost pool systems always result in overcosting of products.
- B) Single-indirect cost pool systems classify some direct costs as indirect costs.
- C) ABC systems always result in overcosting of products.
- D) ABC systems classify some indirect costs as direct costs helping to improve processes

Answer: <https://biology-forums.com/index.php?topic=267078>

Question 991

What is the percentage of the total fixed costs per unit associated with Product ORD105 with respect to total cost?

- A) 32%
- B) 28%
- C) 26%
- D) 20%

Answer: <https://biology-forums.com/index.php?topic=266662>

Question 992

An efficiency variance reflects the difference between _____.

- A) actual input quantities used last period and current period
- B) an actual input quantity and a budgeted input quantity
- C) an actual input quantity used in a company and its main competitor's
- D) a standard input quantity in a company and its main competitor's

Answer: <https://biology-forums.com/index.php?topic=267273>

Question 993

Using the sales value at splitoff method, what is the gross-margin percentage for condensed goat milk at the splitoff point?

- A) 51.74%
- B) 50.00%
- C) 35.83%
- D) 48.26%

Answer: <https://biology-forums.com/index.php?topic=268210>

Question 994

Even though there are no inventories for service companies, ABC systems are of great use for service companies. Explain why and how.

Answer: <https://biology-forums.com/index.php?topic=267093>

Question 995

Which of the following statements best define strategy?

- A) It describes how an organization can create value for its customers while differentiating itself from its competitors.
- B) It is an organization's ability to achieve lower costs relative to competitors through productivity and efficiency improvements, elimination of waste, and tight cost control.
- C) It is an organization's ability to offer products or services its customers perceive to be superior and unique relative to the products or services of its competitors.
- D) It describes how an organization motivates its employees to work for more hours without any increase in their wages.

Answer: <https://biology-forums.com/index.php?topic=267787>

Question 996

Ventaz Corp manufactures glasses. The manufacturing cycle efficiency is 70%. What is its waiting time if the manufacturing lead time is 120 minutes per keyboard?

- A) 38.00 minutes
- B) 42.00 minutes
- C) 48.00 minutes
- D) 36.00 minutes.

Answer: <https://biology-forums.com/index.php?topic=268495>

Question 997

Which of the following is true of responsibility accounting?

- A) It is a system that measures the plans, budgets, actions, and actual results of a responsibility center.
- B) It is an arrangement of lines of responsibility and authority within a responsibility center.
- C) It explicitly incorporates continuous improvement and changes due to learning curve.
- D) It examines how a result will change if the original plan is not achieved.

Answer: <https://biology-forums.com/index.php?topic=267189>

Question 998

The _____ describes the flow of goods, services, and information from the initial sources of materials and services to the delivery of products to consumers.

- A) customer list
- B) enterprise requirements plan (ERP)
- C) material requirements plan (MRP)
- D) supply chain

Answer: <https://biology-forums.com/index.php?topic=268571>

Question 999

The net realizable value method _____.

- A) allocates joint costs to joint products on the basis of a comparable physical measure at the splitoff point
- B) allocates joint costs to joint products on the basis of the relative sales value at the splitoff point
- C) allocates joint costs to joint products in a way that each product has an identical gross-margin percentage
- D) allocates joint costs to joint products on the basis of relative NRV

Answer: <https://biology-forums.com/index.php?topic=268194>

Question 1000

Weighty Steel processes a single type of steel. For the current period the following information is given:

Units Material Costs Conversion Costs

Beginning Inventory 3,000 \$4,500 \$5,400

Started During the Current Period 20,000 32,000 78,200

Ending Inventory 2,500

All materials are added at the beginning of the production process. The beginning inventory was 40% complete as to conversion, while the ending inventory was 30% completed for conversion purposes.

Weighty uses the weighted-average costing method.

What is the total cost assigned to the units completed and transferred this period?

- A) \$107,010
- B) \$109,440
- C) \$113,160
- D) \$120,100

Answer: <https://biology-forums.com/index.php?topic=268315>

Question 1001

Collin Inc. produces hospital equipment and the setup requirements vary from product to product. Collin produces its products based on customer orders and uses ABC costing. In one of its indirect cost pools, setup costs and distribution costs are pooled together. Costs in this pool are allocated using number of customer orders for the easiness of costing operations. Based on the information provided, which of the following arguments is valid?

- A) Collin has clearly failed to identify as many direct costs as is economically feasible.
- B) All costs in a homogeneous cost pool have the same or a similar cause-and-effect relationship with the single cost driver that is used as the cost-allocation base for Collin.
- C) Collin has unnecessarily wasted resources by classifying setup and distribution costs as they could have been considered as direct costs.
- D) Collin has failed to use the correct cost driver as the cost-allocation base for setup costs.

Answer: <https://biology-forums.com/index.php?topic=267006>

Question 1002

_____ is a philosophy in which management improves operations throughout the value chain to deliver products and services that exceed customer expectations.

- A) Cost-benefit approach
- B) Customer focus
- C) Customer relationship management
- D) Total quality management

Answer: <https://biology-forums.com/index.php?topic=266558>

Question 1003

Which of the following helps in avoiding costly transfer-pricing disputes between taxpayers and tax authorities?

- A) transfer price redressal panel
- B) grievance redressal forum
- C) transfer price agreements
- D) advanced pricing agreements

Answer: <https://biology-forums.com/index.php?topic=268784>

Question 1004

The internal rate-of-return (IRR) method calculates _____.

- A) the discount rate at which an investment's present value of the total of all expected cash inflows equals the present value of its expected cash outflows.
- B) the discount rate at which an investment's future value of all expected cash inflows equals the present value of its expected cash outflows.
- C) the discount rate at which an investment's total of all expected cash inflows equals the present value of its expected cash outflows.
- D) the discount rate at which sum of an investment's present value of all expected cash inflows equals the present value of its expected cash outflows.

Answer: <https://biology-forums.com/index.php?topic=268637>

Question 1005

When using the dual-rate method, the fixed cost allocation is based on _____.

- A) indirect usage
- B) budgeted usage
- C) incremental cost allocation
- D) prime cost allocation

Answer: <https://biology-forums.com/index.php?topic=268095>

Question 1006

An efficient management accounting system traces direct costs and allocates indirect costs to products.

Answer: <https://biology-forums.com/index.php?topic=266769>

Question 1007

Effective planning of variable overhead costs includes _____.

- A) choosing the appropriate level of investment
- B) eliminating value-added costs
- C) redesigning products to use fewer resources
- D) reorganizing management structure

Answer: <https://biology-forums.com/index.php?topic=267331>

Question 1008

During an accounting period, job costs are computed on an ongoing basis by the use of _____.

- A) actual allocation rates
- B) budgeted indirect-cost rates
- C) overallocated indirect-cost rates
- D) underallocated indirect-cost rates

Answer: <https://biology-forums.com/index.php?topic=266952>

Question 1009

Schotte Manufacturing Company uses two different independent variables (machine-hours and number of packages) in two different equations to evaluate costs of the packaging department. The most recent results of the two regressions are as follows:

Machine-hours:

Variable Coefficient Standard Error t-Value
Constant \$748.30 \$341.20 2.19
Independent Variable \$52.90 \$35.20 1.50
 $r^2 = 0.33$

Number of packages:

Variable Coefficient Standard Error t-Value
Constant \$242.90 \$75.04 3.24
Independent Variable \$5.60 \$2.00 2.80
 $r^2 = 0.73$

Required:

- What are the estimating equations for each cost driver?
- Which cost driver is best and why?

Answer: <https://biology-forums.com/index.php?topic=267648>

Question 1010

What is the Tractor Division's investment turnover?

- .50
- 1.0
- 2.0
- 2.5

Answer: <https://biology-forums.com/index.php?topic=268826>

Question 1011

Explain the difference between an inventoriable cost and a period cost. What potential problems does an inaccurate classification of product and period costs cause?

Answer: <https://biology-forums.com/index.php?topic=266730>

Question 1012

Ruby Corp is bidding on a design project for a new client. The total budgeted direct-labor costs for the firm are \$400,000. The total budgeted indirect costs are \$800,000. It is estimated that there are 10,000 billable hours in total.

Required:

- What is the budgeted direct-labor cost rate?
- What is the budgeted indirect-cost rate assuming direct-labor cost is the allocation base?
- What should be the engineering firm bid on the project if the direct labor hours are estimated at 300 hours?

Answer: <https://biology-forums.com/index.php?topic=266994>

Question 1013

Which of the following minimizes the risks of outsourcing?

- the use of short-term contracts that specify price
- shifting the firm's responsibility for on-time delivery to the supplier
- building close partnerships with the supplier
- increasing the contract price

Answer: <https://biology-forums.com/index.php?topic=267712>

Question 1014

The textbook discusses three levels of variances, Level 0, Level 1, Level 2, and Level 3. Briefly explain the meaning of each of those levels and provide an example of a variance at each of those levels.

Answer: <https://biology-forums.com/index.php?topic=267280>

Question 1015

Flexible budget contribution margin is equal to _____.

- actual contribution margin per unit times actual units sold of each product
- actual contribution margin per unit times budgeted units sold of each product
- budgeted contribution margin per unit times budgeted units sold of each product
- budgeted contribution margin per unit times actual units sold of each product

Answer: <https://biology-forums.com/index.php?topic=268062>

Question 1016

What is the transfer price per barrel from the Extraction Division to the Refining Division, assuming the method used to place a value on each barrel of oil is 180% of variable costs?

- \$12.60
- \$21.60
- \$72.00
- \$130.00

Answer: <https://biology-forums.com/index.php?topic=268734>

Question 1017

Which of the following statements is true of the methods for allocating joint costs?

- A) Under the cause-and-effect criterion, the physical-measure method is highly desirable.
- B) Byproducts are never excluded from the denominator used in the physical-measure method.
- C) The NRV method is never used when the selling prices of joint products vary frequently.
- D) The sales value at splitoff method follows the benefits-received criterion of cost allocation.

Answer: <https://biology-forums.com/index.php?topic=268219>

Question 1018

The method that ranks individual products in a bundle for revenue allocation is the _____.

- A) stand-alone revenue-allocation method
- B) incremental revenue-allocation method
- C) unit-cost weighting method
- D) physical-unit weighting method

Answer: <https://biology-forums.com/index.php?topic=268156>

Question 1019

Cost behavior refers to _____.

- A) how costs react to a change in the level of activity
- B) whether a cost is incurred in a manufacturing, merchandising, or service company
- C) classifying costs as either perpetual or period costs
- D) whether a particular expense is expensed in the same or the following period

Answer: <https://biology-forums.com/index.php?topic=266644>

Question 1020

Budgets are used to _____.

- A) increase the book value of its assets
- B) communicate with external stakeholders
- C) calculate the income tax liability
- D) formulate company strategies

Answer: <https://biology-forums.com/index.php?topic=267097>

Question 1021

When target costing and target pricing are used together _____.

- A) the target cost is established first, then the target price
- B) the target cost is the estimated long-run cost that enables a product or service to achieve a desired profit
- C) the focus of target pricing is to undercut the competition
- D) target costs are generally higher than current costs

Answer: <https://biology-forums.com/index.php?topic=267940>

Question 1022

Which capital budgeting technique measures all expected future cash inflows and outflows as if they occurred at a single point in time?

- A) net present value method
- B) accrual accounting rate-of-return method
- C) payback method
- D) sensitivity analysis

Answer: <https://biology-forums.com/index.php?topic=268621>

Question 1023

Service-sector companies report _____.

- A) work-in-process inventory, and finished goods inventory accounts
- B) only finished goods inventory
- C) direct materials inventory, work-in-process inventory, and finished goods inventory accounts
- D) no inventory accounts

Answer: <https://biology-forums.com/index.php?topic=266689>

Question 1024

Activity-based budgeting _____.

- A) uses one cost driver such as direct labor-hours
- B) uses only output-based cost drivers such as units sold
- C) focuses on activities necessary to produce and sell products and services
- D) classifies costs by functional area within the value chain

Answer: <https://biology-forums.com/index.php?topic=267169>

Question 1025

The constant gross-margin percentage NRV method of joint cost allocation _____.

- A) involves allocating costs in such a way that maintaining the same gross margin percentage for each product that was obtained in prior years
- B) computes gross margin before allocating the costs to the products
- C) is the same as the estimated NRV method
- D) is the same as the sales-value at splitoff method

Answer: <https://biology-forums.com/index.php?topic=268226>

Question 1026

Write a linear cost function equation for each of the following conditions. Use y for estimated costs and X for activity of the cost driver.

- a. Direct manufacturing labor is \$10 per hour.
- b. Direct materials cost \$15.60 per cubic yard.
- c. Utilities have a minimum charge of \$5,000, plus a charge of \$0.30 per kilowatt-hour.
- d. Machine operating costs include \$300,000 of machine depreciation per year, plus \$100 of utility costs for each day the machinery is in operation.

Answer: <https://biology-forums.com/index.php?topic=267568>

Question 1027

Frazer Corp sells several products. Information of average revenue and costs is as follows:

Selling price per unit \$28.50

Variable costs per unit:

Direct material \$5.50

Direct manufacturing labor \$1.15

Manufacturing overhead \$0.85

Selling costs \$2.50

Annual fixed costs \$125,000

If the company decides to lower its selling price by 12.25%, the operating income is reduced by _____.

- A) \$52,500
- B) \$50,500
- C) \$55,500
- D) \$29,500

Answer: <https://biology-forums.com/index.php?topic=266807>

Question 1028

_____ are the acquisition costs of all materials that eventually become part of the cost object and can be traced to the cost object.

- A) Sales taxes paid to acquire materials
- B) Wages paid to assembly-line workers
- C) Plant depreciation incurred
- D) Property taxes on plant

Answer: <https://biology-forums.com/index.php?topic=266703>

Question 1029

Line management includes _____.

- A) distribution managers
- B) human-resource managers
- C) information-technology managers
- D) management-accounting managers

Answer: <https://biology-forums.com/index.php?topic=266596>

Question 1030

The ideal database for estimating cost functions contains _____.

- A) numerous cost driver observations
- B) only the independent variable and not the dependent variable
- C) cost driver observations spanning a narrow range
- D) a few values of the cost driver that are grouped closely together

Answer: <https://biology-forums.com/index.php?topic=267636>

Question 1031

Just-in-time purchasing requires _____.

- A) larger and less frequent purchase orders
- B) smaller and less frequent purchase orders
- C) smaller and more frequent purchase orders
- D) larger and more frequent purchase orders

Answer: <https://biology-forums.com/index.php?topic=268570>

Question 1032

In analyzing transfer prices, the _____.

- A) buyer will not willingly purchase a product for less than the incremental costs incurred to manufacture the product internally
- B) seller will not willingly sell a product for less than the incremental costs incurred to make the product
- C) buyer will willingly pay more than the ceiling transfer price
- D) buyer will not pay less than the ceiling transfer price

Answer: <https://biology-forums.com/index.php?topic=268782>

Question 1033

Among different types of costs associated with inventory, the costs that result when features and characteristics of a product or service are not in conformance with the customer specifications are _____.

- A) EOQ estimation costs
- B) costs of quality
- C) purchasing costs
- D) shrinkage costs

Answer: <https://biology-forums.com/index.php?topic=268525>

Question 1034

The costs of quality _____.

- A) are the costs incurred to enhance large scale production
- B) are the costs incurred to prevent the production of a low quality product
- C) are costs incurred to company due to defective and low quality product
- D) include warranty costs, costs of normal spoilage, costs of abnormal spoilage, and scrap costs

Answer: <https://biology-forums.com/index.php?topic=268436>

Question 1035

If a company has excess capacity, the most it would pay for buying a product that it currently makes would be the _____.

- A) total variable cost of producing the product
- B) full cost of producing the product
- C) total cost of producing the product
- D) business function cost of the product

Answer: <https://biology-forums.com/index.php?topic=267726>

Question 1036

Explain the difference between a static budget and a flexible budget. Explain what is meant by a static budget variance and a flexible budget variance.

Answer: <https://biology-forums.com/index.php?topic=267242>

Question 1037

When making decisions _____.

- A) more weightage should be given to qualitative factors
- B) more weightage should be given to quantitative factors
- C) appropriate weight must be given to both quantitative and qualitative factors
- D) both quantitative and qualitative factors are unimportant

Answer: <https://biology-forums.com/index.php?topic=267673>

Question 1038

Brilliant Accents Company manufactures and sells three styles of kitchen faucets: Brass, Chrome, and White. Production takes 25, 25, and 10 machine hours to manufacture 1,000-unit batches of brass, chrome, and white faucets, respectively. The following additional data apply:

BRASS CHROME WHITE

Projected sales in units 30,000 50,000 40,000

PER UNIT data:

Selling price \$40 \$20 \$30

Direct materials \$ 8 \$ 4 \$ 8

Direct labor \$15 \$ 3 \$ 9

Overhead cost based on direct labor hours

(traditional system) \$12 \$ 3 \$ 9

Hours per 1000-unit batch:

Direct labor hours 40 10 30

Machine hours 25 25 10

Setup hours 1.0 0.5 1.0

Inspection hours 30 20 20

Total overhead costs and activity levels for the year are estimated as follows:

Activity Overhead costs Activity levels

Direct labor hours 2,900 hours

Machine hours 2,400 hours

Setups \$465,500 95 setup hours

Inspections \$405,000 2,700 inspection hours

\$870,500

Required:

- a. Using the traditional system, determine the operating profit per unit for the brass style of faucet.
- b. Determine the activity-cost-driver rate for setup costs and inspection costs.
- c. Using the ABC system, for the brass style of faucet:
 1. compute the estimated overhead costs per unit.
 2. compute the estimated operating profit per unit.
- d. Explain the difference between the profits obtained from the traditional system and the ABC system. Which system provides a better estimate of profitability? Why?

Answer: <https://biology-forums.com/index.php?topic=267075>

Question 1039

What is the transfer price per compressor from the Compressor Division to the Fabrication Division if the method used to place a value on each compressor is 150% of variable costs?

- A) \$22.50
- B) \$37.88
- C) \$45.00
- D) \$50.50

Answer: <https://biology-forums.com/index.php?topic=268743>

Question 1040

When benchmarking, management accountants are most valuable when they _____.

- A) present differences in the benchmarking data to management
- B) highlight differences in the benchmarking data to management
- C) provide insight into why costs or revenues differ across companies
- D) provide complex mathematical analysis

Answer: <https://biology-forums.com/index.php?topic=267324>

Question 1041

Describe the purpose of variance analysis.

Answer: <https://biology-forums.com/index.php?topic=267320>

Question 1042

What are the principles of lean accounting? Are there any limitations? Discuss.

Answer: <https://biology-forums.com/index.php?topic=268613>

Question 1043

Which of the following is a limitation of AARR method?

- A) It is difficult to compare projects as its result is expressed in dollars and not in percentage terms.
- B) It does not consider income earned throughout a project's expected useful life.
- C) It does not track initial investment.
- D) It does not consider time value of money.

Answer: <https://biology-forums.com/index.php?topic=268674>

Question 1044

When cost-based transfer pricing is used between subunits of a large organization, describe how to avoid making suboptimal decisions.

Answer: <https://biology-forums.com/index.php?topic=268765>

Question 1045

Which of the following statements refers to management accounting information?

- A) There are no regulations governing the reports.
- B) The reports are generally delayed and historical.
- C) The audience tends to be stockholders, creditors, and tax authorities.
- D) It primarily measures manager's compensation on reported financial results.

Answer: <https://biology-forums.com/index.php?topic=266553>

Question 1046

A plant manufactures several different products. The wages of the plant supervisor can be classified as a(n) _____.

- A) direct cost
- B) inventoriable cost
- C) variable cost
- D) period cost

Answer: <https://biology-forums.com/index.php?topic=266714>

Question 1047

Gallart Company has two identical divisions, East and West. Their sales, production volume, and fixed manufacturing costs have been the same for the last five years. The amounts for each division were as follows:

20X1 20X2 20X3 20X4 20X5

Units produced 50,000 55,000 55,000 44,000 44,000

Units sold 45,000 45,000 50,000 50,000 50,000

Fixed manufacturing costs \$55,000 \$55,000 \$55,000 \$55,000 \$55,000

East Division uses absorption costing and West Division uses variable costing.

Both use FIFO inventory methods.

Variable manufacturing costs are \$5 per unit.

Selling and administrative expenses were identical for each division.

There were no inventories at the beginning of 20X1.

Which division reports the highest income each year? Explain.

Answer: <https://biology-forums.com/index.php?topic=267487>

Question 1048

Which of the following statements best defines setup time?

- A) It is the time required to manufacture an item, including order preparation time, inspection time, and customer delivery time.
- B) It is the time required to get equipment, tools, and materials ready to start the production of a component or product.
- C) It is a time or period ranging from the time when a customer orders goods to the time when they are delivered to the customer.
- D) It is the time required to create a new product to be sold by a business to its customers.

Answer: <https://biology-forums.com/index.php?topic=268586>

Question 1049

How much cash will be disbursed in total in March?

- A) \$42,000
- B) \$50,000
- C) \$88,400
- D) \$96,400

Answer: <https://biology-forums.com/index.php?topic=267222>

Question 1050

Briefly describe the conditions that should be met for market-based transfer pricing to lead to optimal decision making among subunits of a large organization.

Answer: <https://biology-forums.com/index.php?topic=268756>

Question 1051

Which of the following departments is a support department for a boat manufacturing company?

- A) production
- B) molding
- C) assembling
- D) accounting

Answer: <https://biology-forums.com/index.php?topic=268114>

Question 1052

At Deutschland Electronics, product lines are charged for call center support costs based on sales revenue. Last year's summary of call center operations revealed the following:

Surveillance Products Specialty Products

Number of calls for information 1,000 4,000

Average call length for information 3 minutes 8 minutes

Number of calls for warranties 300 1,200

Average call length for warranties 7 minutes 15 minutes

Sales revenue \$8,000,000 \$5,000,000

Deutschland Electronics currently allocates call center support costs using a rate of 0.5% of sales revenue.

Required:

- Compute the amount of call center support costs allocated to each product line under the current system.
- Assume Deutschland decides to use the average call length for information to assign last year's support costs. Does this allocation method seem more appropriate than percentage of sales? Why or why not?
- Assume Deutschland decides to use the numbers of calls for information and for warranties to assign last year's support costs of \$65,000. Compute the amount of call center support costs assigned to each product line under this revised ABC system.
- Deutschland Electronics assigns bonuses based on departmental profits. How might the Specialty Products manager try to obtain higher profits for next year if support costs are assigned based on the average call length for information?
- Discuss the barriers for implementing ABC for this call center.

Answer: <https://biology-forums.com/index.php?topic=267090>

Question 1053

Book value is defined as the _____.

- sum of the original cost of an asset and the accumulated depreciation
- difference between the market value of an asset and the accumulated depreciation
- difference between the original cost of an asset and the accumulated depreciation
- sum of the market value of an asset and the accumulated depreciation

Answer: <https://biology-forums.com/index.php?topic=267765>

Question 1054

Fixed manufacturing costs included in ending inventory total _____.

- \$4,800
- \$6,000
- \$3,600
- 0

Answer: <https://biology-forums.com/index.php?topic=267472>

Question 1055

What is the total sales-volume variance (E)?

- \$14,960 unfavorable
- \$7,290 unfavorable
- \$4,140 favorable
- \$14,960 favorable

Answer: <https://biology-forums.com/index.php?topic=267269>

Question 1056

Process engineering is an example of _____.

- prevention costs
- appraisal costs
- internal failure costs
- external failure costs

Answer: <https://biology-forums.com/index.php?topic=268443>

Question 1057

What is the average waiting time in minutes?

- 12.00
- 55.50
- 60.50
- 20.00

Answer: <https://biology-forums.com/index.php?topic=268499>

Question 1058

Which of the following steps in designing an accounting-based performance measure includes decisions of selecting net income as a measure of financial performance?

- A) choosing performance measures that align with the firm's financial goals
- B) choosing the time horizon of each performance measure
- C) choosing the details for each performance measure
- D) choosing a target level of performance

Answer: <https://biology-forums.com/index.php?topic=268799>

Question 1059

If direct labor-hours are considered the only overhead cost driver, what is the single cost driver rate for Gregory?

- A) \$1.33 per direct labor-hour
- B) \$0.80 per direct labor-hour
- C) \$0.75 per direct labor-hour
- D) \$1.25 per direct labor-hour

Answer: <https://biology-forums.com/index.php?topic=267023>

Question 1060

Zenith Corporation's net income is \$78,400. What is the return on investment if the amount of the investment is \$500,000?

- A) 14.88%
- B) 12.78%
- C) 15.68%
- D) 16%

Answer: <https://biology-forums.com/index.php?topic=268810>

Question 1061

Which of the following is an output measure for a hospital?

- A) number of doctors needed to cater to patients
- B) number of patients admitted every day in a hospital
- C) number of days spent by a patient in a hospital
- D) charges applicable on the number of days spent by a patient in a hospital

Answer: <https://biology-forums.com/index.php?topic=266864>

Question 1062

Which of the following statements is true of main products and byproducts?

- A) A byproduct will never become a main product.
- B) A main product will never become a byproduct.
- C) Product classifications may change over time.
- D) Product classifications remains constant over time.

Answer: <https://biology-forums.com/index.php?topic=268175>

Question 1063

An actual cost is _____.

- A) is the cost incurred
- B) is a predicted or forecasted cost
- C) is anything for which a cost measurement is desired
- D) is the collection of cost data in some organized way by means of an accounting system

Answer: <https://biology-forums.com/index.php?topic=266617>

Question 1064

What is the revenue amount for 2015 (e)?

- A) \$9,000
- B) \$25,000
- C) \$43,000
- D) \$16,900

Answer: <https://biology-forums.com/index.php?topic=267854>

Question 1065

Which of the following is true of locked-in costs?

- A) Locked-in costs are the same as sunk costs.
- B) Locked-in costs are always fixed costs.
- C) Locked-in costs are incurred costs.
- D) Locked-in costs are also called designed-in costs.

Answer: <https://biology-forums.com/index.php?topic=267959>

Question 1066

Using the three cost pools to allocate overhead costs, what is the total manufacturing overhead cost estimate for Money Managers during 2015?

- A) \$13,700
- B) \$6,500
- C) \$6,860
- D) \$10,192

Answer: <https://biology-forums.com/index.php?topic=267059>

Question 1067

Whippany manufacturing wants to estimate costs for each product they produce at its Troy plant. The Troy plant produces three products at this plant, and runs two flexible assembly lines. Each assembly line can produce all three products.

Required:

- a. Classify each of the following costs as either direct or indirect for each product.
- b. Classify each of the following costs as either fixed or variable with respect to the number of units produced of each product.

Direct Indirect Fixed Variable

Assembly line labor wages _____

Plant manager's wages _____

Depreciation on the assembly line equipment _____

Component parts for the product _____

Wages of security personnel for the factory _____

Answer: <https://biology-forums.com/index.php?topic=266728>

Question 1068

In a long-run, it is worthwhile to sell a product only if the selling price exceeds _____.

- A) direct costs of the product
- B) manufacturing costs of the product
- C) fixed cost of the product
- D) full cost of the product and a markup

Answer: <https://biology-forums.com/index.php?topic=267919>

Question 1069

What minimum volume of sales dollars is required to earn an after-tax net income of \$30,000?

- A) \$465,000
- B) \$330,000
- C) \$390,000
- D) \$165,000

Answer: <https://biology-forums.com/index.php?topic=266814>

Question 1070

Which of the following is a financial measure of quality?

- A) operating income growth
- B) percentage of highly satisfied customers
- C) number of defective units shipped to customers as a percentage of total units shipped
- D) interest costs

Answer: <https://biology-forums.com/index.php?topic=268449>

Question 1071

R&D costs are treated as period costs because _____.

- A) these costs may increase revenues in the current period

- B) these costs may increase revenues in the future period
- C) these costs may decrease revenues in the current period
- D) these costs are expensed when the goods are sold

Answer: <https://biology-forums.com/index.php?topic=266715>

Question 1072

What is the total static-budget variance in terms of the contribution margin?

- A) \$900,000 favorable
- B) \$850,000 favorable
- C) \$250,000 unfavorable
- D) \$450,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=268085>

Question 1073

Managers identify the relevant costs and benefits for each solution by focusing on _____.

- A) the alternative solution that will derive maximum customer satisfaction
- B) how total costs and total revenues will change under each alternative solution
- C) how the employees of a company would be able to implement a change
- D) how long it will take for the improved program to be fully functional

Answer: <https://biology-forums.com/index.php?topic=268470>

Question 1074

If the stand-alone method were used, what amount of cost would be allocated to the start-up business?

- A) \$70,000
- B) \$66,000
- C) \$60,000
- D) \$74,000

Answer: <https://biology-forums.com/index.php?topic=268138>

Question 1075

Which of the following is an assumption under FIFO process-costing method?

- A) It assumes some of the higher-cost units are placed in ending work in process.
- B) It assumes that all the lower-cost units from the previous period in beginning work in process are the first to be completed and transferred out of the process.
- C) It assumes that unit inputs costs are constant and do not fluctuate in the short run.
- D) It assumes that the ending work in process consists of only the lower-cost current-period units.

Answer: <https://biology-forums.com/index.php?topic=268323>

Question 1076

Life-cycle budgeting and life-cycle costing help highlight _____.

- A) an increase in customer-service costs due to using inferior materials
- B) high production costs caused by a complex design
- C) large ordering costs due to the great number of component parts used
- D) an increase in annual operating income resulting from the new product

Answer: <https://biology-forums.com/index.php?topic=267981>

Question 1077

Under GAAP, for the purposes of calculating inventory costs, product costs include _____.

- A) all costs incurred along the value chain
- B) design costs
- C) only inventoriable costs
- D) only research and development costs

Answer: <https://biology-forums.com/index.php?topic=266757>

Question 1078

The _____ function supports the six functions of value-chain analysis.

- A) administration
- B) controlling
- C) planning
- D) direction

Answer: <https://biology-forums.com/index.php?topic=266562>

Question 1079

What is the total budgeted cost of sold for Meridian Industries in 2016?

- A) \$500,000
- B) \$600,000
- C) \$700,000
- D) \$800,000

Answer: <https://biology-forums.com/index.php?topic=267157>

Question 1080

Ridez Manufacturing currently produces 1,000 bicycles per month. The following per unit data apply for sales to regular customers:

- Direct materials \$50
- Direct manufacturing labor 8
- Variable manufacturing overhead 12
- Fixed manufacturing overhead 15
- Total manufacturing costs \$85

The plant has capacity for 3,000 bicycles and is considering expanding production to 2,000 bicycles. What is the per unit cost of producing 2,000 bicycles?

- A) \$78.50 per unit
- B) \$170 per unit
- C) \$72.50 per unit
- D) \$77.50 per unit

Answer: <https://biology-forums.com/index.php?topic=266671>

Question 1081

The relevant cost per jar is _____.

- A) \$0.56 per jar
- B) \$0.76 per jar
- C) \$1.44 per jar
- D) \$2.00 per jar

Answer: <https://biology-forums.com/index.php?topic=267754>

Question 1082

What is the revenue effect of the productivity component (b)?

- A) \$0
- B) \$2,400 U
- C) \$900 F
- D) \$2,400 F

Answer: <https://biology-forums.com/index.php?topic=267851>

Question 1083

The annual relevant total costs are at a minimum when relevant _____.

- A) ordering costs are greater than the relevant carrying costs
- B) carrying costs are greater than the relevant ordering costs
- C) carrying costs are equal to relevant ordering costs
- D) carrying costs are equal to relevant purchasing costs

Answer: <https://biology-forums.com/index.php?topic=268550>

Question 1084

Calculate the spending variance for fixed setup overhead costs.

- A) \$3,200 unfavorable
- B) \$2,025 unfavorable
- C) \$3,600 unfavorable
- D) \$2,025 favorable

Answer: <https://biology-forums.com/index.php?topic=267431>

Question 1085

When direct materials are requisitioned the _____ account is increased.

- A) Manufacturing Overhead Control

- B) Work-in-Process Control
- C) Materials Control
- D) Accounts Payable Control

Answer: <https://biology-forums.com/index.php?topic=266939>

Question 1086

Successful implementation of a cost leadership strategy will result in _____.

- A) large favorable growth and price-recovery components
- B) large favorable price-recovery and productivity components
- C) large favorable productivity and growth components
- D) only a large favorable growth component

Answer: <https://biology-forums.com/index.php?topic=267843>

Question 1087

Financing decisions primarily deal with _____.

- A) the use of scarce resources
- B) how to obtain funds to acquire resources
- C) acquiring equipment and buildings
- D) preparing financial statements for stockholders

Answer: <https://biology-forums.com/index.php?topic=267100>

Question 1088

Which of the following is true of absorption costing?

- A) It enables a manager to decrease margins and operating income by producing more beginning inventory.
- B) It enables a manager to increase margins and operating income by producing more beginning inventory.
- C) It enables a manager to decrease margins and operating income by producing more ending inventory.
- D) It enables a manager to increase margins and operating income by producing more ending inventory.

Answer: <https://biology-forums.com/index.php?topic=267499>

Question 1089

Jonathan has managed a downtown store in a major metropolitan city for several years. The firm has ten stores in varying locations. In the past, senior management noticed Jonathan's work and he has received very good annual evaluations for his management of the store.

This year his store has generated steady growth in sales, but earnings have been deteriorating. After examining the monthly performance report generated by the company budgeting department, he noticed that increasing fixed costs is causing the decrease in earnings.

Administrative corporate costs, primarily fixed costs, are allocated to individual stores each month based on actual sales for that month. Two of these stores are currently growing at a rapid pace, while four other stores are having operating difficulties.

Required:

From the information presented, what do you think is the cause of Jonathan's reported decrease in earnings? How can this be corrected?

Answer: <https://biology-forums.com/index.php?topic=268111>

Question 1090

An example of a sunk cost in a capital budgeting decision for new equipment is _____.

- A) the initial investment in working capital
- B) the original price of an old equipment
- C) the necessary transportation costs on a new equipment
- D) the initial investment in a new equipment

Answer: <https://biology-forums.com/index.php?topic=268680>

Question 1091

Business function costs are _____.

- A) the sum of all fixed costs, sunk costs, and opportunity costs in a particular business function of the value chain
- B) the sum of all variable and fixed costs in a particular business function of the value chain
- C) the sum of all variable and fixed costs in all business functions of the value chain
- D) the sum of all fixed costs, sunk costs, and opportunity costs in all business functions of the value chain

Answer: <https://biology-forums.com/index.php?topic=267690>

Question 1092

_____ is the differentiating factor while classifying a product as a main product or byproduct.

- A) Number of units per processing period
- B) Weight or volume of outputs per period

- C) Percentage of total sales value
- D) Joint costs incurred up to the splitoff point

Answer: <https://biology-forums.com/index.php?topic=268172>

Question 1093

Which of the following costs is a relevant inventory carrying cost under EOQ decision model?

- A) The lost contribution margin on future sales forgone as a result of customer dissatisfaction in product quality.
- B) The lost contribution margin on sales forgone because of the shortage of inventory.
- C) The costs of storage space owned that cannot be used for other profitable purposes when inventories decrease.
- D) The costs of receiving and inspecting inventory and moving the inventories to the warehouses.

Answer: <https://biology-forums.com/index.php?topic=268562>

Question 1094

For January, budgeted cash payments for purchases are _____.

- A) \$100,000
- B) \$70,000
- C) \$65,000
- D) \$50,000

Answer: <https://biology-forums.com/index.php?topic=267227>

Question 1095

Sales-mix variance = \$300,000 (F), sales-quantity variance = \$200,000(F), flexible-budget variance = \$100,000(F), market-size variance = \$50,000(U), calculate the sales-volume variance.

- A) \$650,000 (F)
- B) \$450,000 (F)
- C) \$550,000 (F)
- D) \$500,000 (F)

Answer: <https://biology-forums.com/index.php?topic=268065>

Question 1096

Grounded Coffee Products manufactures coffee tables. Grounded Coffee Products has a policy of adding a 20% markup to full costs and currently has excess capacity. The following information pertains to the company's normal operations per month:

- Output units 20,000 tables
- Machine-hours 8,000 hours
- Direct manufacturing labor-hours 10,000 hours
- Direct materials per unit \$105
- Direct manufacturing labor per hour \$10
- Variable manufacturing overhead costs \$322,500
- Fixed manufacturing overhead costs \$1,200,000
- Product and process design costs \$1,100,000
- Marketing and distribution costs \$1,125,000

Grounded Coffee Products is approached by an overseas customer to fulfill a one-time-only special order for 1,000 units. All cost relationships remain the same except for a one-time setup charge of \$20,000. No additional design, marketing, or distribution costs will be incurred. What is the minimum acceptable bid per unit on this one-time-only special order?

- A) \$146.125
- B) \$1346.125
- C) \$126.125
- D) \$946.125

Answer: <https://biology-forums.com/index.php?topic=267927>

Question 1097

Which of the following is an irrelevant cost?

- A) warranty costs
- B) advertising expenses
- C) depreciation
- D) prepaid insurance

Answer: <https://biology-forums.com/index.php?topic=267756>

Question 1098

_____ is based on the level of capacity utilization that satisfies average customer demand over periods generally longer than one year.

- A) Practical capacity
- B) Theoretical capacity
- C) Master-budget capacity utilization
- D) Normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267518>

Question 1099

In the computation of the cost per equivalent unit, the weighted-average method of process costing considers all the costs _____.

- A) entering work in process from the units in beginning inventory plus the costs for the work completed during the current accounting period
- B) costs that have entered work in process from the units started or transferred in during the current accounting period
- C) that have entered work in process during the current accounting period from the units started or transferred in minus the costs associated with ending inventory
- D) that have entered work in process during the current accounting period from the units started or transferred in plus the costs associated with ending inventory

Answer: <https://biology-forums.com/index.php?topic=268297>

Question 1100

Which of the following statements shows a difference between simple regression and multiple regression?

- A) Simple regression uses more than one dependent and independent variables, whereas multiple regression uses only one dependent and independent variable.
- B) Simple regression uses only the independent variables, whereas multiple regression uses only dependent variables.
- C) Simple regression uses only one dependent and one independent variable, whereas multiple regression uses one dependent and more than one independent variable.
- D) Simple regression uses only one dependent variable and more than one independent variables, whereas multiple regression uses more than one dependent variable and only one independent variable.

Answer: <https://biology-forums.com/index.php?topic=267601>

Question 1101

In order, list the five steps in the decision-making process.

Answer: <https://biology-forums.com/index.php?topic=266580>

Question 1102

Which of the following best describes a rolling budget?

- A) It is a budget that outlines the amount required to roll over debt in a future period.
- B) It is a budget that is always available for a specified future time period.
- C) It is a budget that outlines budgeted expenses.
- D) It is a budget that is submitted to a bank at the beginning of every month as per a loan covenant.

Answer: <https://biology-forums.com/index.php?topic=267124>

Question 1103

Which of the following is the mathematical expression for the budgeted fixed overhead cost per unit of cost allocation base?

- A) Budgeted fixed overhead cost per unit of cost allocation base = Actual total costs in fixed overhead cost pool ÷ Budgeted total quantity of cost allocation base
- B) Budgeted fixed overhead cost per unit of cost allocation base = Budgeted total costs in fixed overhead cost pool ÷ Budgeted total quantity of cost allocation base
- C) Budgeted fixed overhead cost per unit of cost allocation base = Actual total costs in fixed overhead cost pool ÷ Actual total quantity of cost allocation base
- D) Budgeted fixed overhead cost per unit of cost allocation base = Budgeted total costs in fixed overhead cost pool ÷ Actual total quantity of cost allocation base

Answer: <https://biology-forums.com/index.php?topic=267337>

Question 1104

Sensitive performance measures _____.

- A) the salary component of the managers
- B) are not affected by managers' performance and fail to induce them to improve
- C) motivate managers as well as limit their exposure to risk
- D) increases the exposure of credit

Answer: <https://biology-forums.com/index.php?topic=268863>

Question 1105

The last step of the five-step decision making process is implementing the decision, evaluating performance, and learning. How can a balanced scorecard play a role in helping to assure this final step will be successful?

Answer: <https://biology-forums.com/index.php?topic=268518>

Question 1106

For supply item ABC, Andrews Company has been ordering 125 units based on the recommendation of the salesperson who calls on the company monthly. A new purchasing agent has been hired by the company who wants to start using the economic-order-quantity method and its supporting decision elements. She has gathered the following information:

Annual demand in units 250

Days used per year 250

Lead time, in days 10

Ordering costs \$100

Annual unit carrying costs \$20

Required:

Determine the EOQ, average inventory, orders per year, average daily demand, reorder point, annual ordering costs, and annual carrying costs.

Answer: <https://biology-forums.com/index.php?topic=268561>

Question 1107

Helping Hands is a nonprofit organization that supplies electric fans during summer for individuals in need. Fixed costs are \$225,000. The fans cost \$25.00 each. The organization has a budgeted appropriation of \$675,000. How many people can receive a fan during summer?

A) 15,000 people

B) 18,000 people

C) 22,000 people

D) 16,000 people

Answer: <https://biology-forums.com/index.php?topic=266862>

Question 1108

When using the high-low method, the numerator of the equation that determines the slope is the _____.

A) difference between the positive and negative values of dependent and independent variables

B) difference between the fixed cost and variable cost associated with the cost driver

C) difference between the high and low observations of the cost driver

D) difference between the costs associated with highest and lowest observations of the cost driver

Answer: <https://biology-forums.com/index.php?topic=267597>

Question 1109

Define engineered and discretionary costs and give two examples of each.

Answer: <https://biology-forums.com/index.php?topic=267873>

Question 1110

Which of the following is an example of an intrinsic reward?

A) bonuses paid to employees

B) recognition of job well done

C) promotions based on performance

D) salaries paid to employees

Answer: <https://biology-forums.com/index.php?topic=266574>

Question 1111

Give at least three good reasons why an unfavorable efficiency variance for direct manufacturing labor might be reported.

Answer: <https://biology-forums.com/index.php?topic=267302>

Question 1112

Calculate the actual machine hours used by Stark during October.

A) 622 hours

B) 615 hours

C) 608 hours

D) 620 hours

Answer: <https://biology-forums.com/index.php?topic=267362>

Question 1113

_____ are the costs of activities undertaken to support individual products or services regardless of the number of units or batches in which the units are produced.

- A) Unit-level costs
- B) Batch-level costs
- C) Product-sustaining costs
- D) Facility-sustaining costs

Answer: <https://biology-forums.com/index.php?topic=267034>

Question 1114

John Peters is drafting the provisions of a cost-plus contract and is concerned with ironing out any possible misunderstandings during the life of the contract. What advice can you provide to reduce contract disputes over reimbursement amounts based on costs?

Answer: <https://biology-forums.com/index.php?topic=268148>

Question 1115

Coffey Company maintains a very large direct materials inventory because of critical demands placed upon it for rush orders from large hospitals. Item A contains hard-to-get material Y. Currently, the standard cost of material Y is \$4.00 per gram. During February, 22,000 grams were purchased for \$4.10 per gram, while only 20,000 grams were used in production. There was no beginning inventory of material Y.

Required:

- a. Determine the direct materials price variance, assuming that all materials costs are the responsibility of the materials purchasing manager.
- b. Determine the direct materials price variance, assuming that all materials costs are the responsibility of the production manager.
- c. Discuss the issues involved in determining the price variance at the point of purchase versus the point of consumption.

Answer: <https://biology-forums.com/index.php?topic=267318>

Question 1116

Calculate the efficiency variance for variable overhead setup costs.

- A) \$1,900 unfavorable
- B) \$600 unfavorable
- C) \$1,900 favorable
- D) \$600 favorable

Answer: <https://biology-forums.com/index.php?topic=267430>

Question 1117

Moto Corp allows its divisions to operate as autonomous units. The operating data for 2015 follow:

	Plows	Tractors	Combines
Revenues	\$2,250,000	\$500,000	\$4,800,000
Accounts receivable	800,000	152,500	1,435,000
Operating assets	1,000,000	400,000	1,750,000
Net operating income	220,000	60,000	480,000
Taxable income	165,000	90,000	385,000

Required:

- a. Compute the investment turnover for each division.
- b. Compute the return on sales for each division.
- c. Compute the return on investment for each division.
- d. Which division manager is doing best? Why?
- e. What other factors should be included when evaluating the managers?

For parts (b) and (c) income is defined as operating income.

Answer: <https://biology-forums.com/index.php?topic=268841>

Question 1118

When 20,000 units are produced, fixed costs are \$16 per unit. Therefore, when 16,000 units are produced, fixed costs will _____.

- A) increase to \$20 per unit
- B) remain at \$16 per unit
- C) decrease to \$10 per unit
- D) total \$160,000

Answer: <https://biology-forums.com/index.php?topic=266668>

Question 1119

Using the stand-alone method with selling price as the weight for revenue allocation, what amount of revenue will be allocated to Reading Fun in the first package (Reading Fun & Math Fun)?

- A) \$20

- B) \$22
- C) \$19
- D) \$25

Answer: <https://biology-forums.com/index.php?topic=268160>

Question 1120

The time from when an order is received until it becomes a finished good is referred to as _____.

- A) work-in-process time
- B) manufacturing cycle time
- C) pass-through time
- D) product design time

Answer: <https://biology-forums.com/index.php?topic=268587>

Question 1121

Which of the following influences the make or buy decision to the company?

- A) opportunity cost
- B) sunk cost
- C) historical cost
- D) plant depreciation

Answer: <https://biology-forums.com/index.php?topic=266766>

Question 1122

Which of the following is true of a budgeting system?

- A) It compels managers to plan ahead.
- B) It increases agency costs.
- C) It is easy to measure the exact benefits of a budgeting system.
- D) It leads to operational inefficiency.

Answer: <https://biology-forums.com/index.php?topic=266586>

Question 1123

On the 2016 budgeted income statement, what amount will be reported for cost of goods sold?

- A) \$139,800
- B) \$136,000
- C) \$132,600
- D) \$153,000

Answer: <https://biology-forums.com/index.php?topic=267150>

Question 1124

The use of activity-based budgeting is growing because of _____.

- A) the increased use of activity-based costing
- B) the increased use of kaizen costing
- C) increases in work-in-process inventory
- D) increases in direct materials inventory

Answer: <https://biology-forums.com/index.php?topic=267164>

Question 1125

Which of the following factors affect the direct/indirect classification of a cost?

- A) the level of budgeted profit for the next year
- B) the estimation of time required to complete the order
- C) the ability to execute an order in the most cost-efficient manner
- D) the design of the operation

Answer: <https://biology-forums.com/index.php?topic=266624>

Question 1126

Black Forrest is invited to bid on a one-time-only special order to supply 100 rustic tables. What is the lowest price Black Forrest should bid on this special order?

- A) \$12,600
- B) \$14,400
- C) \$18,000
- D) \$23,000

Answer: <https://biology-forums.com/index.php?topic=267687>

Question 1127

In a costing system, _____.

- A) cost tracing allocates indirect costs
- B) cost allocation assigns direct costs
- C) a cost-allocation base can be either financial or nonfinancial
- D) a cost object should be a product and not a department or a geographic territory

Answer: <https://biology-forums.com/index.php?topic=266877>

Question 1128

The selling price per unit less the variable cost per unit is the _____.

- A) fixed cost per unit
- B) gross margin
- C) margin of safety
- D) contribution margin per unit

Answer: <https://biology-forums.com/index.php?topic=266776>

Question 1129

What are the estimated total costs if the company expects to sell 3,500 units next year?

- A) \$2,028,000
- B) \$3,619,000
- C) \$3,271,000
- D) \$1,429,000

Answer: <https://biology-forums.com/index.php?topic=267579>

Question 1130

Market-based transfer prices are helpful when _____.

- A) the product is specialized
- B) the internal product is different from the products available externally in terms of its quality
- C) the interdependencies of subunits are minimal
- D) the markets are not perfectly competitive

Answer: <https://biology-forums.com/index.php?topic=268754>

Question 1131

Which of the following taxes does transfer pricing affect?

- A) customs duties
- B) dividend taxes
- C) corporate taxes
- D) property taxes

Answer: <https://biology-forums.com/index.php?topic=268785>

Question 1132

One-time-only special orders should only be accepted if _____.

- A) incremental revenues exceed incremental costs
- B) differential revenues exceed variable costs
- C) incremental revenues exceed fixed costs
- D) total revenues exceed total costs

Answer: <https://biology-forums.com/index.php?topic=267676>

Question 1133

Batman Abstract Company has three divisions that operate autonomously. Their results for 2015 are as follows:

Riddler Joker Penguin
Sales \$5,000,000 \$7,000,000 \$10,000,000
Contribution margin 1,440,000 1,700,000 3,500,000
Operating income 1,000,000 1,750,000 2,520,000
Investment base 9,000,000 10,000,000 14,000,000
The company's desired rate of return is 20%.

Required:

- a. Compute each division's ROI.

- b. Compute each division's residual income.
- c. Rank each division by both ROI and residual income.
- d. Which division had the best performance in 2015? Why?

Answer: <https://biology-forums.com/index.php?topic=268844>

Question 1134

Big Bernard Corporation was recently formed to produce a semiconductor chip that forms an essential part of the personal computer manufactured by a major corporation. The direct materials are added at the start of the production process while conversion costs are added uniformly throughout the production process. June is Big Bernard's first month of operations, and therefore, there was no beginning inventory. Direct materials cost for the month totaled \$935,000, while conversion costs equaled \$4,552,000. Accounting records indicate that 475,000 chips were started in June and 425,000 chips were completed.

Ending inventory was 50% complete as to conversion costs.

Required:

- a. What is the total manufacturing cost per chip for June?
- b. Allocate the total costs between the completed chips and the chips in ending inventory.

Answer: <https://biology-forums.com/index.php?topic=268288>

Question 1135

When direct material and direct labor is the limiting factor, revenue budgets are usually based on _____.

- A) expected demand of the company's products
- B) the capital in the budget period
- C) the supply of indirect material and labor in the market
- D) maximum units that can be manufactured

Answer: <https://biology-forums.com/index.php?topic=267142>

Question 1136

Charlassier Corporation manufactures and sells laptop computers and uses standard costing. For the month of September there was no beginning inventory, there were 3,000 units produced and 2,500 units sold. The manufacturing variable cost per unit is \$385 and the variable operating cost per unit was \$312.50. The fixed manufacturing cost is \$450,000 and the fixed operating cost is \$75,000. The selling price per unit is \$925.

Required:

Prepare the income statement for Charlassier Corporation for September under variable costing.

Answer: <https://biology-forums.com/index.php?topic=267453>

Question 1137

Using residual income as a measure of performance rather than return on investment promotes goal congruence because residual income _____.

- A) places importance on the reduction of underperforming assets
- B) calculates a percentage return rather than an absolute return
- C) concentrates on maximizing an absolute amount of dollars
- D) concentrates on maximizing the return on sales

Answer: <https://biology-forums.com/index.php?topic=268831>

Question 1138

If Kenton Inc. has a safety stock of 175 units and the average weekly demand is 25 units, how many days can be covered if the shipment from the supplier is delayed by 12 days?

- A) 12 days
- B) 49 days
- C) 61 days
- D) 37 days

Answer: <https://biology-forums.com/index.php?topic=268555>

Question 1139

In which order are the following developed? First to last:

- A = Production budget
- B = Direct materials costs budget
- C = Budgeted income statement
- D = Revenues budget

- A) ABDC
- B) DABC
- C) DCAB
- D) CABD

Answer: <https://biology-forums.com/index.php?topic=267128>

Question 1140

Craylon Corp has three divisions, which operate autonomously. Their results for 2015 were as follows:

East West International

Sales \$30,000,000 \$40,000,000 \$50,000,000

Cost of goods sold 15,000,000 25,000,000 37,000,000

Operating income 4,500,000 5,000,000 5,500,000

Investment base 30,000,000 32,000,000 34,000,000

The company's desired rate of return is 15%.

Required:

- Compute each division's ROI. Round to three decimal places.
- Compute each division's residual income.

Answer: <https://biology-forums.com/index.php?topic=268843>

Question 1141

Assuming previous year's production capacity was adequate to produce current year output, the cost effect of growth for fixed costs is calculated by multiplying the difference between _____ by price per unit of capacity in the previous year.

- actual units of capacity in current year and actual units of capacity in previous year
- capacity units required to produce current year output in previous year and the current year capacity units
- actual units of capacity in previous year and actual units of capacity in previous year
- capacity units required to produce previous year output in current year and the previous year capacity units

Answer: <https://biology-forums.com/index.php?topic=267846>

Question 1142

Vision Enterprises manufactures converter boxes for high definition TVs. All processing is initiated when an order is received. For March there were no beginning inventories. Conversion Costs and Direct Materials are the only manufacturing cost accounts. Direct Materials are purchased under a just-in-time system. Backflush costing is used with a finished goods trigger point. Additional information is as follows:

Actual conversion costs \$435,000

Standard materials costs per unit 115

Standard conversion cost per unit 85

Units produced 7,900

Units sold 7,600

Required:

Record all journal entries for the monthly activities related to the above transactions if backflush costing is used.

Answer: <https://biology-forums.com/index.php?topic=268606>

Question 1143

On the 2016 budgeted income statement, what amount will be reported for sales?

- \$122,000
- \$118,000
- \$140,000
- \$120,000

Answer: <https://biology-forums.com/index.php?topic=267151>

Question 1144

Corporate-sustaining costs should be allocated to _____.

- motivate changes in customer behavior
- evaluate distribution-channel managers
- determine the selling price that will cover all costs
- find the cause-and-effect relationship

Answer: <https://biology-forums.com/index.php?topic=268032>

Question 1145

Roberto Inc., operates a chain of luxury hotels in the Asia-Pacific region. It charges \$150 for one night stay. However when 90% of the rooms are occupied, Roberto charges a premium of 20% on room tariff for the remaining rooms. What pricing method has Roberto Inc. adopted?

- customer-preference pricing
- seasonal-load pricing
- peak-load pricing
- capacity pricing

Answer: <https://biology-forums.com/index.php?topic=267989>

Question 1146

Which of the following is true if the production volume decreases?

- A) fixed cost per unit increases
- B) average cost per unit decreases
- C) variable cost per unit increases
- D) variable cost per unit decreases

Answer: <https://biology-forums.com/index.php?topic=266645>

Question 1147

Which of the following statements is true of fixed overhead variances?

- A) The difference between actual costs and static budget costs will give the production volume variance.
- B) The difference between actual costs and static budget costs will always be nil.
- C) The difference between actual costs and flexible budget costs will give the production volume variance.
- D) The difference between flexible budget costs and static budget costs will always be nil.

Answer: <https://biology-forums.com/index.php?topic=267397>

Question 1148

An unfavorable production-volume variance _____.

- A) is not a good measure of a lost production opportunity
- B) indicates that the company had reduced its per unit fixed overhead cost to improve sales
- C) measures the amount of extra fixed costs planned for but not used
- D) takes into account the effect of additional revenues due to maintaining higher prices

Answer: <https://biology-forums.com/index.php?topic=267427>

Question 1149

Explain how are the fixed manufacturing overhead costs treated under Generally Accepted Accounting Principles?

Answer: <https://biology-forums.com/index.php?topic=267406>

Question 1150

If the stand-alone method were used, what amount of cost would be allocated to the start-up business?

- A) \$48,000
- B) \$50,000
- C) \$50,500
- D) \$52,500

Answer: <https://biology-forums.com/index.php?topic=268136>

Question 1151

With traditional costing systems, products manufactured in small batches and in small annual volumes may be _____ because batch-related and product-sustaining costs are assigned using unit-related drivers.

- A) overcosted
- B) fairly costed
- C) undercosted
- D) ignored

Answer: <https://biology-forums.com/index.php?topic=267037>

Question 1152

A graph of a series of successive observations of a particular step, procedure, or operation taken at regular intervals of time is a _____.

- A) control chart
- B) Pareto diagram
- C) cause-and-effect diagram
- D) fishbone diagrams

Answer: <https://biology-forums.com/index.php?topic=268456>

Question 1153

Manufacturing-sector companies report _____.

- A) only merchandise inventory
- B) only finished goods inventory

C) direct materials inventory, work-in-process inventory, and finished goods inventory accounts

D) direct materials inventory and finished goods inventory accounts only

Answer: <https://biology-forums.com/index.php?topic=266690>

Question 1154

The relevant terminal disposal price of a machine equals the _____.

A) difference between the salvage value of the old machine and the ultimate salvage value of the new machine

B) total of the salvage values of the old machine and the new machine

C) salvage value of the old machine

D) salvage value of the new machine

Answer: <https://biology-forums.com/index.php?topic=268682>

Question 1155

Pearl Lights sells only pearl necklaces. 8,000 units were sold resulting in \$240,000 of sales revenue, \$60,000 of variable costs, and \$40,000 of fixed costs. The breakeven point in total sales dollars is _____.

A) \$40,000

B) \$53,334

C) \$100,000

D) \$58,334

Answer: <https://biology-forums.com/index.php?topic=266809>

Question 1156

Quick Connect manufactures high-tech cell phones. Quick Connect has a policy of adding a 20% markup to full costs and currently has excess capacity. The following information pertains to the company's normal operations per month:

Output units 1,250 phones

Machine-hours 750 hours

Direct manufacturing labor-hours 700 hours

Direct materials per unit \$20

Direct manufacturing labor per hour \$8

Variable manufacturing overhead costs \$175,000.00

Fixed manufacturing overhead costs \$126,300

Product and process design costs \$143,000

Marketing and distribution costs \$153,645

Quick Connect Products is approached by an overseas customer to fulfill a one-time-only special order for 120 units. All cost relationships remain the same except for a one-time setup charge of \$1,500. No additional design, marketing, or distribution costs will be incurred. What is the minimum acceptable bid per unit on this one-time-only special order?

A) \$24.48

B) \$160.48

C) \$176.98

D) \$200.00

Answer: <https://biology-forums.com/index.php?topic=267928>

Question 1157

What are ISO 9000 and ISO 14000?

Answer: <https://biology-forums.com/index.php?topic=268450>

Question 1158

Which of the following departments is most likely to be a profit center?

A) the accounting department of a company that also assists in budgeting process

B) the research and development department of a company

C) the sales department of a company whose objective is to maximize the revenues

D) the consulting department of a law firm

Answer: <https://biology-forums.com/index.php?topic=267191>

Question 1159

Which of the following general ledger accounts will have a subsidiary ledger account?

A) Cost of Goods Sold account

B) Work-in-Process Control account

- C) Joe's Accounts Receivable subsidiary account
- D) Operating Expenses account

Answer: <https://biology-forums.com/index.php?topic=266937>

Question 1160

Direct costs _____.

- A) are anything for which a measurement of costs is desired
- B) are costs related to a particular cost object that can be traced to that cost object in a cost-effective manner
- C) focus specifically on the costing needs of the CFO
- D) are costs related to a particular cost object that cannot be traced to that cost object in a cost-effective manner

Answer: <https://biology-forums.com/index.php?topic=266876>

Question 1161

Which of the following is an advantage of nonfinancial measures of quality?

- A) They help managers aggregate costs to evaluate the tradeoffs of incurring prevention costs and appraisal costs to eliminate internal and external failure costs.
- B) They detect and provide immediate short-run feedback on whether quality-improvement efforts are succeeding.
- C) They focus managers' attention on how poor quality affects operating income.
- D) They direct attention to financial processes that help managers identify the precise problem areas that need improvement.

Answer: <https://biology-forums.com/index.php?topic=268475>

Question 1162

Which of the following is a performance measure?

- A) retained earnings
- B) market value
- C) present value of cash flows
- D) economic value added

Answer: <https://biology-forums.com/index.php?topic=268832>

Question 1163

An assumption of the FIFO process-costing method is that _____.

- A) the units in beginning inventory are not necessarily assumed to be completed by the end of the period
- B) the units in beginning inventory are assumed to be completed first
- C) ending inventory will always be completed in the next accounting period
- D) no calculation of conversion costs is possible

Answer: <https://biology-forums.com/index.php?topic=268317>

Question 1164

Quantitative factors _____.

- A) include financial information, but not nonfinancial information
- B) can be expressed in monetary terms
- C) are always relevant when making decisions
- D) include employee morale

Answer: <https://biology-forums.com/index.php?topic=267670>

Question 1165

Wharf Fisheries processes many of its seafood items to the demands of its largest customers, most of which are large retail distributors. To keep the accounting system simple, it has always assigned cost by the weight of the finished product. However, with increased competition, it has had to watch its prices closely and, in recent years, several items have incurred zero profit margins. After several weeks of investigation, your consulting firm has found that, while weight is important in processing of seafood, numerous items have very distinct processing steps and some items are processed through more steps than others.

Required:

Based on the findings of your consulting firm, what changes might you recommend to the company in the way of cost allocation among its products?

Answer: <https://biology-forums.com/index.php?topic=268234>

Question 1166

An understanding of life-cycle costs can lead to _____.

- A) additional costs during the manufacturing cycle
- B) less need for evaluation of the competition
- C) cost effective product designs that are easier to service

D) mutually beneficial relationships between buyers and sellers

Answer: <https://biology-forums.com/index.php?topic=267979>

Question 1167

The journal entry to record direct labor for July is _____.

A) Work in Process—Molding \$3,000

Accounts Payable Control \$3,000

B) Work in Process—Molding \$1,000

Overhead Control \$1,000

C) Work in Process—Molding \$1,000

Wages Payable Control \$1,000

D) Work in Process—Molding \$1,000

Work in Process—Finishing \$1,000

Answer: <https://biology-forums.com/index.php?topic=268285>

Question 1168

Which of the following statements is true of variable overhead costs?

A) Variable overhead costs always have unused capacity.

B) Variable overhead costs have no production-volume variance.

C) Variable overhead costs have no spending variance.

D) Variable overhead costs have no efficiency variance.

Answer: <https://biology-forums.com/index.php?topic=267409>

Question 1169

Which of the following statements is true?

A) In a job-costing system, average production cost is calculated for all units produced.

B) In a process-costing system, each unit uses approximately the same amount of resources.

C) In a job-costing system, overheads are allocated to all units equally.

D) In a process-costing system, individual jobs use different quantities of production resources.

Answer: <https://biology-forums.com/index.php?topic=268266>

Question 1170

A machine has been identified as a bottleneck and the source of the constraint for a manufacturing company that has multiple products and multiple machines. Discuss ways the company can overcome the bottleneck.

Answer: <https://biology-forums.com/index.php?topic=268519>

Question 1171

The Maintenance Department has been servicing Gizmo Production for four years. Beginning next year, the company is adding a Scrap-Processing Department to recycle the materials from Gizmo Production. As a result, maintenance costs are expected to increase from \$480,000 per year to \$500,000 per year. The Scrap-Processing Department will use 25% of the maintenance efforts.

Required:

a. Using the stand-alone cost-allocation method, identify the amount of maintenance cost that will be allocated to Gizmo Production and the Scrap-Processing Department next year.

b. Using the incremental cost-allocation method, identify the amount of maintenance cost that will be allocated to Gizmo Production and the Scrap-Processing Department next year.

c. What is the difference between the two methods that would affect Scrap-Processing Department?

Answer: <https://biology-forums.com/index.php?topic=268140>

Question 1172

Should a company allocate its corporate costs to divisions?

Answer: <https://biology-forums.com/index.php?topic=268059>

Question 1173

Which of the following is a reason why budgets in multinational companies are not used to evaluate the firm's performance relative to its budgets?

A) Evaluations based on budgets can be meaningless due to factors such as exchange rate risk and other volatility.

B) Evaluations based on budgets are not possible because of cultural differences in the budgeting approach.

C) Evaluations based on relative regional performance are considered more meaningful as compared to evaluations against budgets.

D) Evaluations based on budgets are harder when managers use sophisticated techniques to minimize foreign currency exposure.

Answer: <https://biology-forums.com/index.php?topic=267214>

Question 1174

A hotel in Orlando, Florida, experiences peak periods and slower times. How should prices be adjusted during peak periods? During slow times? Why?

Answer: <https://biology-forums.com/index.php?topic=267994>

Question 1175

Standard costing can provide managers with reliable and timely information on variable distribution overhead _____.

- A) efficiency variances and production variances
- B) production-volume variances and spending variances
- C) efficiency variances and spending variances
- D) production-volume variances and sales variances

Answer: <https://biology-forums.com/index.php?topic=267436>

Question 1176

Following a strategy of product differentiation, Sting Corporation makes a high-end computer monitor, CM7. Sting Corporation presents the following data for the years 2012 and 2013:

2012 2013

Units of CM 7 produced and sold 5,000 5,500

Selling price \$400 \$440

Direct materials (pounds) 15,000 15,375

Direct materials costs per pound \$40 \$44

Manufacturing capacity for CM7 (units) 10,000 10,000

Conversion costs \$1,000,000 \$1,100,000

Conversion costs per unit of capacity \$100 \$110

Selling and customer-service capacity (customers) 60 58

Total selling and customer-service costs \$360,000 \$362,500

Selling and customer-service capacity cost per customer \$6,000 \$6,250

Sting Corporation produces no defective units but it wants to reduce direct materials usage per unit of CM7 in 2013. Manufacturing conversion costs in each year depend on production capacity defined in terms of CM7 units that can be produced. Selling and customer-service costs depend on the number of customers that the customer and service functions are designed to support. Sting Corporation has 100 customers in 2012 and 115 customers in 2013. The industry market size for high-end computer monitors increased 5% from 2012 to 2013.

Required:

- a. What is operating income for 2012?
- b. What is operating income in 2013?
- c. What is the change in operating income from 2012 to 2013?

Answer: <https://biology-forums.com/index.php?topic=267860>

Question 1177

Nichols' management is considering to implement ABC system because _____.

- A) ABC system can be implemented cheaply
- B) ABC system provides more accurate direct cost figures
- C) ABC system is a highly refined costing system
- D) ABC system requires minimal expertise to operate

Answer: <https://biology-forums.com/index.php?topic=267055>

Question 1178

In flexible budgets, costs that remain the same regardless of the output levels within the relevant range are _____.

- A) allocated costs
- B) budgeted costs
- C) fixed costs
- D) variable costs

Answer: <https://biology-forums.com/index.php?topic=267338>

Question 1179

Cross-sectional data analysis includes _____.

- A) using a variety of time periods to measure the dependent variable
- B) using the highest and lowest observation
- C) observing different entities during the same time period
- D) comparing information in different cost pools

Answer: <https://biology-forums.com/index.php?topic=267594>

Question 1180

Grader Company manufactures road graders. Because its managers all have engineering backgrounds, they prefer nonfinancial information for their decision-making models. Therefore, they require the accountants gather data to assist in the examination of nonfinancial results of operations. The following information relates to the manufacture of a paver:

2011 2012

Units produced and sold 6,800 5,600

Direct manufacture labor-hours 136,000 115,200

Direct materials used (tons) 29,000 24,400

Direct manufacture cost per hour \$21 \$22

Direct materials cost per ton \$431 \$443

Required:

- What is the partial productivity for direct materials for each year?
- What is the partial productivity for direct manufacturing labor for each year?
- What is the total factor productivity for each year?

Answer: <https://biology-forums.com/index.php?topic=267893>

Question 1181

Global Giant, a multinational corporation, has a producing subsidiary in a low tax rate country and a marketing subsidiary in a high tax country. If Global Giant wants to minimize its worldwide tax liability, we would expect Global Giant to _____.

- stop producing in the low tax rate country
- stop marketing in the high tax rate country
- establish a low transfer price when the producing unit sells to the marketing unit
- establish a high transfer price when the producing unit sells to the marketing unit

Answer: <https://biology-forums.com/index.php?topic=268787>

Question 1182

Which of the following is the mathematical expression for calculating manufacturing cycle efficiency(MCE)?

- $MCE = \text{Manufacturing cycle time} \div \text{Value-added manufacturing time}$
- $MCE = \text{Manufacturing time} \div \text{Value-added manufacturing time}$
- $MCE = \text{Value-added manufacturing time} \div \text{Manufacturing cycle time}$
- $MCE = \text{Value-added manufacturing time} \div \text{Manufacturing time}$

Answer: <https://biology-forums.com/index.php?topic=268485>

Question 1183

The following information was gathered for Zeba Company for the year ended December 31, 2014

Budgeted Actual

Direct labor-hours 50,000 dlh 60,000 dlh

Factory overhead \$550,000 \$600,000

Assume that direct labor-hours are the cost-allocation base.

Required:

- Compute the budgeted factory overhead rate.
- Compute the factory overhead applied.
- Compute the amount of over/underapplied overhead.

Answer: <https://biology-forums.com/index.php?topic=266980>

Question 1184

What are the two components of the sales-quantity variance?

Answer: <https://biology-forums.com/index.php?topic=268091>

Question 1185

The cash flow statement includes _____.

- cash discount on sales
- cash outflow towards insurance premium
- sales revenues of the organization
- interest accrued on an investment

Answer: <https://biology-forums.com/index.php?topic=267218>

Question 1186

There is uncertainty in defense contracts about the final cost to produce a new weapon or equipment. Explain.

Answer: <https://biology-forums.com/index.php?topic=268149>

Question 1187

Without nonfinancial quality measures, _____.

- A) the operating income cannot be improved
- B) the short-run effectiveness of financial quality measures is questionable
- C) the precise problem areas that need improvement cannot be identified
- D) quality problems might not be identified until it is too late

Answer: <https://biology-forums.com/index.php?topic=268480>

Question 1188

What is the total budgeted cost of goods manufactured in 2016?

- A) \$600,000
- B) \$625,500
- C) \$652,500
- D) \$667,500

Answer: <https://biology-forums.com/index.php?topic=267158>

Question 1189

Demand for refinements to the costing system has accelerated due to _____.

- A) increase in direct costs
- B) decrease in product diversity
- C) decrease in indirect costs
- D) competition in product markets

Answer: <https://biology-forums.com/index.php?topic=267005>

Question 1190

What are estimated life-cycle revenues?

- A) \$1,680,000
- B) \$90,500
- C) \$3,360,000
- D) \$181,000

Answer: <https://biology-forums.com/index.php?topic=267985>

Question 1191

The static-budget variance will be favorable, when _____.

- A) budgeted unit sales are more than actual unit sales
- B) the actual contribution margin is less than the static-budget contribution margin
- C) the actual sales mix shifts toward the less profitable units
- D) the flexible-budget and the sales-volume variance are favorable

Answer: <https://biology-forums.com/index.php?topic=268071>

Question 1192

Constanza Company has the following balances as of the year ended December 31, 2014:

Direct Materials Inventory \$30,000 Dr.

WIP Inventory 69,000 Dr.

Finished Goods Inventory 99,000 Dr.

Underapplied Factory Department Overhead 8,000 Dr.

Cost of Goods Sold 149,000 Dr.

Additional information is as follows:

Cost of direct materials purchased during 2014 \$82,000

Cost of direct materials requisitioned in 2014 74,000

Cost of goods completed during 2014 204,000

Factory overhead applied (120% of direct labor) 96,000

Required:

- a. Compute beginning direct materials inventory.
- b. Compute beginning WIP inventory.
- c. Compute beginning finished goods inventory.
- d. Compute actual factory overhead incurred.

Answer: <https://biology-forums.com/index.php?topic=266963>

Question 1193

What is the Cyclotron Division's investment turnover ratio?

- A) 2.00
- B) 3.33
- C) 2.50
- D) 0.80

Answer: <https://biology-forums.com/index.php?topic=268813>

Question 1194

Market-share variance = \$350,000 (U); Market-size variance = \$300,000 (F); Sales-mix variance = \$600,000 (F); calculate the sales-quantity variance.

- A) \$350,000 (F)
- B) \$650,000 (F)
- C) \$550,000 (F)
- D) \$50,000 (U)

Answer: <https://biology-forums.com/index.php?topic=268064>

Question 1195

Which of the following true of nonfinancial measures of quality?

- A) They direct attention to financial processes that help managers identify the precise problem areas that need improvement.
- B) They focus managers' attention on how poor quality affects operating income.
- C) They assist in problem solving by comparing costs and benefits of different quality-improvement programs and by setting priorities for cost reduction.
- D) They provide immediate short-run feedback on whether quality-improvement efforts are succeeding.

Answer: <https://biology-forums.com/index.php?topic=268476>

Question 1196

What is the amount of fixed overhead allocated to production?

- A) \$134,375.50
- B) \$124,740.00
- C) \$133,000.00
- D) \$129,937.50

Answer: <https://biology-forums.com/index.php?topic=267389>

Question 1197

BIG Manufacturing Products has been using FIFO process costing for tracking the costs of its manufacturing activities. However, in recent months, the system has become somewhat bogged down with details. It seems that, when the company purchased Brown Electronics last year, its product lines increased six-fold. This has caused both the accountants and the suppliers of the information, the line managers, great difficulty in keeping the costs of each product line separate. Likewise, the estimation of the completion of ending work-in-process inventories and the associated costs has become very cumbersome. The chief financial officer of the company is looking for ways to improve the reporting system of product costs.

Required:

What can you recommend to improve the situation?

Answer: <https://biology-forums.com/index.php?topic=268348>

Question 1198

How can Lisa Dynondo encourage her salespeople to promote the more profitable model?

- A) Put all sales persons on fixed salary.
- B) Provide higher sales commissions for higher priced items.
- C) Provide higher sales commissions for items with the greatest contribution margin per constrained resource.
- D) Provide higher sales commissions for items which has the lowest cost and lower sales commissions for items with highest cost.

Answer: <https://biology-forums.com/index.php?topic=267744>

Question 1199

Busy Hands Craft Company is a small manufacturing company that specializes in arts and crafts items. It recently bought an old textile mill that it has refurbished to manufacture and dye special cloth to be sold in its craft shops. However, it discovered something new for its accounting system. The company never before had finished goods that did not meet standard, leftover materials from processing runs, or unacceptable outputs.

Required:

As the business consultant for the company, explain how it can handle the items mentioned. Include any potential problems with the accounting procedures.

Answer: <https://biology-forums.com/index.php?topic=268428>

Question 1200

The following information applies to Krynton Company, which supplies microscopes to laboratories throughout the country. Krynton purchases the microscopes from a manufacturer which has a reputation for very high quality in its manufacturing operation.

Annual demand (weekly demand = 1/52 of annual demand) 52,000 units

Orders per year 20

Lead time in days 15 days

Cost of placing an order \$100

What is the reorder point?

A) 1,040 units

B) 2,143 units

C) 1,580 units

D) 3,080 units

Answer: <https://biology-forums.com/index.php?topic=268534>

Question 1201

Bedtime Bedding Company manufactures pillows. The Cover Division makes covers and the Assembly Division makes the finished products. The covers can be sold separately for \$5.00. The pillows sell for \$6.00. The information related to manufacturing for the most recent year is as follows:

Cover Division manufacturing costs \$6,000,000

Sales of covers by Cover Division 4,000,000

Market value of covers transferred to Assembly 6,000,000

Sales of pillows by Assembly Division 7,200,000

Additional manufacturing costs of Assembly Division 1,500,000

Required:

Compute the operating income for each division and the company as a whole. Use market value as the transfer price. Are all managers happy with this concept? Explain.

Answer: <https://biology-forums.com/index.php?topic=268748>

Question 1202

The process by which a company's products or services are measured relative to the best possible levels of performance is known as _____.

A) efficiency

B) benchmarking

C) a standard costing system

D) variance analysis

Answer: <https://biology-forums.com/index.php?topic=267321>

Question 1203

The cost to be predicted is referred to as the _____.

A) independent variable

B) dependent variable

C) cost driver

D) regression

Answer: <https://biology-forums.com/index.php?topic=267586>

Question 1204

The following data are available for Brennan Soft Toys Company for the year ended September 30, 2015.

Sales: 24,000 units at \$50 each

Expected and actual production: 30,000 units

Manufacturing costs incurred:

Variable: \$525,000

Fixed: \$372,000

Nonmanufacturing costs incurred:

Variable: \$144,800

Fixed: \$77,400

Beginning inventories: none

Required:

a. Determine operating income using the variable-costing approach.

b. Determine operating income using the absorption-costing approach.

c. Explain why operating income is not the same under the two approaches.

Answer: <https://biology-forums.com/index.php?topic=267486>

Question 1205

Calculate the total equivalent units in ending inventory for assignment of conversion costs?

- A) 25 units
- B) 50 units
- C) 150 units
- D) 200 units

Answer: <https://biology-forums.com/index.php?topic=268295>

Question 1206

What were the sales for the Tiller Division?

- A) \$9,600,000
- B) \$12,000,000
- C) \$15,000,000
- D) \$15,500,000

Answer: <https://biology-forums.com/index.php?topic=268821>

Question 1207

What is the estimated life-cycle operating income for the first two years?

- A) \$3,360,000
- B) \$281,000
- C) \$190,500
- D) \$90,500

Answer: <https://biology-forums.com/index.php?topic=267986>

Question 1208

The executive vice president of Robotics, Inc., is concerned because the cost of materials has not been in line with the budget for several periods, even after implementing an EOQ model. The company has the normal direct material variance computations of price and efficiency at the end of each month. The price variance of the direct materials used is usually near expectations. The vice president does not understand how the budget differences are always larger than the material price variances.

Required:

What explanation can you give for the evaluation problems presented?

Answer: <https://biology-forums.com/index.php?topic=268568>

Question 1209

Which of the following statements is true of fixed overhead cost variances?

- A) The difference between actual costs and flexible budget costs will give the production volume variance.
- B) The difference between actual costs and static budget costs will give the production volume variance.
- C) The difference between flexible budget costs and allocated overhead costs will give the production volume variance.
- D) The difference between static budget costs and flexible budget costs will give the production volume variance.

Answer: <https://biology-forums.com/index.php?topic=267413>

Question 1210

Which account is credited to write off the difference between allocated and actual overhead using the proration approach?

- A) Work-in Process Control
- B) Manufacturing Overhead Allocated
- C) Finished Goods Control
- D) Manufacturing Overhead Control

Answer: <https://biology-forums.com/index.php?topic=266976>

Question 1211

A purchasing manager's performance is best evaluated using the _____.

- A) direct materials price variance
- B) direct materials flexible-budget variance
- C) direct manufacturing labor flexible-budget variance
- D) affect the manager's action has on total costs for the entire company

Answer: <https://biology-forums.com/index.php?topic=267303>

Question 1212

The amount of time from when a customer places an order for a product or requests a service to when the product or service is delivered to the customer is referred to as _____.

- A) manufacturing lead time
- B) delivery time
- C) customer-response time
- D) a time driver

Answer: <https://biology-forums.com/index.php?topic=268481>

Question 1213

Which of the following is an example of value added cost?

- A) cost of machine breakdown
- B) cost of defective products
- C) rework costs
- D) direct machining costs

Answer: <https://biology-forums.com/index.php?topic=267955>

Question 1214

Karen Hefner, a florist, operates retail stores in several shopping malls. The average selling price of an arrangement is \$30 and the average cost of each sale is \$18. A new mall is opening where Karen wants to locate a store, but the location manager is not sure about the rent method to accept. The mall operator offers the following three options for its retail store rentals:

1. paying a fixed rent of \$15,000 a month, or
2. paying a base rent of \$9,000 plus 10% of revenue received, or
3. paying a base rent of \$4,800 plus 20% of revenue received up to a maximum rent of \$25,000.

Required:

- a. For each option, compute the breakeven sales and the monthly rent paid at break-even.
- b. Beginning at zero sales, show the sales levels at which each option is preferable up to 5,000 units.

Answer: <https://biology-forums.com/index.php?topic=266858>

Question 1215

Special cost-allocation problems arise when _____.

- A) support department costs exceed budgetary estimates
- B) practical capacity is used as the allocation base
- C) support departments provide reciprocal services to each other and operating departments
- D) the same cost-allocation base is used among various support departments

Answer: <https://biology-forums.com/index.php?topic=268113>

Question 1216

The most important planning tool is a _____.

- A) performance evaluation report
- B) fishbone diagram
- C) control chart
- D) budget

Answer: <https://biology-forums.com/index.php?topic=266568>

Question 1217

Costs such as supervision, depreciation, maintenance, supplies, and power. are included in the _____.

- A) capital expenditures budget
- B) distribution costs budget
- C) revenues budget
- D) manufacturing overhead budget

Answer: <https://biology-forums.com/index.php?topic=267132>

Question 1218

Green Energy Inc. produces fertilizer and distributes the product by using his tanker trucks. Green Energy uses budgeted fleet hours to allocate variable manufacturing overhead. The following information relates to the company's manufacturing overhead data:

Budgeted output units 730 truckloads

Budgeted fleet hours 511 hours

Budgeted pounds of fertilizer 24,000,000 pounds

Budgeted variable manufacturing overhead costs for 730 loads \$89,425

Actual output units produced and delivered 720 truckloads

Actual fleet hours 436 hours
Actual pounds of fertilizer produced and delivered 25,200,000 pounds
Actual variable manufacturing overhead costs \$87,120

What is the budgeted variable overhead cost rate per output unit?

- A) \$120.00
- B) \$122.50
- C) \$123.69
- D) \$121.00

Answer: <https://biology-forums.com/index.php?topic=267341>

Question 1219

Yield variances _____.

- A) reveal the effect of substitution within a single factor of production
- B) address the productivity of a single component of one factor of production
- C) capture both substitutions between factors of production as well as within factors of production
- D) reveal the effect of substitution within multiple factors of production

Answer: <https://biology-forums.com/index.php?topic=267876>

Question 1220

Other than price, what other items should Contrafic's Kitchens consider before accepting this one-time-only special order?

- A) reaction of shareholders
- B) reaction of existing customers to the lower price offered to Mr. Louis Cifer
- C) demand for cherry cabinets
- D) price is the only consideration

Answer: <https://biology-forums.com/index.php?topic=267684>

Question 1221

What is operating income for 2014?

- A) \$450,000
- B) \$1,000,000
- C) \$750,000
- D) \$700,000

Answer: <https://biology-forums.com/index.php?topic=267849>

Question 1222

An example of a performance measure with a long time horizon is _____.

- A) direct materials efficiency variances
- B) overhead spending variances
- C) number of new patents developed
- D) quality of room service

Answer: <https://biology-forums.com/index.php?topic=268796>

Question 1223

Which of the following measures capacity levels in terms of demand for the output of the plant?

- A) practical capacity and theoretical capacity
- B) theoretical capacity and normal capacity utilization
- C) normal capacity utilization and master-budget capacity utilization
- D) master-budget capacity utilization and practical capacity

Answer: <https://biology-forums.com/index.php?topic=267521>

Question 1224

A company should use cost-based transfer prices _____.

- A) when a company's product is specialized
- B) the market for the intermediate product is perfectly competitive
- C) the interdependencies of subunits are minimal
- D) there is no benefit from market-based transfer price

Answer: <https://biology-forums.com/index.php?topic=268760>

Question 1225

A well-designed, activity-based cost system helps managers make better decisions because information derived from an ABC analysis _____.

- A) can be used to eliminate nonvalue-added activities
- B) is easy to analyze and interpret
- C) takes the choices and judgment challenges away from the managers
- D) emphasizes how managers can achieve higher sales

Answer: <https://biology-forums.com/index.php?topic=267082>

Question 1226

What is the fixed overhead spending variance?

- A) \$560 unfavorable
- B) \$100 favorable
- C) \$100 unfavorable
- D) \$560 favorable

Answer: <https://biology-forums.com/index.php?topic=267393>

Question 1227

Using the three cost pools to allocate overhead costs, what is the total amount of overhead costs to be allocated to the Mossman Job?

- A) \$389.00
- B) \$380.00
- C) \$385.50
- D) \$376.00

Answer: <https://biology-forums.com/index.php?topic=267057>

Question 1228

Line managers supervising individual refineries are concerned with _____.

- A) obtaining information about the firm's opportunity costs
- B) obtaining information about the firm's sunk costs
- C) obtaining information about the firm's equipment downtime and product quality
- D) obtaining information about customer satisfaction and market share

Answer: <https://biology-forums.com/index.php?topic=268704>

Question 1229

The sales-mix variance will be favorable when _____.

- A) the actual contribution margin is greater than the static-budget contribution margin
- B) actual unit sales are more than budgeted unit sales
- C) the actual sales mix shifts toward the less profitable units
- D) the budgeted contribution margin for actual sales mix is greater than for the budgeted mix

Answer: <https://biology-forums.com/index.php?topic=268076>

Question 1230

Which of the following sentences is true of classification of spoilage as normal or abnormal when inventories are present?

- A) Classifying spoilage as normal rather than abnormal results in same current operating income.
- B) Classifying spoilage as normal rather than abnormal results in an decrease in current operating income.
- C) Classifying spoilage as abnormal rather than normal results in an increase in current operating income.
- D) Classifying spoilage as normal rather than abnormal results in an increase in current operating income.

Answer: <https://biology-forums.com/index.php?topic=268412>

Question 1231

For a manufacturing company, indirect manufacturing costs may be included in _____.

- A) direct materials inventory only
- B) merchandise inventory only
- C) both work-in-process inventory and finished goods inventory
- D) direct materials inventory, work-in-process inventory, and finished goods inventory accounts

Answer: <https://biology-forums.com/index.php?topic=266693>

Question 1232

An inaccurate cost function with a slope coefficient that is estimated too low may most likely result in _____.

- A) predicting total costs that are too high
- B) initiating cost cutting measures when they are unnecessary
- C) evaluating a weak manager as having strong performance
- D) promoting a product that is actually more profitable than budgeted

Answer: <https://biology-forums.com/index.php?topic=267609>

Question 1233

What amount of manufacturing overhead costs will be allocated to this job?

- A) \$405
- B) \$425
- C) \$270
- D) \$465

Answer: <https://biology-forums.com/index.php?topic=266928>

Question 1234

What is the full cost of the product per unit for Gracius Manufacturing?

- A) \$40
- B) \$70
- C) \$190
- D) \$209

Answer: <https://biology-forums.com/index.php?topic=267926>

Question 1235

How much cash will be collected from customers in March?

- A) \$94,000
- B) \$86,000
- C) \$100,000
- D) \$110,000

Answer: <https://biology-forums.com/index.php?topic=267220>

Question 1236

Which of the following statements best relates to the balanced scorecard's financial perspective?

- A) How can we obtain greater profits for the current year?
- B) How can we increase shareholder value?
- C) How will we obtain continuous improvements?
- D) How can we secure greater customer satisfaction?

Answer: <https://biology-forums.com/index.php?topic=267809>

Question 1237

Which of the following is true about the assumptions underlying basic CVP analysis?

- A) Selling price varies with demand and supply of the product.
- B) Only selling price and variable cost per unit are known and constant.
- C) Only selling price, variable cost per unit, and total fixed costs are known and constant.
- D) Selling price, variable cost per unit, fixed cost per unit, and total fixed costs are known and constant.

Answer: <https://biology-forums.com/index.php?topic=266782>

Question 1238

Bouvous Corp has two regional offices. The data for each are as follows:

Maryland New Jersey
Revenues \$ 290,000 \$ 300,000
Operating assets 2,400,000 4,500,000
Net operating income 1,008,000 1,500,000

What is the return on investment for the New Jersey Division?

- A) 21%
- B) 33.33%
- C) 66.67%
- D) 25%

Answer: <https://biology-forums.com/index.php?topic=268812>

Question 1239

Purchasing at the EOQ recommended level, how many deliveries will be made during each time period?

- A) 2 deliveries
- B) 6.0 deliveries
- C) 7.91 deliveries

D) 12 deliveries

Answer: <https://biology-forums.com/index.php?topic=268538>

Question 1240

Bob and Dale have just purchased a small honey manufacturing company that was having financial difficulties. After a brief operating period, they decided that the company's main problem was an improper budgeting function. The company made a good product and market potential was great.

Required:

Describe the usual budgeting cycle that well-managed companies adopt?

Answer: <https://biology-forums.com/index.php?topic=267106>

Question 1241

In the estimation of a cost function using quantitative analysis, the independent variable _____.

- A) is the cost to be predicted
- B) is the product of fixed costs and slope coefficient
- C) is the factor used to predict the dependent variable
- D) is the product of total costs and slope coefficient

Answer: <https://biology-forums.com/index.php?topic=267587>

Question 1242

For a fast-food restaurant, the average waiting time can be formulated as _____.

- A)
- B)
- C)
- D)

Answer: <https://biology-forums.com/index.php?topic=268498>

Question 1243

Stones Manufacturing, sells a marble slab for \$1,000. Fixed costs are \$30,000, while the variable costs are \$400 per slab. The company currently plans to sell 200 slabs this month. What is the margin of safety assuming 75 slabs are budgeted?

- A) \$40,000
- B) \$38,000
- C) \$25,000
- D) \$33,000

Answer: <https://biology-forums.com/index.php?topic=266826>

Question 1244

Which of the following statements is true of lean accounting?

- A) It is much complex than traditional product costing.
- B) It does not always compute costs for individual products.
- C) It omits recording some of the journal entries relating to the stages from the purchase of direct materials to the sale of finished goods.
- D) It compares value stream costs against costs that include costs of all purchased materials.

Answer: <https://biology-forums.com/index.php?topic=268609>

Question 1245

What is the economic order quantity?

- A) 64.08 packages
- B) 21.04 packages
- C) 37.50 packages
- D) 72.03 packages

Answer: <https://biology-forums.com/index.php?topic=268535>

Question 1246

Managers use customer-profitability analysis report to ensure that _____.

- A) unpaid invoices are categorized according to age by due date
- B) costs related to customers are segmented into different cost pools on the basis of different types of cost drivers or cost-allocation bases
- C) customers making large contributions to the operating income of a company receive a high level of attention from the company
- D) cost allocation of indirect cost is in place

Answer: <https://biology-forums.com/index.php?topic=268011>

Question 1247

Dual pricing insulates managers from the realities of the marketplace because costs, not market prices, affect the revenues of the supplying division.
Answer: <https://biology-forums.com/index.php?topic=268775>

Question 1248

Which of the following inventory costing methods shown below is most likely to cause undesirable incentives for managers to build up finished goods inventory?
A) absorption costing
B) variable costing
C) throughput costing
D) direct costing
Answer: <https://biology-forums.com/index.php?topic=267500>

Question 1249

When making strategic decisions about which products and how much to produce, managers must need to distinguish fixed costs from variable costs.
Answer: <https://biology-forums.com/index.php?topic=266771>

Question 1250

Legal Advisory Inc., employs 12 full-time attorneys and 10 paraprofessionals. Direct and indirect costs are applied on a professional labor-hour basis that includes both attorney and paraprofessional hours. Following is information for 2014:

Budget	Actual
Indirect costs	\$270,000 \$300,000
Annual salary of each attorney	\$100,000 \$110,000
Annual salary of each paraprofessional	\$ 29,000 \$ 30,000
Total professional labor-hours	50,000 dlh 60,000 dlh

When using a normal costing system, year-end accounting records will show that indirect costs are _____.

A) perfectly allocated
B) underallocated
C) within budget
D) overallocated
Answer: <https://biology-forums.com/index.php?topic=266977>

Question 1251

Which of the following is a journal entry to recognize the disposal value?

A) Materials Control XXX
Work-in-Process Control XXX
Manufacturing Overhead Control XXX

B) Work-in-Process Control XXX
Manufacturing Overhead Control XXX
Materials Control XXX

C) Manufacturing Overhead Control XXX
Work-in-Process Control XXX

D) Materials Control XXX
Work-in-Process Control XXX

Answer: <https://biology-forums.com/index.php?topic=268410>

Question 1252

The method that allocates costs in each cost pool using the same rate per unit is known as the _____.

A) incremental cost-allocation method
B) reciprocal cost-allocation method
C) single-rate cost allocation method
D) dual-rate cost-allocation method
Answer: <https://biology-forums.com/index.php?topic=268092>

Question 1253

Which of the following is a direct manufacturing cost?

A) plant maintenance
B) plant rent
C) fringe benefits paid to machine operators

D) property taxes on plant

Answer: <https://biology-forums.com/index.php?topic=266704>

Question 1254

Delinz Company can predict with virtual certainty the demand for its products. Delinz's sells 75 hams per week. Purchase-order lead time is 3 weeks and the economic-order quantity is 150 hams. What is the reorder point?

- A) 675 hams
- B) 225 hams
- C) 450 hams
- D) 150 hams

Answer: <https://biology-forums.com/index.php?topic=268545>

Question 1255

The regional sales office manager of a national firm is most likely responsible for a(n) _____.

- A) revenue center
- B) investment center
- C) cost center
- D) profit center

Answer: <https://biology-forums.com/index.php?topic=267193>

Question 1256

Which of the following companies will use a process costing system?

- A) an oil refining company
- B) a manufacturer of ships
- C) a custom watch manufacturer
- D) an advertising firm

Answer: <https://biology-forums.com/index.php?topic=266891>

Question 1257

Which of the following is a stage of the capital budgeting process during which a plant manager is queried for assembly time?

- A) make decisions by choosing among alternatives stage
- B) obtain information stage
- C) make predictions stage
- D) implement the decision, evaluate performance, and learn stage

Answer: <https://biology-forums.com/index.php?topic=268615>

Question 1258

The AARR method is similar to the IRR method as _____.

- A) both calculate the return using after-tax cash flows
- B) both calculate the return using operating-income numbers after considering accruals and taxes
- C) both calculate the result in terms of percentage
- D) both consider the time value of money

Answer: <https://biology-forums.com/index.php?topic=268673>

Question 1259

Costs of activities to sell each unit to a customer is an example of _____.

- A) customer-sustaining costs
- B) division-sustaining costs
- C) customer output unit-level costs
- D) distribution-channel costs

Answer: <https://biology-forums.com/index.php?topic=268015>

Question 1260

Picture Pretty manufactures picture frames. Sales for August are expected to be 10,000 units of various sizes. Historically, the average frame requires four feet of framing, one square foot of glass, and two square feet of backing. Beginning inventory includes 1,500 feet of framing, 500 square feet of glass, and 500 square feet of backing. Current prices are \$0.90 per foot of framing, \$8.00 per square foot of glass, and \$4 per square foot of backing. Ending inventory of materials should be 150% of beginning inventory. Purchases are paid for in the month acquired.

Required:

- a. Determine the quantity of framing, glass, and backing that is to be purchased during August.
- b. Determine the total costs of direct materials for August purchases.

Answer: <https://biology-forums.com/index.php?topic=267175>

Question 1261

Which of the following statements best defines an enterprise resource planning (ERP) system?

- A) a demand-pull system in which each component in a production line is produced immediately as needed by the next step in the production line as planned by enterprise resource management
- B) a system that comprises a single database that collects data and feeds it into software applications supporting all of a company's business activities
- C) a planning system that omits recording some of the journal entries relating to the stages from the purchase of direct materials to the sale of finished goods
- D) a system that is made up of work areas with different types of equipment grouped together to make related products

Answer: <https://biology-forums.com/index.php?topic=268591>

Question 1262

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

- A) In activity-based costing, direct labor-hours is always the best allocation base to allocate all non-manufacturing indirect costs.
- B) Activity based costing is more suited to companies with high product diversity than companies with single product line.
- C) Activity based costing broadly averages or spreads the cost of resources uniformly to cost objects such as products or services.
- D) The main advantage of activity-based costing over peanut-butter costing is the accurate distribution of all direct costs to the products.

Answer: <https://biology-forums.com/index.php?topic=267011>

Question 1263

Distinguish between controllable and uncontrollable aspects of revenue and costs. Can a manager totally control all revenue and costs? Why or why not?

Answer: <https://biology-forums.com/index.php?topic=267203>

Question 1264

What was the variable cost per unit sold for 2015?

- A) \$8.70
- B) \$160
- C) \$168.70
- D) \$232

Answer: <https://biology-forums.com/index.php?topic=267581>

Question 1265

Tony Manufacturing produces a single product that sells for \$80. Variable costs per unit equal \$30. The company expects total fixed costs to be \$78,000 for the next month at the projected sales level of 2,500 units. In an attempt to improve performance, management is considering a number of alternative actions. Each situation is to be evaluated separately. Suppose management believes that a \$75,000 increase in the monthly advertising expense will result in a considerable increase in sales. Sales must increase by _____ to justify this additional expenditure?

- A) 1,698 units
- B) 1,500 units
- C) 1,550 units
- D) 1,339 units

Answer: <https://biology-forums.com/index.php?topic=266823>

Question 1266

A supplier offers to make Part A for \$35. Altec Services Corporation has relevant costs of \$40 a unit to manufacture 1,000 units of Part A. If there is excess capacity, the opportunity cost of buying Part A from the supplier is _____.

- A) \$0
- B) \$40,000
- C) \$35,000
- D) \$75,000

Answer: <https://biology-forums.com/index.php?topic=267730>

Question 1267

Why do accountants criticize the practice of carrying inventories at estimated net realizable values?

- A) The costs of producing the products are usually estimates.
- B) There is usually no clearly defined realizable value for any inventories.
- C) In effect, this practice recognizes income before sales are made.
- D) It will result in higher cost of goods sold and lesser profits.

Answer: <https://biology-forums.com/index.php?topic=268225>

Question 1268

Statistical quality control includes a control chart that _____.

- A) graphs a series of random events of a process
- B) plots each observation relative to specified ranges that represent the expected distribution
- C) plots control observations over various periods of time
- D) plots only those observations outside specified limits

Answer: <https://biology-forums.com/index.php?topic=268457>

Question 1269

Explain the difference between locked in costs and costs incurred. Which of these types of costs does a traditional accounting system emphasize? At which stage of the value chain are most costs locked-in? At which stage of the value chain are most costs incurred? What implication does this have for good cost management?

Answer: <https://biology-forums.com/index.php?topic=267962>

Question 1270

Bismith Company reported:

Actual fixed overhead \$500,000

Fixed manufacturing overhead spending variance \$30,000 unfavorable

Fixed manufacturing production-volume variance \$20,000 unfavorable

To record the write-off of these variances at the end of the accounting period, Bismith would _____.

- A) credit Fixed Manufacturing Overhead Allocated for \$500,000
- B) debit Fixed Manufacturing Overhead Spending Variance for \$30,000
- C) credit Fixed Manufacturing Production-Volume Variance for \$20,000
- D) debit Fixed Manufacturing Control for \$500,000

Answer: <https://biology-forums.com/index.php?topic=267400>

Question 1271

Lander Metals Inc. manufactures automobile spare parts for car manufacturers. Management is attempting to search for ways to reduce manufacturing labor costs and has received a proposal from a consulting company to rearrange the production floor next year. Using the information below regarding current operations and the new proposal, which of the following decisions should management accept?

Current Proposed

Required machine operators 16 12

Materials-handling workers 3.00 3.00

Employee average pay \$15 per hour \$18 per hour

Hours worked per employee 3,400 3,150

- A) Do not change the production floor.
- B) Rearrange the production floor.
- C) Either, because it makes no difference to the employees.
- D) It doesn't matter because the costs incurred will remain the same.

Answer: <https://biology-forums.com/index.php?topic=267653>

Question 1272

When fixed overhead spending variance is unfavorable, it can be safely assumed that _____.

- A) flexible budget amount is higher than actual costs incurred
- B) fixed overhead allocated for actual output is lower than actual costs incurred
- C) flexible budget amount is lower than actual costs incurred
- D) fixed overhead allocated for actual output is higher than actual costs incurred

Answer: <https://biology-forums.com/index.php?topic=267412>

Question 1273

Each of the following items pertains to one of these companies: Bedell Electronics (a manufacturing company), Gregory Food Retailers (a merchandising company), and Larson Real Estate (a service sector company). Classify each item as either inventoriable (I) costs or period (P) costs.

- a. Salary of Bedell Electronics president
- b. Depreciation on Bedell Electronics assembly equipment
- c. Salaries of Bedell's assembly line workers
- d. Purchase of frozen food for sale to customers by Gregory Food Retailers
- e. Salaries of frozen food personnel at Gregory Food Retailing

- f. Depreciation on freezers at Gregory Food Retailing
- g. Salary of a receptionist at Larson Real Estate
- h. Depreciation on a computer at Larson Real Estate
- i. Salary of a real estate agent at Larson Real Estate

Answer: <https://biology-forums.com/index.php?topic=266736>

Question 1274

Which method of accounting recognizes byproducts in the financial statements at the time their production is completed?

- A) gross margin method
- B) sales method
- C) production method
- D) market value method

Answer: <https://biology-forums.com/index.php?topic=268252>

Question 1275

Assuming each order was made at the economic order quantity amount, what is the cost of placing an order?

- A) \$322 per order
- B) \$200 per order
- C) \$231 per order
- D) \$417 per order

Answer: <https://biology-forums.com/index.php?topic=268552>

Question 1276

The most likely explanation of the above direct manufacturing labor variances is that _____.

- A) the average wage rate paid to employees was less than expected
- B) employees did not work as efficiently as expected to accomplish the job
- C) the company may have assigned more experienced employees this month than originally planned
- D) management may have a problem with budget slack and might be using lax standards for both labor-wage rates and expected efficiency

Answer: <https://biology-forums.com/index.php?topic=267297>

Question 1277

Costs incurred on defective products before being shipped to customers are _____.

- A) prevention costs
- B) appraisal costs
- C) internal failure costs
- D) external failure costs

Answer: <https://biology-forums.com/index.php?topic=268439>

Question 1278

Bromint Company provided the following information:

Budgeted input 89,500 gallons

Actual input 87,700 gallons

Budgeted production 42,000 units

Actual production 43,000 units

What is the partial productivity ratio?

- A) 2.13 units per gallon
- B) 0.47 units per gallon
- C) 0.49 units per gallon
- D) 2.03 units per gallon

Answer: <https://biology-forums.com/index.php?topic=267881>

Question 1279

While calculating the costs of products and services, a standard costing system _____.

- A) allocates overhead costs on the basis of the actual overhead-cost rates
- B) uses standard costs to determine the cost of products
- C) does not keep track of overhead cost
- D) traces direct costs to output by multiplying the standard prices or rates by the actual quantities

Answer: <https://biology-forums.com/index.php?topic=267335>

Question 1280

Jordana Woolens is a manufacturer of wool cloth. The information for March is as follows:

Beginning work in process 10,000 units

Units started 20,000 units

Units completed 25,000 units

Beginning work-in-process direct materials \$ 6,000

Beginning work-in-process conversion \$ 2,600

Direct materials added during month \$30,000

Direct manufacturing labor during month \$12,000

Factory overhead \$ 5,000

Beginning work in process was half converted as to labor and overhead. Direct materials are added at the beginning of the process. All conversion costs are incurred evenly throughout the process. Ending work in process was 60% complete.

Required:

Prepare a production cost worksheet using the weighted-average method. Include any necessary supporting schedules.

Answer: <https://biology-forums.com/index.php?topic=268291>

Question 1281

The major challenge when planning fixed overhead is _____.

- A) calculating total costs
- B) calculating the cost-allocation rate
- C) choosing the appropriate level of capacity
- D) choosing the appropriate planning period

Answer: <https://biology-forums.com/index.php?topic=267333>

Question 1282

Switching production to products that absorb the highest amount of fixed manufacturing costs is also called _____.

- A) cost reduction
- B) cherry picking
- C) producing for sales
- D) throughput costing

Answer: <https://biology-forums.com/index.php?topic=267491>

Question 1283

Regression analysis _____.

- A) calculates the slope coefficient using only two observed values within the relevant range and their respective costs
- B) measures the average amount of change in the dependent variable associated with a unit change in one or more independent variables
- C) estimates the cost functions using the time-and-motion studies
- D) measures the variability or dispersion in a set of data points

Answer: <https://biology-forums.com/index.php?topic=267600>

Question 1284

What is the Digger Division's return on investment?

- A) .25
- B) .30
- C) .45
- D) .60

Answer: <https://biology-forums.com/index.php?topic=268824>

Question 1285

What role does a trade-in allowance on old equipment play in a decision to retain or replace equipment?

- A) It is relevant since it increases the cost of the new equipment.
- B) It is irrelevant since it reduces the cost of the old equipment.
- C) It is irrelevant to the decision since it does not impact the cost of the new equipment.
- D) It is relevant since it reduces the cost of the new equipment.

Answer: <https://biology-forums.com/index.php?topic=267770>

Question 1286

The most likely cost driver of distribution costs is the _____.

- A) number of parts within the product
- B) number of miles driven

C) number of products manufactured

D) number of production hours

Answer: <https://biology-forums.com/index.php?topic=266652>

Question 1287

A company reported revenues of \$375,000, cost of goods sold of \$118,000, selling expenses of \$11,000, and total operating costs of \$70,000. Gross margin for the year is _____.

A) \$257,000

B) \$246,000

C) \$176,000

D) \$252,000

Answer: <https://biology-forums.com/index.php?topic=266733>

Question 1288

What is the gross margin for 2015?

A) \$163,000

B) \$177,000

C) \$170,000

D) \$167,000

Answer: <https://biology-forums.com/index.php?topic=266744>

Question 1289

Which of the following is an example of insourcing?

A) a pharmaceutical company's research team developing a new patent using current resources

B) a smartphone manufacturing company factoring its receivables as a source of capital

C) a large conglomerate company selling a business wing to its competitor

D) a petrochemical company assigning a vendor to make software for its supply chain management

Answer: <https://biology-forums.com/index.php?topic=267708>

Question 1290

What is the estimated net realizable value of the skim goat ice cream at the splitoff point?

A) \$271,000

B) \$287,400

C) \$672,000

D) \$712,600

Answer: <https://biology-forums.com/index.php?topic=268208>

Question 1291

Which of the following is a learning-and-growth measure to study the output during bottleneck situations?

A) manufacturing cycle efficiency for key processes

B) carrying cost of inventories

C) number of employees trained to manage bottlenecks

D) improve customer-response time during bottlenecks

Answer: <https://biology-forums.com/index.php?topic=268516>

Question 1292

Which of the following information is needed to prepare a flexible budget?

A) actual units sold

B) actual variable cost

C) actual selling price per unit

D) actual fixed cost

Answer: <https://biology-forums.com/index.php?topic=267249>

Question 1293

The Fabrication Division of American Car Company has offered to purchase 90,000 batteries from the Electrical Division for \$104 per unit. At a normal volume of 250,000 batteries per year, production costs per battery are as follows:

Direct materials \$ 40

Direct manufacturing labor 30

Variable factory overhead 12

Fixed factory overhead 40

Total \$112

The Electrical Division has been selling 250,000 batteries per year to outside buyers at \$136 each; capacity is 350,000 batteries per year. The Fabrication Division has been buying batteries from outside sources for \$130 each.

Required:

- Should the Electrical Division manager accept the offer? Explain.
- From the company's perspective, will the internal sales be of any benefit? Explain.

Answer: <https://biology-forums.com/index.php?topic=268783>

Question 1294

For the decision to keep the old machine, the relevant costs of keeping the old machine is _____.

- \$840,000
- \$490,000
- \$958,000
- \$98,000

Answer: <https://biology-forums.com/index.php?topic=267775>

Question 1295

Which of the following is an appropriate step when identifying relevant costs to make a business decision?

- assuming all variable costs are relevant
- assuming all fixed costs are irrelevant
- separating total costs into business function costs and full costs
- separating total costs into variable and fixed components

Answer: <https://biology-forums.com/index.php?topic=267692>

Question 1296

Which cost-allocation criterion is most likely to subsidize poor performers at the expense of the best performers?

- the fairness or equity criterion
- the benefits-received criterion
- the ability to bear criterion
- the cause-and-effect criterion

Answer: <https://biology-forums.com/index.php?topic=268044>

Question 1297

What is the transfer price per pair of shoes from the Stitching Division to the Polishing Division if the transfer price per pair of soles is 125% of full costs?

- \$12.50
- \$22.50
- \$30.00
- \$35.00

Answer: <https://biology-forums.com/index.php?topic=268740>

Question 1298

Bennet Company employs 20 individuals. Eighteen employees are paid \$18 per hour and the rest are salaried employees paid \$3,000 a month. Which of the following is the total cost function of personnel?

- $y = a + bX$
- $y = b$
- $y = bX$
- $y = a$

Answer: <https://biology-forums.com/index.php?topic=267556>

Question 1299

What are the factors that affect the classification of a cost as direct or indirect?

Answer: <https://biology-forums.com/index.php?topic=266640>

Question 1300

On the 2016 budgeted income statement, what amount will be reported for cost of goods sold?

- \$105,000
- \$91,500
- \$90,000

D) \$88,500

Answer: <https://biology-forums.com/index.php?topic=267153>

Question 1301

Tony Manufacturing produces a single product that sells for \$80. Variable costs per unit equal \$30. The company expects total fixed costs to be \$78,000 for the next month at the projected sales level of 2,500 units. In an attempt to improve performance, management is considering a number of alternative actions. Each situation is to be evaluated separately. Suppose that management believes that a 10% reduction in the selling price will result in a 10% increase in sales. If this proposed reduction in selling price is implemented _____.

- A) operating income will decrease by \$9,500
- B) operating income will increase by \$10,000
- C) operating income will decrease by \$6,000
- D) operating income will increase by \$11,300

Answer: <https://biology-forums.com/index.php?topic=266824>

Question 1302

Which of the following is true of goal congruence?

- A) It exists when the management's strategy is in line with the shareholders' requirements.
- B) It exists when individuals and groups work toward achieving the organization's goals.
- C) It exists when both internal and external stakeholders of an organization have similar goals.
- D) It exists when an organization's goals are in line with the social acceptability of organizational goals.

Answer: <https://biology-forums.com/index.php?topic=268699>

Question 1303

The account analysis method estimates cost functions _____.

- A) by classifying cost accounts as variable, fixed, or mixed based on qualitative analysis
- B) using time-and-motion studies
- C) at a high cost, which renders it seldom used
- D) in a manner that cannot be usefully combined with any other cost estimation methods

Answer: <https://biology-forums.com/index.php?topic=267571>

Question 1304

What is the manufacturing cost for the ending finished goods inventory?

- A) \$42,500
- B) \$25,500
- C) \$18,500
- D) \$30,500

Answer: <https://biology-forums.com/index.php?topic=266675>

Question 1305

Lubriderm Corporation has the following budgeted unit sales for the next six-month period:

Month Unit Sales
June 90,000
July 120,000
August 210,000
September 150,000
October 180,000
November 120,000

There were 30,000 units of finished goods in inventory at the beginning of June. Plans are to have an inventory of finished products that equal 20% of the unit sales for the next month.

Five pounds of materials are required for each unit produced. Each pound of material costs \$8. Inventory levels for materials are equal to 30% of the needs for the next month. Materials inventory on June 1 was 15,000 pounds.

Required:

- a. Prepare production budgets in units for July, August, and September.
- b. Prepare a purchases budget in pounds for July, August, and September, and give total purchases in both pounds and dollars for each month.

Answer: <https://biology-forums.com/index.php?topic=267173>

Question 1306

Which of the following statements best defines a trigger point in a sequential-tracking costing system?

- A) the inventory level at which a new purchase order is generated

- B) the point at which the sum of annual relevant stockout and ordering costs is minimal
- C) the production level at which the costing system becomes incapable of tracking the production costs
- D) a stage in the production cycle at which journal entries are made in the accounting system

Answer: <https://biology-forums.com/index.php?topic=268605>

Question 1307

Briefly explain the planning and control activities in management accounting. How are these two activities linked to each other?

Answer: <https://biology-forums.com/index.php?topic=266582>

Question 1308

What is the value of the operating assets belonging to the Tractor Division?

- A) \$ 3,500,000
- B) \$4,000,000
- C) \$4,500,000
- D) \$5,000,000

Answer: <https://biology-forums.com/index.php?topic=268822>

Question 1309

Short-term pricing decisions _____.

- A) use costs that may be irrelevant for long-term pricing decisions
- B) are more opportunistic
- C) tend to decrease prices when demand is strong
- D) have a time horizon of more than one year

Answer: <https://biology-forums.com/index.php?topic=267907>

Question 1310

The seller of Product A has no idle capacity and can sell all it can produce at \$50 per unit. Outlay cost is \$12. What is the opportunity cost, assuming the seller sells internally?

- A) \$12
- B) \$38
- C) \$50
- D) \$62

Answer: <https://biology-forums.com/index.php?topic=268781>

Question 1311

Which item is an indication of competence under the Standards of Ethical Conduct?

- A) Maintain an appropriate level of professional expertise by continually developing knowledge and skills.
- B) Keep information confidential except when disclosure is authorized or legally required.
- C) Abstain from engaging in or supporting any activity that might discredit the profession.
- D) Refrain from engaging in any conduct that would prejudice carrying out duties ethically.

Answer: <https://biology-forums.com/index.php?topic=266607>

Question 1312

Which of the following journal entries properly records the purchase of direct materials?

- A) Accounts Payable Control 1,070,000
Inventory: Raw and In-Process Control 1,070,000
- B) Inventory: Raw and In-Process Control 1,070,000
Accounts Payable Control 1,070,000
- C) Inventory: Raw and In-Process Control 1,070,000
Conversion Costs 1,070,000
- D) Conversion Costs 1,070,000
Inventory: Raw and In-Process Control 1,070,000

Answer: <https://biology-forums.com/index.php?topic=268598>

Question 1313

A challenge to using cost-benefit criteria for allocating costs is that _____.

- A) the costs of designing and implementing complex cost allocations are not readily apparent
- B) the benefits of making better-informed pricing decisions are difficult to measure
- C) cost systems are being simplified and fewer multiple cost-allocation bases are being used
- D) the costs of collecting and processing information keep spiraling upward

Answer: <https://biology-forums.com/index.php?topic=268045>

Question 1314

For Comfort Manufacturing, what is the annual manufacturing overhead cost-allocation rate?

- A) \$0.50
- B) \$0.80
- C) \$0.45
- D) \$33.33

Answer: <https://biology-forums.com/index.php?topic=266927>

Question 1315

Using the direct method, what amount of Maintenance Department costs will be allocated to Department B?

- A) \$96,000
- B) \$100,000
- C) \$110,000
- D) \$122,000

Answer: <https://biology-forums.com/index.php?topic=268123>

Question 1316

To reduce distribution-channel costs, a company could _____.

- A) improve the efficiency of the ordering process
- B) make fewer customer visits
- C) eliminate distribution to retailers and only service wholesalers
- D) reduce product-handling costs

Answer: <https://biology-forums.com/index.php?topic=268009>

Question 1317

Which of the following statements best defines lean accounting?

- A) an accounting system that comprises a single database that collects data and feeds it into software applications supporting all of a company's business activities
- B) a costing method that supports creating value for the customer by costing the entire value stream thereby eliminating waste in the accounting process
- C) an accounting system that omits recording some of the journal entries relating to the stages from the purchase of direct materials to the sale of finished goods
- D) an integrated costing system covering a company's accounting, distribution, manufacturing, purchasing, human resources, and other functions

Answer: <https://biology-forums.com/index.php?topic=268610>

Question 1318

Practical capacity is the denominator-level concept that _____.

- A) reduces theoretical capacity for unavoidable operating interruptions
- B) is the maximum level of operations at maximum efficiency
- C) is based on the level of capacity utilization that satisfies average customer demand over periods generally longer than one year
- D) is based on anticipated levels of capacity utilization for the coming budget period

Answer: <https://biology-forums.com/index.php?topic=267516>

Question 1319

The best label for the formula $(AP - BP) AQ$ is the _____.

- A) efficiency variance
- B) price variance
- C) total flexible-budget variance
- D) spending variance

Answer: <https://biology-forums.com/index.php?topic=267289>

Question 1320

The expected number of hours of direct labor for OM362 Bigger is _____.

- A) 8,800 hours of assembling; 17,600 hours of polishing
- B) 11,200 hours of assembling; 22,400 hours of polishing
- C) 17,600 hours of assembling; 8,800 hours of polishing
- D) 22,400 hours of assembling; 11,200 hours of polishing

Answer: <https://biology-forums.com/index.php?topic=267163>

Question 1321

Nancy Company has budgeted sales of \$300,000 with the following budgeted costs:

- Direct materials \$60,000
- Direct manufacturing labor 40,000
- Factory overhead
 - Variable 30,000
 - Fixed 50,000
- Selling and administrative expenses
 - Variable 20,000
 - Fixed 30,000

Compute the average markup percentage for setting prices as a percentage of:

- a. The full cost of the product
- b. The variable cost of the product
- c. Variable manufacturing costs
- d. Total manufacturing costs

Answer: <https://biology-forums.com/index.php?topic=267978>

Question 1322

Dr. Charles Hunter, MD, performs a certain outpatient procedure for \$1,000. His fixed costs are \$20,000, while his variable costs are \$500 per procedure. Dr. Hunter currently plans to perform 200 procedures this month. What is the breakeven point for the month assuming that Dr. Hunter plans to perform the procedure 200 times?

- A) 40 times
- B) 30 times
- C) 20 times
- D) 10 times

Answer: <https://biology-forums.com/index.php?topic=266808>

Question 1323

Favorable direct manufacturing labor efficiency variances are _____.

- A) always credits
- B) always debits
- C) debited to the Work-in-Process Control account
- D) debited to the Wages Payable Control account

Answer: <https://biology-forums.com/index.php?topic=267292>

Question 1324

Examples of nonfinancial measures of quality include the _____.

- A) inspection costs incurred
- B) number of customer complaints
- C) design engineering costs
- D) quality training costs

Answer: <https://biology-forums.com/index.php?topic=268461>

Question 1325

The sales-quantity variance results from a difference between _____.

- A) the actual sales mix and the budgeted sales mix
- B) the actual quantity of units sold and the budgeted quantity of unit sales in the static budget
- C) actual contribution margin and the budgeted contribution margin
- D) actual market size in units and the budgeted market size in units

Answer: <https://biology-forums.com/index.php?topic=268083>

Question 1326

A report showing the actual financial results for a period compared to the budgeted financial results for that same period would most likely be called a _____.

- A) strategic plan
- B) management forecast
- C) performance report
- D) revised plan

Answer: <https://biology-forums.com/index.php?topic=266569>

Question 1327

Long-term financing is an integral part of the _____ function in an organization.

- A) CFO's
- B) controller's
- C) auditor's
- D) president's

Answer: <https://biology-forums.com/index.php?topic=266602>

Question 1328

Can a company identify unused capacity and, if so, how can unused capacity be managed?

Answer: <https://biology-forums.com/index.php?topic=267874>

Question 1329

Which of the following statements about Alfarm's joint production costs is true?

- A) The gross-margin percentage per gallon of Cream and Liquid skim are equal because joint costs are allocated based on the number of gallons.
- B) The gross-margin percentage per gallon of Cream is higher than gross margin percentage per gallon of Liquid skim because of Cream's higher production volume.
- C) The joint production cost per gallon of Cream and Liquid skim are equal because joint costs are allocated based on the number of gallons.
- D) The joint production cost per gallon of Cream is higher than joint production cost per gallon of Liquid skim because of Cream's higher production volume.

Answer: <https://biology-forums.com/index.php?topic=268206>

Question 1330

For 2011, Nichols, Inc., had sales of 150,000 units and production of 200,000 units. Other information for the year included:

- Direct manufacturing labor \$187,500
- Variable manufacturing overhead 100,000
- Direct materials 150,000
- Variable selling expenses 100,000
- Fixed administrative expenses 100,000
- Fixed manufacturing overhead 200,000
- There was no beginning inventory.

Required:

- a. Compute the ending finished goods inventory under both absorption and variable costing.
- b. Compute the cost of goods sold under both absorption and variable costing.

Answer: <https://biology-forums.com/index.php?topic=267452>

Question 1331

_____ is considered while choosing a cost allocation base for activity costs in ABC costing.

- A) Marketing strategy and material price level
- B) Availability of reliable data and measures
- C) Product price level
- D) Market share of a product

Answer: <https://biology-forums.com/index.php?topic=267043>

Question 1332

Luke's Football Manufacturing Company reported:

- Actual fixed overhead \$400,000
- Fixed manufacturing overhead spending variance \$10,000 favorable
- Fixed manufacturing production-volume variance \$15,000 unfavorable

To isolate these variances at the end of the accounting period, John would debit Fixed Manufacturing Overhead Allocated for _____.

- A) \$390,000
- B) \$395,000
- C) \$400,000
- D) \$405,000

Answer: <https://biology-forums.com/index.php?topic=267387>

Question 1333

A transfer-pricing method leads to goal congruence when _____.

- A) there is a price difference in different markets due to market inefficiencies

- B) managers do not act for their own best interest and work for the long-term best interest of the manager's subunit
- C) managers act in their own best interest and the decision is in the long-term best interest of the company
- D) there is a low degree of centralization

Answer: <https://biology-forums.com/index.php?topic=268723>

Question 1334

Most of the decisions determining the level of fixed overhead costs to be incurred will be made _____.

- A) by the end of a budget period
- B) by the middle of a budget period
- C) on a day-to-day ongoing basis
- D) at the start of a budget period

Answer: <https://biology-forums.com/index.php?topic=267332>

Question 1335

At the end of the accounting period, Armstrong Corporation reports operating income of \$30,000. Which of the following statements is true, if Armstrong's inventory levels decrease during the accounting period?

- A) Variable costing will report less operating income than absorption costing.
- B) Absorption costing will report less operating income than variable costing.
- C) Variable costing and absorption costing will report the same operating income since the cost of goods sold is the same.
- D) Variable costing and absorption costing will report the same operating income since the total costs are the same.

Answer: <https://biology-forums.com/index.php?topic=267483>

Question 1336

Product-sustaining costs in activity-based costing are similar to _____.

- A) mixed costs
- B) variable costs
- C) semi-variable costs
- D) fixed costs

Answer: <https://biology-forums.com/index.php?topic=267548>

Question 1337

What is the markup percentage as a percentage of cost for Judith Vending Company?

- A) 10.00%
- B) 11.11%
- C) 12.68%
- D) 13.62%

Answer: <https://biology-forums.com/index.php?topic=267974>

Question 1338

What is the allocated joint costs of Butter Cream?

- A) \$35,200
- B) \$12,500
- C) \$34,700
- D) \$10,800

Answer: <https://biology-forums.com/index.php?topic=268216>

Question 1339

Which of the following statements is true of the the economic order quantity decision model?

- A) The economic order quantity increases with higher demand and higher carrying costs and decreases with higher ordering costs.
- B) The simplest version of the economic order quantity model assumes there are only ordering costs, carrying costs, stockout costs, and purchasing costs.
- C) It assumes the purchase order lead time is not known with certainty.
- D) The larger the order quantity, the lower the annual relevant ordering costs and the higher the annual relevant carrying costs.

Answer: <https://biology-forums.com/index.php?topic=268531>

Question 1340

Place the following steps for the implementation of target costing in order:

- A = Derive a target cost
- B = Develop a target price
- C = Perform value engineering

D = Determine target operating income

- A) B D A C
- B) B A D C
- C) A D B C
- D) A B C D

Answer: <https://biology-forums.com/index.php?topic=267934>

Question 1341

An increase in direct labor cost per unit _____.

- A) increases the fixed cost
- B) increases profits
- C) increases the variable cost
- D) increases overhead costs

Answer: <https://biology-forums.com/index.php?topic=266910>

Question 1342

Which of the following is true of hybrid transfer prices?

- A) The cost used in hybrid transfer prices is always the actual cost.
- B) The cost used in hybrid transfer prices is always the budgeted cost.
- C) They take into account both cost and market information.
- D) They are less popular in manufacturing industry.

Answer: <https://biology-forums.com/index.php?topic=268732>

Question 1343

What were the equivalent units for conversion costs during February?

- A) 81,500
- B) 83,000
- C) 73,000
- D) 77,500

Answer: <https://biology-forums.com/index.php?topic=268319>

Question 1344

Schulz Corporation applies overhead based upon machine-hours. Budgeted factory overhead was \$266,400 and budgeted machine-hours were 18,500. Actual factory overhead was \$287,920 and actual machine-hours were 19,050. Before disposition of under/overapplied overhead, the cost of goods sold was \$560,000 and ending inventories were as follows:

Direct materials \$ 60,000
WIP 190,000
Finished goods 250,000
Total \$500,000

Required:

- a. Determine the budgeted factory overhead rate per machine-hour.
- b. Compute the over/underapplied overhead.
- c. Prepare the journal entry to dispose of the variance using the write-off to cost of goods sold approach.
- d. Prepare the journal entry to dispose of the variance using the proration approach.

Answer: <https://biology-forums.com/index.php?topic=266982>

Question 1345

Emerging Dock Company manufactures boat docks on an assembly line. Its standard costing system uses two cost categories, direct materials and conversion costs. Each product must pass through the Assembly Department and the Finishing Department. Direct materials are added at the beginning of the production process. Conversion costs are allocated evenly throughout production.

Data for the Assembly Department for May 20X5 are:

Work in process, beginning inventory: 70 units
Direct materials (100% complete)
Conversion costs (25% complete)
Units started during May 40 units
Work in process, ending inventory: 10 units
Direct materials (100% complete)
Conversion costs (50% complete)

Costs for May:

Standard costs for Assembly:
Direct materials \$8,000 per unit

Conversion costs \$32,000 per unit
Work in process, beginning inventory:
Direct materials \$280,000
Conversion costs \$520,000

What is the balance in ending work-in-process inventory?

- A) \$164,000
- B) \$240,000
- C) \$310,000
- D) \$340,000

Answer: <https://biology-forums.com/index.php?topic=268341>

Question 1346

Cost allocation is _____.

- A) the process of tracking both direct and indirect costs associated with a cost object
- B) the process of determining the opportunity cost of a cost object chosen
- C) the assignment of indirect costs to the chosen cost object
- D) made based on material acquisition document

Answer: <https://biology-forums.com/index.php?topic=266629>

Question 1347

Recognizing ABC information is not always perfect because _____.

- A) it mostly uses far too many indirect cost pools than what is actually required
- B) it balances the need for better information against the costs of creating a complex system
- C) it lacks the simplicity that traditional systems used to have to allocate overhead costs
- D) it never measures how the resources of an organization are used

Answer: <https://biology-forums.com/index.php?topic=267067>

Question 1348

A company is considering buying a product at \$15 per unit, the in-house manufacturing of the same product is \$17. The fixed cost per unit is \$3 is included in the \$17 in-house product manufacturing cost. What should the company do in this scenario?

Answer: <https://biology-forums.com/index.php?topic=266772>

Question 1349

Assuming previous year's production capacity was inadequate to produce current year output, the cost effect of growth for fixed costs is calculated by multiplying the difference between _____ by price per unit of capacity in the previous year.

- A) capacity units required to produce previous year output in current year and the current year capacity units
- B) capacity units required to produce current year output in previous year and the current year capacity units
- C) capacity units required to produce previous year output in current year and the previous year capacity units
- D) capacity units required to produce current year output in previous year and the previous year capacity units

Answer: <https://biology-forums.com/index.php?topic=267845>

Question 1350

Responsibility accounting _____.

- A) emphasizes controllability
- B) focuses on who should be asked about the information
- C) attempts to assign blame for problems to a specific manager
- D) attempts to create a decentralized organization

Answer: <https://biology-forums.com/index.php?topic=267201>

Question 1351

Yahoo, an Internet search firm, would be classified as a(n) _____.

- A) manufacturing-sector company
- B) merchandising-sector company
- C) service-sector company
- D) financial services

Answer: <https://biology-forums.com/index.php?topic=266688>

Question 1352

Discounted cash flow methods for capital budgeting focus on _____.

- A) cash inflows and required rate of return

- B) operating income and required rate of return
- C) operating income and cost of capital
- D) working capital and cost of capital

Answer: <https://biology-forums.com/index.php?topic=268626>

Question 1353

If 800 units are produced and 1,200 units are sold, the costing method which will result in the greatest operating income is _____.

- A) throughput costing
- B) variable costing
- C) absorption costing
- D) period costing

Answer: <https://biology-forums.com/index.php?topic=267507>

Question 1354

Paragon University operates an extensive and an expensive registration, testing, and counseling center, through which all students are required to pass through when they enter the university. The registration effort's costs (for the most part) are almost impossible to allocate based upon which students require time, effort, etc. The cost of this center is approximately 15% of the total costs of Paragon. This department engages in no other activities than the registration of students. Paragon is interested in determining the profitability of the three technical departments it operates. Paragon has the perception that some departments are more profitable than others, and it would like to determine an appropriate method of allocating the costs of this registration center.

Required:

Recommend to Paragon University a method (or methods) of allocating the costs of registration to the three departments.

Answer: <https://biology-forums.com/index.php?topic=268235>

Question 1355

Ford Motor Company is said to use a hybrid costing system. What is a hybrid costing system, and what would be the advantage to Ford of such a system?

Answer: <https://biology-forums.com/index.php?topic=268340>

Question 1356

Product lines that produce different variations (models, styles, or colors) often require specialized manufacturing activities that translate into _____.

- A) fewer indirect costs for each product line
- B) decisions to drop product variations
- C) a greater number of direct manufacturing labor cost allocation rates
- D) greater overhead costs for each product line

Answer: <https://biology-forums.com/index.php?topic=267016>

Question 1357

Which option provides the greatest operating income if 600 people attend?

- A) Option one
- B) Option two
- C) Operating incomes are identical.
- D) Both the options have 0 operating income as they are operating at breakeven point.

Answer: <https://biology-forums.com/index.php?topic=266835>

Question 1358

Waddell Productions makes separate journal entries for all cost accounting-related activities. It uses a standard cost system for all manufacturing items. For the month of June, the following activities have taken place:

- Direct Manufacturing Materials Purchased \$300,000
- Direct Manufacturing Materials Used 250,000
- Direct Materials Price Variance 10,000 unfavorable
(at time of purchase)
- Direct Materials Efficiency Variance 15,000 favorable
- Direct Manufacturing Labor Price Variance 6,000 favorable
- Direct Manufacturing Labor Efficiency Variance 4,000 favorable
- Direct Manufacturing Labor Payable 170,000

Required:

Record the necessary journal entries to close the accounts for the month.

Answer: <https://biology-forums.com/index.php?topic=267319>

Question 1359

Managers can reduce capacity-based fixed costs by measuring and managing _____.

- A) unused capacity
- B) variable costs
- C) engineered costs
- D) discretionary costs

Answer: <https://biology-forums.com/index.php?topic=267868>

Question 1360

Golden Generator Supply is approached by Mr. Stephen, a new customer, to fulfill a large one-time-only special order for a product similar to one offered to regular customers. Golden Generator Supply has excess capacity. The following per unit data apply for sales to regular customers:

- Direct materials \$1,700.00
- Direct manufacturing labor 100.00
- Variable manufacturing support 200.00
- Fixed manufacturing support 150.00
- Total manufacturing costs 2,150.00
- Markup (30% of total manufacturing costs) 645.00
- Estimated selling price \$2,795.00

If Mr. Stephen wanted a long-term commitment, and not a one-time-only special order, for supplying this product, calculate the most likely price to be quoted assuming the markup remains same?

- A) \$2,000
- B) \$2,150
- C) \$2,795
- D) \$2,800

Answer: <https://biology-forums.com/index.php?topic=267913>

Question 1361

What is the change in the daily contribution margin if the change is made?

- A) \$250
- B) \$750
- C) \$2,000
- D) \$800

Answer: <https://biology-forums.com/index.php?topic=268511>

Question 1362

When spoiled goods have a disposal value, the net cost of the spoilage is computed by _____.

- A) deducting disposal value from the costs of the spoiled goods accumulated to the inspection point
- B) adding the costs to complete a saleable product to the costs accumulated to the inspection point
- C) deducting the costs to complete a saleable product from the costs accumulated to the inspection point
- D) adding disposal value to the costs of the good units transferred

Answer: <https://biology-forums.com/index.php?topic=268388>

Question 1363

What amount of direct materials costs is assigned to the ending Work-in-Process account for March?

- A) \$31,363
- B) \$63,636
- C) \$75,075
- D) \$95,000

Answer: <https://biology-forums.com/index.php?topic=268309>

Question 1364

The advantage of using practical capacity to allocate costs _____.

- A) is that it allows a downward supply spiral to develop
- B) is that it focuses management's attention on managing unused capacity
- C) is that budgets are much easier to develop
- D) is that it results in departments bearing a lower percentage of fixed costs

Answer: <https://biology-forums.com/index.php?topic=268100>

Question 1365

The approach often used when dealing with small amounts of underallocated or overallocated overhead is the _____.

- A) adjusted allocation-rate approach
- B) proration approach
- C) write-off to cost of goods sold approach
- D) adjusted write-off approach

Answer: <https://biology-forums.com/index.php?topic=266973>

Question 1366

Approaches used to rank products for revenue allocation can include _____.

- A) surveying suppliers on the importance of each product
- B) using recent data on stand-alone sales performance
- C) having sales agents use their knowledge and intuition
- D) surveying middlemen on the importance of each product

Answer: <https://biology-forums.com/index.php?topic=268157>

Question 1367

A large hotel chain is currently expanding and has decided to decorate all new hotels using the rustic style. Black Forrest Incorporated is invited to submit a bid to the hotel chain. What is the lowest price per unit Black Forrest should bid on this long-term order?

- A) \$126
- B) \$144
- C) \$180
- D) \$270

Answer: <https://biology-forums.com/index.php?topic=267688>

Question 1368

Under the benefits-received criterion, the physical-measure method is much less desirable than the sales value at splitoff method. Why?

Answer: <https://biology-forums.com/index.php?topic=268227>

Question 1369

Unit-level cost drivers are most appropriate as an overhead assignment base when _____.

- A) several complex products are manufactured
- B) only one product is manufactured
- C) direct material costs are low
- D) prime costs are low

Answer: <https://biology-forums.com/index.php?topic=267036>

Question 1370

Wilson's Language School manufactures CDs and DVDs to teach English as a Second Language. Wilson has just prepared a Cost of Quality Report, and the staff has noticed a decline in prevention costs as a percentage of total sales over a three-year period. What changes might Wilson expect to see in appraisal costs as a percentage of sales, internal failure costs as a percentage of sales, and external failure costs as a percentage of sales given this trend?

Answer: <https://biology-forums.com/index.php?topic=268453>

Question 1371

Sunk costs _____.

- A) are future costs for decision making
- B) are avoidable costs
- C) are irrelevant for decision making
- D) are foregone contribution by not using a limited resource in its next-best alternative use

Answer: <https://biology-forums.com/index.php?topic=267659>

Question 1372

Locil Corporation recently purchased a new machine for \$415,275 with a nine-year life. The old equipment has a remaining life of nine years and no disposal value at the time of replacement. Net cash flows will be \$75,000 per year. What is the internal rate of return?

- A) 11%
- B) 16%
- C) 20%
- D) 24%

Answer: <https://biology-forums.com/index.php?topic=268640>

Question 1373

How much is the ending inventory for the byproduct if byproducts are recognized in the general ledger at the point of sale?

- A) \$0
- B) \$375
- C) \$1,500
- D) \$2,500

Answer: <https://biology-forums.com/index.php?topic=268254>

Question 1374

For each of the following methods of allocating joint costs, give a positive or a negative aspect of selecting each one to allocate joint costs.

- a. sales value at splitoff
- b. estimated net realizable value method
- c. the constant gross margin method
- d. a physical measure such as volume

Answer: <https://biology-forums.com/index.php?topic=268228>

Question 1375

When analyzing the change in operating income, the strategy component of price-recovery will increase when _____.

- A) capacity is reduced
- B) market share is increased
- C) selling prices are increased
- D) more units are sold

Answer: <https://biology-forums.com/index.php?topic=267841>

Question 1376

Which of the following is the correct mathematical expression to calculate the fixed overhead spending variance?

- A) Static-budget amount — Flexible-budget amount
- B) Flexible-budget amount — Actual costs incurred
- C) Static-budget amount — Fixed overhead allocated for actual output
- D) Flexible-budget amount — Fixed overhead allocated for actual output

Answer: <https://biology-forums.com/index.php?topic=267385>

Question 1377

The sales-volume variance is the difference between _____.

- A) a sales-mix variance and the corresponding sales-quantity variance
- B) a flexible-budget amount and the corresponding static-budget amount
- C) a market-share variance and the corresponding market-size variance
- D) a sales-mix variance and the corresponding market size variance

Answer: <https://biology-forums.com/index.php?topic=268081>

Question 1378

If the price increase is implemented, operating profit is projected to _____.

- A) increase by \$25,100
- B) decrease by \$5,250
- C) increase by \$5,250
- D) decrease by \$7,000

Answer: <https://biology-forums.com/index.php?topic=267654>

Question 1379

Silver Company uses one raw material, silver ore, for all of its products. It spends considerable time getting the silver from the ore before it starts the actual processing of the finished products, rings, lockets, etc. Traditionally, the company made one product at a time and charged the product with all costs of production, from ore to final inspection. However, in recent months, the cost accounting reports have been somewhat disturbing to management. It seems that some of the finished products are costing more than they should, even to the point of approaching their retail value. It has been noted by the accounting manager that this problem began when the company started buying ore from different parts of the world, some of which require difficult extraction methods.

Required:

Can you explain how the company might change its accounting system to reflect the reporting problems better? Are there other problems with the purchasing area?

Answer: <https://biology-forums.com/index.php?topic=268180>

Question 1380

Longer manufacturing cycle times results in _____.

- A) lower revenues and higher inventory carrying costs
- B) higher opportunity costs and low profit margins
- C) lower opportunity costs and high profit margins
- D) higher revenues and lower inventory carrying costs

Answer: <https://biology-forums.com/index.php?topic=268509>

Question 1381

Which of the following costs is irrelevant in the decision making of a special order when there is idle production capacity?

- A) fixed manufacturing costs
- B) units sold
- C) material cost
- D) labor hours incurred

Answer: <https://biology-forums.com/index.php?topic=267691>

Question 1382

Which of the following increases (are debited to) the Work-in-Process Control account?

- A) actual plant insurance costs
- B) customer services costs
- C) marketing expenses
- D) direct manufacturing labor costs

Answer: <https://biology-forums.com/index.php?topic=266938>

Question 1383

Butler Hospital wants to estimate the cost for each patient stay. It is a general health care facility offering only basic services and not specialized services such as organ transplants.

Required:

- a. Classify each of the following costs as either direct or indirect with respect to each patient.
- b. Classify each of the following costs as either fixed or variable with respect to hospital costs per day.

Direct Indirect Fixed Variable

Electronic monitoring _____

Meals for patients _____

Nurses' salaries _____

Parking maintenance _____

Security _____

Answer: <https://biology-forums.com/index.php?topic=266663>

Question 1384

What is the amount of the budgeted variable manufacturing overhead cost per unit?

- A) \$11.745
- B) \$10.570
- C) \$11.235
- D) \$11.636

Answer: <https://biology-forums.com/index.php?topic=267347>

Question 1385

Long-run pricing decisions _____.

- A) have a time horizon of less than one year
- B) include adjusting product mix in a competitive environment
- C) and short-run pricing decisions generally have the same relevant costs
- D) use prices that include a reasonable return on investment

Answer: <https://biology-forums.com/index.php?topic=267908>

Question 1386

The number of units in the sales budget and the production budget may differ because of a change in _____.

- A) finished goods inventory levels
- B) overhead charges
- C) direct material inventory levels

D) sales returns and allowances

Answer: <https://biology-forums.com/index.php?topic=267135>

Question 1387

Which of the following actions should a management accountant take first in confronting a potential ethical conflict concerning your direct supervisor?

- A) Inform the Board of Directors of the existence of a potential conflict.
- B) Clarify relevant ethical issues by initiating a confidential discussion with an IMA Ethics Counselor.
- C) Consult the attorney as to legal obligations and rights concerning the ethical conflict.
- D) Follow the organization's procedures concerning resolution of such a conflict.

Answer: <https://biology-forums.com/index.php?topic=266612>

Question 1388

Which of the following is true of absorption costing?

- A) It expenses marketing costs as cost of goods sold.
- B) It treats direct manufacturing costs as a period cost.
- C) It includes fixed manufacturing overhead as an inventoriable cost.
- D) It treats indirect manufacturing costs as a period cost.

Answer: <https://biology-forums.com/index.php?topic=267441>

Question 1389

What are transfer prices and what are its criteria?

Answer: <https://biology-forums.com/index.php?topic=268729>

Question 1390

Determining which products should be produced when the plant is operating at full capacity is referred to as a(n) _____.

- A) outsourcing analysis
- B) total alternative approach
- C) product-mix decision
- D) short-run focus decision

Answer: <https://biology-forums.com/index.php?topic=267734>

Question 1391

In the service sector _____.

- A) direct labor costs are always easy to trace to jobs
- B) a budgeted direct-labor cost rate may be used to apply direct labor to jobs
- C) normal costing may not be used
- D) overhead is generally applied using an actual cost-allocation rate

Answer: <https://biology-forums.com/index.php?topic=266985>

Question 1392

If the contribution margin ratio is 0.40, targeted operating income is \$50,000, and fixed costs are \$75,000, then sales volume in dollars is _____.

- A) \$250,000
- B) \$312,500
- C) \$275,000
- D) \$350,000

Answer: <https://biology-forums.com/index.php?topic=266841>

Question 1393

Of the 145,000 units Swivel started during February, how many were finished during the month?

- A) 177,000
- B) 197,000
- C) 127,000
- D) 217,000

Answer: <https://biology-forums.com/index.php?topic=268314>

Question 1394

An unfavorable sales-volume variance could result from _____.

- A) an inappropriate assignment of labor or machines to specific jobs
- B) competitors taking market share

- C) an inefficiency of a purchasing manager in bargaining with suppliers
- D) a decrease in actual selling price compared to anticipated selling price

Answer: <https://biology-forums.com/index.php?topic=267263>

Question 1395

What are the indirect nonmanufacturing variable costs per unit associated with Product DCT121?

- A) \$5
- B) \$21
- C) \$90
- D) \$142

Answer: <https://biology-forums.com/index.php?topic=266660>

Question 1396

Which of the following is the fundamental purpose of responsibility accounting?

- A) to penalize managers for inefficiency
- B) to gather information that will enable future improvement
- C) to create an efficient and centralized organization
- D) to evaluate the performance of managers

Answer: <https://biology-forums.com/index.php?topic=267199>

Question 1397

What is gross margin for 2015?

- A) \$243,000
- B) \$238,000
- C) \$318,000
- D) \$228,000

Answer: <https://biology-forums.com/index.php?topic=266747>

Question 1398

For manufacturing firms, inventoriable costs include _____.

- A) plant supervisor salaries
- B) research and development costs
- C) costs of dealing with customers after the sale
- D) distribution costs

Answer: <https://biology-forums.com/index.php?topic=266713>

Question 1399

Under the FIFO method, all spoilage costs are assumed to be related to the units _____.

- A) in beginning inventory, plus the units completed during the period
- B) completed during the period
- C) in ending inventory
- D) in both beginning and ending inventory plus the units completed during the period

Answer: <https://biology-forums.com/index.php?topic=268383>

Question 1400

Discontinuing unprofitable products will _____.

- A) increase profitability if the resources no longer required by the discontinued product can be eliminated
- B) increase profitability if capacity constraints are adjusted
- C) decrease profitability if the fixed costs does not change after discontinuing the particular business segment
- D) increase profitability when a large portion of the fixed costs are unavoidable

Answer: <https://biology-forums.com/index.php?topic=267761>

Question 1401

In general, if inventory increases during an accounting period, _____.

- A) variable costing will report less operating income than absorption costing
- B) absorption costing will report less operating income than variable costing
- C) variable costing and absorption costing will report the same operating income
- D) both variable costing and absorption costing will show losses

Answer: <https://biology-forums.com/index.php?topic=267482>

Question 1402

Which of the following is a component of net-initial-investment cash flows?

- A) original cost of an old equipment
- B) cash outflow to purchase a new equipment
- C) depreciation cost
- D) after-tax cash flow from operations

Answer: <https://biology-forums.com/index.php?topic=268678>

Question 1403

Fixed costs remain constant at \$400,000 per month. During high-output months variable costs are \$320,000, and during low-output months variable costs are \$80,000. What are the respective high and low indirect-cost rates if budgeted professional labor-hours are 16,000 for high-output months and 4,000 for low-output months?

- A) \$45.00 per hour; \$120.00 per hour
- B) \$45.00 per hour; \$45.00 per hour
- C) \$25.00 per hour; \$20.00 per hour
- D) \$56.20 per hour; \$120.00 per hour

Answer: <https://biology-forums.com/index.php?topic=266911>

Question 1404

Which of the following is an objective of value engineering?

- A) to reduce cost by eliminating all value-added activities
- B) to streamline and add non-value added activities
- C) to reduce the total cost of the product
- D) to understand competitors' product design

Answer: <https://biology-forums.com/index.php?topic=267935>

Question 1405

Which of the following statements is true of just-in-time (JIT) purchasing?

- A) In JIT purchasing, the optimal safety-stock level is the quantity of safety stock that minimizes the sum of annual relevant stockout and carrying costs.
- B) JIT purchasing is guided solely by the EOQ model because that model emphasizes the tradeoff between relevant carrying and ordering costs.
- C) In JIT purchasing, raw materials (or goods) are purchased so that products are delivered just as needed for production or sales.
- D) Only disadvantage of JIT purchasing is the higher level carrying and inspection costs.

Answer: <https://biology-forums.com/index.php?topic=268569>

Question 1406

Maize Plastics manufactures and sells 50 bottles per day. Fixed costs are \$30,000 and the variable costs for manufacturing 50 bottles are \$10,000. Each bottle is sold for \$1,000. How would the daily profit be affected if the daily volume of sales drop by 10%?

- A) profits are reduced by \$4,000
- B) profits are reduced by \$1,000
- C) profits are reduced by \$5,000
- D) profits are reduced by \$6,000

Answer: <https://biology-forums.com/index.php?topic=266648>

Question 1407

Stephanie's Bridal Shoppe sells wedding dresses. The average selling price of each dress is \$1,000, variable costs are \$400, and fixed costs are \$90,000. How many dresses must the Bridal Shoppe sell to yield after-tax net income of \$18,000, assuming the tax rate is 40%?

- A) 200 dresses
- B) 170 dresses
- C) 150 dresses
- D) 145 dresses

Answer: <https://biology-forums.com/index.php?topic=266812>

Question 1408

To give more weight to the product that most likely drives the sales of the bundled product, the revenue allocation should be weighted using _____.

- A) selling prices
- B) unit costs
- C) physical units

D) stand-alone product revenues

Answer: <https://biology-forums.com/index.php?topic=268158>

Question 1409

Max's Movie Store encounters revenue-allocation decisions with its bundled product sales. Here, two or more of the movie videos are sold as a single package. Managers at Max's are keenly interested in individual product-profitability figures. Information pertaining to its three bundled products and the stand-alone selling prices of its individual products is as follows:

Stand-Alone Selling Price, Cost Package Packaged Price

New Releases \$15 \$2.00 New & Older \$20

Older Releases \$10 \$1.50 New & Classics \$17

Classics \$8 \$1.25 All three \$25

Required:

- With selling prices as the weights, allocate the \$25 packaged price of "All Three" to the three videos using the stand-alone revenue-allocation method.
- Allocate the \$25 packaged price of "All Three" to the three types of videos using the incremental revenue-allocation method. Assume New Releases is the primary product, followed by Older Releases, and then Classics.

Answer: <https://biology-forums.com/index.php?topic=268163>

Question 1410

What is the amount budgeted for purchase of Crimpson in 2016?

- \$31,500
- \$10,250
- \$30,500
- \$10,000

Answer: <https://biology-forums.com/index.php?topic=267156>

Question 1411

A tool which indicates how frequently each type of defect occurs is a _____.

- control chart
- Pareto diagram
- scatter diagram
- fishbone diagram

Answer: <https://biology-forums.com/index.php?topic=268459>

Question 1412

What should John do? What are his savings in the first year?

- Buy the Grand Cherokee; \$8,100
- Fix the Trail Blazer; \$3,180
- Buy the Grand Cherokee; \$180
- Fix the Trail Blazer; \$6,280

Answer: <https://biology-forums.com/index.php?topic=267667>

Question 1413

Contribution margin equals _____.

- revenues minus period costs
- revenues minus product costs
- revenues minus variable costs
- revenues minus fixed costs

Answer: <https://biology-forums.com/index.php?topic=266784>

Question 1414

Quiett Truck manufactures part WB23 used in several of its truck models. 10,000 units are produced each year with production costs as follows:

Direct materials \$ 45,000

Direct manufacturing labor 15,000

Variable support costs 35,000

Fixed support costs 25,000

Total costs \$120,000

Quiett Truck has the option of purchasing part WB23 from an outside supplier at \$11.20 per unit. If WB23 is outsourced, 40% of the fixed costs cannot be immediately converted to other uses.

- Describe avoidable costs. What amount of the WB23 production costs is avoidable?

- b. Should Quiett Truck outsource WB23? Why or why not?
c. What other items should Quiett Truck consider before outsourcing any of the parts it currently manufactures?

Answer: <https://biology-forums.com/index.php?topic=267732>

Question 1415

The transfer price creates revenues for the selling subunit and costs for the buying subunit affecting each subunit's operating income.

Answer: <https://biology-forums.com/index.php?topic=268728>

Question 1416

What are the physical-volume proportions to allocate joint costs for cream and liquid skim, respectively?

- A) 59.00% and 41.00%
- B) 60.82% and 39.18%
- C) 50.00% and 50.00%
- D) 59.79% and 40.21%

Answer: <https://biology-forums.com/index.php?topic=268203>

Question 1417

Effectiveness is _____.

- A) the relative amount of inputs used to achieve a given output level
- B) the continuous process of comparing a firm's performance levels against the best levels of performance in competing companies
- C) the degree to which a predetermined objective or target is met
- D) is a practice whereby managers focus more closely on areas that are not operating as expected and less closely on areas that are

Answer: <https://biology-forums.com/index.php?topic=267317>

Question 1418

Quindo Table Company manufactures tables for schools. The 2015 operating budget is based on sales of 44,000 units at \$55 per table. Operating income is anticipated to be \$132,000. Budgeted variable costs are \$35 per unit, while fixed costs total \$660,000. Actual income for 2015 was a surprising \$477,000 on actual sales of 46,000 units at \$57 each. Actual variable costs were \$33 per unit and fixed costs totaled \$627,000.

Required:

Prepare a variance analysis report with both flexible-budget and sales-volume variances.

Answer: <https://biology-forums.com/index.php?topic=267271>

Question 1419

A disadvantage of using negotiated prices is that the time and energy spent by managers haggling over transfer prices make the method too costly.

Answer: <https://biology-forums.com/index.php?topic=268772>

Question 1420

Which of the following is true of CVP analysis?

- A) Costs may be separated into separate inventoriable and period components with respect to the level of output.
- B) Total revenues and total costs are linear in relation to output units.
- C) Unit selling price, unit variable costs, and unit fixed costs are known and remain constant.
- D) Proportion of different products will vary according to demand and supply when multiple products are sold.

Answer: <https://biology-forums.com/index.php?topic=266779>

Question 1421

_____ is a measure of the balanced scorecard's customer perspective.

- A) Number of client complaints
- B) Defect rates
- C) Number of process improvements
- D) Revenue growth

Answer: <https://biology-forums.com/index.php?topic=267814>

Question 1422

Discuss a range of factors that managers may have to consider when making capital budgeting decisions that are strategic in nature.

Answer: <https://biology-forums.com/index.php?topic=268693>

Question 1423

Manufacturing overhead costs allocated to Job #432 total _____.

- A) \$30,000
- B) \$12,000
- C) \$24,000
- D) \$36,000

Answer: <https://biology-forums.com/index.php?topic=266932>

Question 1424

What does Section 482 of the U.S. Internal Revenue Code govern?

Answer: <https://biology-forums.com/index.php?topic=268793>

Question 1425

Zolas' Heaters is approached by Ms. Leila, a new customer, to fulfill a large one-time-only special order for a product similar to one offered to regular customers. Zolas' Heaters has excess capacity. The following per unit data apply for sales to regular customers:

- Direct materials \$400
- Direct manufacturing labor 120
- Variable manufacturing support 60
- Fixed manufacturing support 200
- Total manufacturing costs 780
- Markup (20% of total manufacturing costs) 156
- Estimated selling price \$936

For Zolas' Heaters, what is the minimum acceptable price of this one-time-only special order?

- A) \$580
- B) \$780
- C) \$520
- D) \$1,014

Answer: <https://biology-forums.com/index.php?topic=267923>

Question 1426

In linear programming, the goals of management are expressed in _____.

- A) an objective function
- B) constraints
- C) operating policies
- D) business functions

Answer: <https://biology-forums.com/index.php?topic=267782>

Question 1427

An example of a qualitative factor for the decision-making process is _____.

- A) customer satisfaction
- B) employee wages
- C) audit report
- D) manufacturing overhead

Answer: <https://biology-forums.com/index.php?topic=267686>

Question 1428

Staff management includes _____.

- A) manufacturing managers
- B) management accountants
- C) purchasing managers
- D) distribution managers

Answer: <https://biology-forums.com/index.php?topic=266597>

Question 1429

What are the respective return-on-investment ratios for the North and South Divisions?

- A) 10.00% and 15.00%
- B) 11.71% and 14.00%
- C) 10.71% and 12.00%
- D) 12.50% and 15.00%

Answer: <https://biology-forums.com/index.php?topic=268834>

Question 1430

For companies in which full allocation is not followed, corporate sustaining costs are _____.

- A) allocated to divisions using cause-and-effect relationship
- B) allocated to customers using cause-and-effect relationship
- C) added to aggregate operating incomes of the divisions
- D) subtracted as a lump-sum amount after aggregating operating incomes of the divisions

Answer: <https://biology-forums.com/index.php?topic=268029>

Question 1431

June's direct material flexible-budget variance is _____.

- A) \$7,200 unfavorable
- B) \$600 favorable
- C) \$1,600 unfavorable
- D) \$500 favorable

Answer: <https://biology-forums.com/index.php?topic=267287>

Question 1432

Which of the following is an advantage of the single-rate method?

- A) It is less costly to implement.
- B) It classifies costs as fixed and variable costs.
- C) It gives signals regarding how variable and fixed costs behave differently.
- D) It helps the managers on short-run and long-run planning due to fixed cost allocation as per budgeted usage.

Answer: <https://biology-forums.com/index.php?topic=268096>

Question 1433

One of the first steps to take when using CVP analysis to help make decisions is _____.

- A) calculating the break-even point
- B) identifying the variable and fixed costs
- C) calculation of the degree of operating leverage for the company
- D) estimating the volume of sales to make a good profit

Answer: <https://biology-forums.com/index.php?topic=266774>

Question 1434

What are the factors that are causing many companies to refine their costing systems to obtain more accurate measures of the costs of their products?

Answer: <https://biology-forums.com/index.php?topic=267007>

Question 1435

Discuss the methods used to identify quality problems.

Answer: <https://biology-forums.com/index.php?topic=268464>

Question 1436

Explain why there is no production-volume variance for variable manufacturing overhead costs.

Answer: <https://biology-forums.com/index.php?topic=267404>

Question 1437

_____ is a method of inventory costing in which all variable manufacturing costs (direct and indirect) are included as inventoriable costs and all fixed manufacturing costs are excluded.

- A) Variable costing
- B) Mixed costing
- C) Absorption costing
- D) Standard costing

Answer: <https://biology-forums.com/index.php?topic=267439>

Question 1438

Markswell Corp uses a budgeted factory overhead rate to apply overhead to production. The following data are available for the year ended December 31, 2014. The company has budgeted factory overhead of \$750,000, direct labor costs of \$500,000, and direct labor hours of 15,000. The actual factory overhead incurred is \$800,000, direct labor costs of 450,000, and direct labor hours of 17,000.

Required:

- a. Determine the budgeted factory overhead rate based on direct labor-hours.
- b. What is the applied overhead based on direct labor-hours?

c. Is overhead overapplied or underapplied? Explain.

Answer: <https://biology-forums.com/index.php?topic=266981>

Question 1439

Bernard Company's budgeted manufacturing overhead is \$3,300,000. Overhead is allocated on the basis of direct labor hours. The budgeted direct labor hours for the period are 60,000. What is the manufacturing overhead rate?

- A) \$47.00
- B) \$56.00
- C) \$75.00
- D) \$55.00

Answer: <https://biology-forums.com/index.php?topic=266905>

Question 1440

Which of the following entries reflects the original cost assignment to spoiled units before considering rework cost?

- A) Work-in-Process Control XXX
Materials Control XXX
Wages Payable Control XXX
Manufacturing Overhead Allocated XXX
- B) Finished Goods Control XXX
Work-in-Process Control XXX
- C) Manufacturing Overhead Allocated XXX
Materials Control XXX
Wages Payable Control XXX
Work-in-Process Control XXX
- D) Materials Control XXX
Wages Payable Control XXX
Work-in-Process Control XXX
Manufacturing Overhead Allocated XXX

Answer: <https://biology-forums.com/index.php?topic=268416>

Question 1441

Would you recommend the \$30 price increase?

- A) No, because demand decreased.
- B) No, because the contribution margin decreases.
- C) Yes, because inventory turnover increases.
- D) Yes, because operating income increases.

Answer: <https://biology-forums.com/index.php?topic=267993>

Question 1442

Assume you are a sophomore in college and are committed to earning an undergraduate degree. Your current decision is whether to finish college in four consecutive years or take a year off and work for some extra cash.

- a. Identify at least two revenues or costs that are relevant to making this decision. Explain why each is relevant.
- b. Identify at least two costs that would be considered sunk costs for this decision.
- c. Identify at least two opportunity costs for this decision.
- d. Comment on at least one qualitative consideration for this decision.

Answer: <https://biology-forums.com/index.php?topic=267702>

Question 1443

The flexible budget enables to highlight the differences _____.

- A) between actual costs and actual quantities versus budgeted costs and budgeted quantities for the actual output level
- B) between budgeted costs and budgeted quantities versus actual costs and budgeted quantities for the budgeted output level
- C) between budgeted costs and actual quantities versus budgeted costs and budgeted quantities for the actual output level
- D) between actual costs and actual quantities versus budgeted costs and budgeted quantities for the budgeted output level

Answer: <https://biology-forums.com/index.php?topic=267356>

Question 1444

Grounded Coffee Products manufactures coffee tables. Grounded Coffee Products has a policy of adding a 20% markup to full costs and currently has excess capacity. The following information pertains to the company's normal operations per month:

- Output units 20,000 tables
- Machine-hours 8,000 hours

Direct manufacturing labor-hours 10,000 hours
Direct materials per unit \$105
Direct manufacturing labor per hour \$10
Variable manufacturing overhead costs \$322,500
Fixed manufacturing overhead costs \$1,200,000
Product and process design costs \$1,100,000
Marketing and distribution costs \$1,125,000

For long-run pricing of the coffee tables, what price will most likely be used by Grounded Coffee?

- A) \$134.76
- B) \$161.70
- C) \$222.25
- D) \$266.70

Answer: <https://biology-forums.com/index.php?topic=267915>

Question 1445

Transferred-in costs are treated as if they are _____.

- A) conversion costs added at the beginning of the process
- B) costs of beginning inventory added at the beginning of the process
- C) direct labor costs added at the beginning of the process
- D) a separate direct material added at the beginning of the process

Answer: <https://biology-forums.com/index.php?topic=268334>

Question 1446

It is usually difficult to find good cause-and-effect relationships between _____ and a cost allocation base.

- A) unit-level costs
- B) batch-level costs
- C) product-sustaining costs
- D) facility-sustaining costs

Answer: <https://biology-forums.com/index.php?topic=267032>

Question 1447

When the amount of scrap is material and the scrap is sold immediately after it is produced, which of the following is the journal entry if the scrap attributable to a specific job is sold on account?

- A) Scrap Revenues
Accounts Payable
- B) Work-in-Process Control
Accounts Receivable
- C) Accounts Receivable
Work-in-Process Control
- D) Work-in-Process Control
Accounts Payable

Answer: <https://biology-forums.com/index.php?topic=268424>

Question 1448

Madzinga's Draperies manufactures curtains. A certain window requires the following:

Direct materials standard 10 square yards at \$5 per yard
Direct manufacturing labor standard 5 hours at \$10

During the second quarter, the company made 1,500 curtains and used 14,000 square yards of fabric costing \$68,600. Direct labor totaled 7,600 hours for \$79,800.

Required:

- a. Compute the direct materials price and efficiency variances for the quarter.
- b. Compute the direct manufacturing labor price and efficiency variances for the quarter.

Answer: <https://biology-forums.com/index.php?topic=267301>

Question 1449

How many ticket packages will Ruben need to sell to break even?

- A) 34 packages
- B) 50 packages
- C) 100 packages
- D) 150 packages

Answer: <https://biology-forums.com/index.php?topic=266804>

Question 1450

What is the estimated cost function for the above data?

- A) $y = 13,000 + 43.75X$
- B) $y = 5,500 + 30X$
- C) $y = 22,000 + 40X$
- D) $y = 16,500 + 52X$

Answer: <https://biology-forums.com/index.php?topic=267604>

Question 1451

What is the cost of the goods transferred out during February?

- A) \$417,750.5
- B) \$454,694.8
- C) \$476,750.6
- D) \$505,000 .2

Answer: <https://biology-forums.com/index.php?topic=268320>

Question 1452

Komerica Corp is committed to its quality program. It works with all areas of the company to establish sound quality programs within reasonable budget guidelines. For 2015, it has budgeted \$1,000,000 for prevention costs and \$800,000 for appraisal costs. Internal failure has a budget of \$100 per failed item, while external failure has a total budget of \$600,000.

Product Testing has proposed to management a change in the 2015 budget for a new method of testing products. If management decides to implement the new method, \$2 per unit of appraisal costs will be saved, up to a level of 150,000 tests. No additional savings are expected past the 150,000 level. The new method involves \$95,000 in training costs and \$65,000 in yearly testing supplies.

Traditionally, 5% of all completed items have to be reworked. External failure costs average \$120 per failed unit. The company's average external failures are 1% of units sold. The company carries no ending inventories.

Required:

- a. What is the adjusted budget for appraisal costs, assuming the new method is implemented and 800,000 units are tested during the manufacturing process in 2015?
- b. How much do internal failure costs change, assuming 500,000 units are tested under the new method and it reduces the amount of unacceptable units in the manufacturing process by 40%?
- c. What would be the change in the external failure budget, assuming external failures are reduced by 60% and the same facts as in part (b)?

Answer: <https://biology-forums.com/index.php?topic=268466>

Question 1453

For external reporting _____.

- A) costs are classified as either inventoriable or period costs
- B) costs reflect current values
- C) there are no prescribed rules since no one is exactly sure how investors and creditors will use these numbers
- D) costs include amounts that reflect both current and future benefits

Answer: <https://biology-forums.com/index.php?topic=266761>

Question 1454

The amount reported for fixed overhead on the static budget is also reported _____.

- A) as actual fixed costs
- B) as allocated fixed overhead costs
- C) as flexible budget costs
- D) as committed variable costs

Answer: <https://biology-forums.com/index.php?topic=267383>

Question 1455

Which of the following is a step in developing budgeted variable overhead rates?

- A) identifying the fixed costs associated with direct manufacturing labor
- B) estimating the budgeted denominator level based on expected utilization of available capacity
- C) selecting the cost-allocation base to use in allocating machine-handling costs
- D) choosing the appropriate level of capacity or investment

Answer: <https://biology-forums.com/index.php?topic=267336>

Question 1456

Gavin and Alex, baseball consultants, are in need of a microcomputer network for their staff. They have received three proposals, with related facts as

follows:

Proposal A Proposal B Proposal C

Initial investment in equipment \$90,000 \$90,000 \$90,000

Annual cash increase in operations:

Year 1 80,000 45,000 90,000

Year 2 10,000 45,000 0

Year 3 45,000 45,000 0

Salvage value 0 0 0

Estimated life 3 yrs 3 yrs 1 yr

The company uses straight-line depreciation for all capital assets.

Required:

a. Compute the payback period, net present value, and accrual accounting rate of return with initial investment, for each proposal. Use a required rate of return of 14%.

b. Rank each proposal 1, 2, and 3 using each method separately. Which proposal is best? Why?

Answer: <https://biology-forums.com/index.php?topic=268675>

Question 1457

What is the flexible-budget amount?

A) \$121,500

B) \$151,875

C) \$165,000

D) \$168,750

Answer: <https://biology-forums.com/index.php?topic=267368>

Question 1458

Under absorption costing, fixed manufacturing costs _____.

A) are period costs

B) are inventoriable costs

C) are treated as an expense

D) are sunk costs

Answer: <https://biology-forums.com/index.php?topic=267446>

Question 1459

Abnormal spoilage totals _____.

A) 3,200 units

B) 8,000 units

C) 5,120 units

D) 2,880 units

Answer: <https://biology-forums.com/index.php?topic=268372>

Question 1460

Indirect manufacturing costs _____.

A) can be traced to the product that created the costs

B) can be easily identified with the cost object

C) generally include the cost of material and the cost of labor

D) may include both variable and fixed costs

Answer: <https://biology-forums.com/index.php?topic=266636>

Question 1461

What is the actual variable overhead cost?

A) \$121,500

B) \$151,875

C) \$165,000

D) \$168,750

Answer: <https://biology-forums.com/index.php?topic=267367>

Question 1462

Which of the following statements is true of joint costing?

A) The costs of a production process that yields multiple products simultaneously are called joint costs.

B) Distribution costs incurred beyond the splitoff point that are assignable to each of the specific products identified at the splitoff point are considered

as joint costs.

- C) The primary purpose of joint costing is to allocate the separable costs to the individual products that are eventually sold.
- D) Joint costing is less useful for companies which manufacture multiple products simultaneously from the same production process.

Answer: <https://biology-forums.com/index.php?topic=268168>

Question 1463

Using the stand-alone method with selling price as the weight for revenue allocation, what amount of revenue will be allocated to Math Fun in the package that contains all three products?

- A) \$24.12
- B) \$30.00
- C) \$22.80
- D) \$25.33

Answer: <https://biology-forums.com/index.php?topic=268161>

Question 1464

_____ aims to improve operations throughout the value chain and to deliver products and services that exceed customer expectations.

- A) Total Quality Management
- B) Innovation
- C) Customer response time
- D) Cost and efficiency

Answer: <https://biology-forums.com/index.php?topic=266563>

Question 1465

Cost tracing is _____.

- A) the assignment of direct costs to the chosen cost object
- B) a function of cost allocation
- C) the process of tracking both direct and indirect costs associated with a cost object
- D) the process of determining the actual cost of the cost object

Answer: <https://biology-forums.com/index.php?topic=266628>

Question 1466

From a balanced scorecard perspective, average reduction in setup time and processing time at bottleneck operations is an example of _____.

- A) financial measures
- B) customer measures
- C) internal-business-process measures
- D) learning-and-growth measures

Answer: <https://biology-forums.com/index.php?topic=268517>

Question 1467

Which of the following is a disadvantage of using negotiated transfer price?

- A) It requires each division manager to put forth effort to increase division operating income.
- B) Negotiated transfer prices take away the divisional autonomy as prices depend on bargaining strength.
- C) Negotiations usually require much time and energy thereby consuming precious managerial time.
- D) It may lead to divisional enmity because negotiation process may cause frictions among departments.

Answer: <https://biology-forums.com/index.php?topic=268769>

Question 1468

In the graph method of CVP analysis, the total revenues line always begins from the x-axis and the total costs line begins from the fixed cost line.

Answer: <https://biology-forums.com/index.php?topic=266777>

Question 1469

Which of the following statements is true of benchmarking?

- A) It is a systematic approach of optimizing business processes.
- B) It fails to help to improve organizational performance as benchmarking data does not provide insight into why costs or revenues differ across companies.
- C) It is difficult to ensure that the benchmark numbers are comparable due to the existence of differences across companies.
- D) It considers four major business aspects such as financial, customer, internal business processes, and learning and growth.

Answer: <https://biology-forums.com/index.php?topic=267323>

Question 1470

- If the unit level of inventory increases during an accounting period, then _____.
- A) less operating income will be reported under absorption costing than variable costing
 - B) more operating income will be reported under absorption costing than variable costing
 - C) operating income will be the same under absorption costing and variable costing
 - D) the exact effect on operating income cannot be determined

Answer: <https://biology-forums.com/index.php?topic=267464>

Question 1471

- Which of the following is true of planning?
- A) It makes predictions about the future.
 - B) It assumes the functional hierarchy of any business is linear.
 - C) It improves the quality of products.
 - D) It evaluates customer feedback

Answer: <https://biology-forums.com/index.php?topic=266571>

Question 1472

- Inventory carrying costs equal the _____.
- A) opportunity costs of the investment tied up in inventory and the cost of manufacturing of goods
 - B) costs of storage only
 - C) opportunity costs of the investment tied up in inventory and the relevant costs of storage
 - D) historical costs and the relevant costs of storage

Answer: <https://biology-forums.com/index.php?topic=268506>

Question 1473

- Which of the following statements is true?
- A) There is a cause-and-effect relationship between the cost driver and the amount of cost.
 - B) Fixed costs have cost drivers over the short run.
 - C) Over the short run all costs have cost drivers.
 - D) Volume of production is a cost driver of distribution costs.

Answer: <https://biology-forums.com/index.php?topic=266654>

Question 1474

- Relevant costs in a make-or-buy decision of a part include _____.
- A) setup overhead for the manufacture of the product using the outsourced part
 - B) currently used manufacturing capacity that has alternative uses
 - C) annual plant insurance costs that will remain the same
 - D) management consultant fees to restructure the organization framework of the company

Answer: <https://biology-forums.com/index.php?topic=267706>

Question 1475

- Which option has the lowest breakeven point?
- A) Option one
 - B) Option two
 - C) Both options have the same breakeven point.
 - D) The lowest breakeven point cannot be determined.

Answer: <https://biology-forums.com/index.php?topic=266834>

Question 1476

Hypore Darby Park Department is considering a new capital investment. The following information is available on the investment. The cost of the machine will be \$251,130. The annual cost savings if the new machine is acquired will be \$110,000. The machine will have a 3-year life, at which time the terminal disposal value is expected to be zero. Hypore Park Department is assuming no tax consequences. What is the internal rate of return for Hypore Park Department?

- A) 10%
- B) 15%
- C) 14%
- D) 16%

Answer: <https://biology-forums.com/index.php?topic=268656>

Question 1477

Which of the following reports to the CFO?

- A) external auditor
- B) distribution manager
- C) production manager
- D) treasurer

Answer: <https://biology-forums.com/index.php?topic=266600>

Question 1478

Which of the following is a disadvantage of using the standards developed by a firm itself to develop a budget?

- A) A firm's inefficiencies will be part of the data.
- B) They are not based on realized benchmarks.
- C) The expected future changes are not included in the standards.
- D) The flexible-budget amounts are difficult to determine.

Answer: <https://biology-forums.com/index.php?topic=267275>

Question 1479

For long-run pricing decisions, using stable prices has the advantage of _____.

- A) minimizing the need to monitor competitor's prices frequently
- B) reducing the need to change cost structures frequently
- C) reducing competition
- D) helping to build buyer-seller relationships

Answer: <https://biology-forums.com/index.php?topic=267910>

Question 1480

Rework refers to _____.

- A) units of production that do not meet the specifications required by customers but that are subsequently repaired and sold as good finished units
- B) products of a joint production process that have low total sales values relative to the total sales value of the main product
- C) units of production whether fully or partially completed, that do not meet the specifications required by customers for good units and are discarded or sold at reduced prices
- D) residual material that results from manufacturing a product

Answer: <https://biology-forums.com/index.php?topic=268350>

Question 1481

Which of the following journal entries can happen only under the production method of recording byproducts?

- A) Work in Process
Finished Goods - Byproduct
Accounts Payable
- B) Cash or Accounts Receivable
Revenues - Main product
- C) Byproduct Inventory
Finished Goods - Main product
Work in Process
- D) Cash or Accounts Receivable
Revenues - Byproduct

Answer: <https://biology-forums.com/index.php?topic=268260>

Question 1482

Which of the following statements is true of the internal-business-process perspective of a balanced scorecard?

- A) Internal-business-process perspective is composed of three subprocesses: innovation process; learning-and-growth process; and postsales-service process.
- B) Internal-business-process perspective evaluates the profitability of the strategy and the creation of shareholder value.
- C) Internal-business-process improvement targets are often determined after benchmarking against an organization's main competitors standards.
- D) Internal-business-process perspective is composed of three subprocesses: operations process; learning-and-growth process; and postsales-service process.

Answer: <https://biology-forums.com/index.php?topic=267808>

Question 1483

Spoilage refers to _____.

- A) units of production that do not meet the specifications required by customers but that are subsequently repaired and sold as good finished units
- B) units of production whether fully or partially completed, that do not meet the specifications required by customers for good units and are discarded or sold at reduced prices
- C) residual material that results from manufacturing a product
- D) products of a joint production process that have low total sales values relative to the total sales value of the main product

Answer: <https://biology-forums.com/index.php?topic=268349>

Question 1484

The costs that result from theft of inventory are _____.

- A) shrinkage costs
- B) external failure costs
- C) stockout costs
- D) costs of quality

Answer: <https://biology-forums.com/index.php?topic=268523>

Question 1485

Pilgrim Corporation processes frozen turkeys. The company has not been pleased with its profit margin per product because it appears that the high value items have too few costs assigned to them, while the low value items have too many costs assigned to them. The processing results in several products, the primary one of which is frozen small turkeys. Other products include frozen parts such as wings and legs, byproducts such as skin and bones, and unused scrap items.

Required:

What may be the cost assignment problem if a key consideration is the value of the products being sold?

Answer: <https://biology-forums.com/index.php?topic=268233>

Question 1486

Which model has the greatest contribution margin per machine-hour?

- A) Model X
- B) Model Y
- C) Model Z
- D) Both Model X and Model Y have the highest and same contribution margin per machine-hour

Answer: <https://biology-forums.com/index.php?topic=267741>

Question 1487

Relevant costs are _____.

- A) sunk costs
- B) expected future costs
- C) actual present costs
- D) historical costs

Answer: <https://biology-forums.com/index.php?topic=267695>

Question 1488

When analyzing the change in operating income, the strategy component of price-recovery _____.

- A) calculations are similar to the efficiency-variance calculations
- B) compares the change in output price with the changes in input prices
- C) will report a large positive amount when a company has successfully pursued the cost leadership strategy
- D) isolates the change attributed solely to an increase in production efficiencies

Answer: <https://biology-forums.com/index.php?topic=267838>

Question 1489

The budgeted indirect-cost driver rate for Y based on the number of machine-hours is in excess of X by _____.

- A) \$15 per machine-hour
- B) \$10 per machine-hour
- C) \$20 per machine-hour
- D) \$8 per machine-hour

Answer: <https://biology-forums.com/index.php?topic=266925>

Question 1490

What is the flexible-budget amount?

- A) \$50,500

- B) \$51,060
- C) \$50,600
- D) \$55,500

Answer: <https://biology-forums.com/index.php?topic=267391>

Question 1491

Which of the following statements is true of the methods for allocating joint costs?

- A) The net realizable value method uses the sales value of the units sold during the accounting period to allocate joint costs.
- B) The sales value at splitoff method always results in the same gross-margin percentage for all products.
- C) The sales value at splitoff method allocates joint costs to each product in proportion to the sales value of total production.
- D) The net realizable value method results in the same joint production cost per unit for all products.

Answer: <https://biology-forums.com/index.php?topic=268192>

Question 1492

Activity-based costing is most likely to yield benefits for companies _____.

- A) with complex product design processes
- B) with operations that remain fairly consistent
- C) in a monopolistic market
- D) having nominal percentage of indirect costs

Answer: <https://biology-forums.com/index.php?topic=267018>

Question 1493

The standard-costing method _____.

- A) adds a layer of complexity to the calculation of equivalent-unit costs in a process-costing environment
- B) makes calculating equivalent-unit costs unnecessary
- C) requires an analysis of the spoilage costs in beginning inventory
- D) requires an analysis of the spoilage costs in ending inventory

Answer: <https://biology-forums.com/index.php?topic=268432>

Question 1494

Total manufacturing costs equal _____.

- A) direct materials plus prime costs
- B) direct materials plus conversion costs
- C) direct manufacturing labor costs plus sunk costs
- D) direct manufacturing labor costs plus conversion costs

Answer: <https://biology-forums.com/index.php?topic=266740>

Question 1495

To apply CVP analysis in the hotel industry, which of the following is the most important measure of output?

- A) number of room-nights occupied
- B) number of visitors
- C) number of dishes on the menu
- D) number of employees

Answer: <https://biology-forums.com/index.php?topic=266825>

Question 1496

What are the normal and abnormal spoilage units, respectively, for March when using FIFO?

- A) 3,200 units; 800 units
- B) 1,950 units; 1,390 units
- C) 3,690 units; 1,850 units
- D) 1,420 units; 2,000 units

Answer: <https://biology-forums.com/index.php?topic=268384>

Question 1497

A benefit of using a market-based transfer price is that the _____.

- A) profits of the transferring division are sacrificed for the overall good of the corporation
- B) profits of the division receiving the products are sacrificed for the overall good of the corporation
- C) economic viability and profitability of each division can be evaluated individually
- D) transferring division can be assured of recovering its full costs in all scenarios

Answer: <https://biology-forums.com/index.php?topic=268752>

Question 1498

Cash collections for September are _____.

- A) \$143,000
- B) \$170,000
- C) \$186,000
- D) \$204,000

Answer: <https://biology-forums.com/index.php?topic=267223>

Question 1499

Comparing budgeted costs to actual costs helps managers to improve _____.

- A) coordination
- B) control
- C) implementation
- D) planning

Answer: <https://biology-forums.com/index.php?topic=266618>

Question 1500

Favata Company has the following information:

Month Budgeted Sales
June \$60,000
July 51,000
August 40,000
September 70,000
October 72,000

In addition, the cost of goods sold rate is 70% and the desired inventory level is 30% of next month's cost of sales.

Required:

Prepare a purchases budget for July through September.

Answer: <https://biology-forums.com/index.php?topic=267174>

Question 1501

What is the average manufacturing cost per unit?

- A) \$40.00
- B) \$42.00
- C) \$30.00
- D) \$32.00

Answer: <https://biology-forums.com/index.php?topic=266672>

Question 1502

Which of the following is an example of process reengineering measure?

- A) charging higher prices to increase tax benefit
- B) decreasing quantity of output produced to increase total factor productivity
- C) increasing costs of all inputs used to increase total factor productivity
- D) employing more skilled workers to improve quality

Answer: <https://biology-forums.com/index.php?topic=267800>

Question 1503

All else being equal, an increase in advertising expenditures will _____.

- A) reduce operating income
- B) reduce contribution margin
- C) increase variable costs
- D) increase selling price

Answer: <https://biology-forums.com/index.php?topic=266821>

Question 1504

Under production method, Product X NRV would be offset against the costs of Product Y by _____.

- A) \$26,500
- B) \$26,875
- C) \$50,000

D) \$48,125

Answer: <https://biology-forums.com/index.php?topic=268253>

Question 1505

Executive training costs is an example of _____.

- A) engineered costs
- B) discretionary costs
- C) downsizing costs
- D) rightsizing costs

Answer: <https://biology-forums.com/index.php?topic=267865>

Question 1506

Work-in-process inventory would normally include _____.

- A) direct materials in stock and awaiting use in the manufacturing process
- B) goods partially worked on but not yet fully completed
- C) goods fully completed but not yet sold
- D) goods returned after being sold to be re-worked on further improvements and quality

Answer: <https://biology-forums.com/index.php?topic=266700>

Question 1507

The \$40,000 represents a(n) _____.

- A) activity cost pool
- B) possible cost allocation base
- C) internal failure cost
- D) work-in-process control

Answer: <https://biology-forums.com/index.php?topic=268445>

Question 1508

Which of the following journal entries records the Molding Department's conversion costs for the month, assuming conversion costs are 10% higher than expected?

- A) Molding Department Conversion Cost Control 3,341.25
Various accounts 3,341.25
- B) Materials Inventory 33,412.50
Molding Department Conversion Cost Control 33,412.50
- C) Molding Department Conversion Cost Control 36,753.75
Various accounts 36,753.75
- D) Materials Inventory 36,753.75
Work in Process — Molding 36,753.75

Answer: <https://biology-forums.com/index.php?topic=268347>

Question 1509

_____ are the subdivisions of income that management accountants use for the strategic analysis of operating income.

- A) Growth, price-recovery and cost leadership components
- B) Growth, price-recovery and productivity components
- C) Cost leadership, price-recovery and productivity components
- D) Growth, cost leadership and productivity components

Answer: <https://biology-forums.com/index.php?topic=267835>

Question 1510

Using job costing, the 2014 actual indirect-cost rate is _____.

- A) \$6.00 per machine-hour
- B) \$5.80 per machine-hour
- C) \$6.50 per machine-hour
- D) \$6.75 per machine-hour

Answer: <https://biology-forums.com/index.php?topic=266913>

Question 1511

Assume the transfer price for a pair of shoes is 180% of total costs of the Stitching Division and 40,000 of soles are produced and transferred to the Polishing Division. The Stitching Division's operating income is _____.

- A) \$896,000

- B) \$720,000
- C) \$800,000
- D) \$880,000

Answer: <https://biology-forums.com/index.php?topic=268742>

Question 1512

Managers need to understand customers because _____.

- A) they are the key in influencing the board decisions and help in formulating policies with the suppliers
- B) they guide the managers to formulate pricing policies
- C) they are more knowledgeable as they easy access to price and other information online
- D) they influence the costing decisions of the product

Answer: <https://biology-forums.com/index.php?topic=267936>

Question 1513

Altec Services Corporation has relevant costs of \$40 per unit to manufacture 1,000 units of Part A. A current supplier offers to make Part A for \$35 per unit. Alternatively, the company can rent out the capacity for \$25,000. If capacity is constrained, the opportunity cost of buying Part A from the supplier is _____.

- A) \$0
- B) \$5,000
- C) \$35,000
- D) \$25,000

Answer: <https://biology-forums.com/index.php?topic=267731>

Question 1514

Which of the following is a step followed by an analyst to overcome problems related to data collection for estimating cost function?

- A) to use cash accounting
- B) to consider fixed costs as variable costs and treat allocated fixed cost per unit as a variable cost
- C) to eliminate unusual observations if extreme values of observations occur
- D) to include the inflationary price effects in the data

Answer: <https://biology-forums.com/index.php?topic=267639>

Question 1515

The focus of joint costing is on allocating costs to individual products _____.

- A) before the splitoff point
- B) after the splitoff point
- C) at the splitoff point
- D) at the end of production

Answer: <https://biology-forums.com/index.php?topic=268167>

Question 1516

What are the four parts of the cost hierarchy. Briefly explain each part, and contrast this cost hierarchy to the fixed-variable dichotomy?

Answer: <https://biology-forums.com/index.php?topic=267041>

Question 1517

Which of the following is a component of operating budgets?

- A) sales budget
- B) budgeted statement of cash flows
- C) capital expenditures budget
- D) budgeted balance sheet

Answer: <https://biology-forums.com/index.php?topic=267122>

Question 1518

When the cost pools are homogeneous _____.

- A) the number of needed cost pools will be more
- B) the costs in the cost pool have a similar cause-and-effect or benefits-received relationship with the cost-allocation base
- C) managers should not allocate both variable costs and costs that are fixed in the short-run
- D) there will be a greater variety of cause-and-effect, benefits-received, or fair-and-equitable relationship with the cost-allocation base

Answer: <https://biology-forums.com/index.php?topic=268050>

Question 1519

Linking rewards to performance _____.

- A) helps to motivate managers
- B) allows companies to charge premium prices
- C) should only be based on financial information
- D) enhances agency costs

Answer: <https://biology-forums.com/index.php?topic=266575>

Question 1520

When the amount of scrap is immaterial, which of the following is the easiest accounting entry when recording scrap sold for cash?

- A) Sales of Scrap
Cash
- B) Manufacturing Overhead Control
Cash
- C) Cash
Scrap Revenues
- D) Sales of scrap
Accounts Receivable

Answer: <https://biology-forums.com/index.php?topic=268422>

Question 1521

Clark Manufacturing offers two product lines, IN2 and EL5. The demand of the IN2 product line is inelastic, while the demand of the EL5 product line is very elastic. If Clark initiates a price increase for both product lines, how will customer demand change? How will the price increase affect operating profits?

Answer: <https://biology-forums.com/index.php?topic=267995>

Question 1522

Product costs used for government contracts generally include _____.

- A) marketing costs, and customer service costs
- B) design costs and production costs
- C) all the costs for pricing and product-mix decisions
- D) production costs, distribution costs, marketing costs, and customer service costs

Answer: <https://biology-forums.com/index.php?topic=266758>

Question 1523

Foodiez Inn is a fast-food restaurant that sells burgers and hot dogs in a 1980s environment. The fixed operating costs of the company are \$10,000 per month. The controlling shareholder, interested in product profitability and pricing, wants all costs allocated to either the burgers or the hot dogs. The following information is provided for the operations of the company:

Burgers Hot Dogs
Sales for January 4,000 2,500
Sales for February 6,500 2,500

Required:

- a. What amount of fixed operating costs is assigned to the burgers and hot dogs when actual sales are used as the allocation base for January? For February?
- b. Hot dog sales for January and February remained constant. Did the amount of fixed operating costs allocated to hot dogs also remain constant for January and February? Explain why or why not. Comment on any other observations.

Answer: <https://biology-forums.com/index.php?topic=268110>

Question 1524

Which of the following is true of budgets when they are administered thoughtfully?

- A) They eliminate subjectivity in performance evaluation.
- B) They can eliminate the uncertainty faced by a company.
- C) They promote coordination within the subunits of a company.
- D) They are a substitute the planning and coordination functions of management.

Answer: <https://biology-forums.com/index.php?topic=267107>

Question 1525

Under backflush costing approach, the purchase of materials is _____.

- A) credited to the Materials and In-Process Inventory Control account

- B) debited to the Materials and In-Process Inventory Control account
- C) debited to the Materials Inventory Control account
- D) credited to the Materials Inventory Control account

Answer: <https://biology-forums.com/index.php?topic=268603>

Question 1526

The transfer-pricing method that reduces the goal-congruence problems associated with a pure cost-plus-based transfer-pricing method is the _____.

- A) dual pricing
- B) market pricing
- C) single pricing
- D) distress pricing

Answer: <https://biology-forums.com/index.php?topic=268768>

Question 1527

Explain how activity-based costing systems can provide more accurate product costs than traditional cost systems.

Answer: <https://biology-forums.com/index.php?topic=267027>

Question 1528

Which model has the greatest contribution margin per unit?

- A) Model X
- B) Model Y
- C) Model Z
- D) Both Model X and Model Y have the highest and same contribution margin per unit

Answer: <https://biology-forums.com/index.php?topic=267740>

Question 1529

When performing a sensitivity analysis, if the selling price per unit is increased, then the _____.

- A) per unit fixed administrative costs will increase
- B) per unit direct materials purchase price will increase
- C) total volume of sales will increase
- D) total costs for sales commissions and other nonmanufacturing variable costs will increase

Answer: <https://biology-forums.com/index.php?topic=267180>

Question 1530

Which item is an indication of integrity under the Standards of Ethical Conduct?

- A) Refrain from engaging in any conduct that would prejudice carrying out duties ethically.
- B) Communicate information fairly and objectively.
- C) Keep information confidential except when disclosure is authorized or legally required.
- D) Recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.

Answer: <https://biology-forums.com/index.php?topic=266609>

Question 1531

Under which allocation method are one-way reciprocal support services recognized?

- A) direct method
- B) artificial cost method
- C) reciprocal method
- D) step-down method

Answer: <https://biology-forums.com/index.php?topic=268117>

Question 1532

Relative performance evaluation _____.

- A) determines the effective intensity of incentives placed on each measure of performance
- B) filters out the effect of common uncontrollable factors
- C) results in managers helping each other who run similar operations
- D) leads to goal congruence

Answer: <https://biology-forums.com/index.php?topic=268865>

Question 1533

Aspen Manufacturing Company sells its products for \$33 each. The current production level is 50,000 units, although only 40,000 units are anticipated to be sold.

Unit manufacturing costs are:

Direct materials \$6.00

Direct manufacturing labor \$9.00

Variable manufacturing costs \$4.50

Total fixed manufacturing costs \$180,000

Marketing expenses \$3.00 per unit, plus \$100,000 per year

Required:

- Prepare an income statement using absorption costing.
- Prepare an income statement using variable costing.

Answer: <https://biology-forums.com/index.php?topic=267485>

Question 1534

To guide cost allocation decisions, the cause-and-effect criterion _____.

- is used less frequently than the other criteria
- is the primary criterion used in activity-based costing
- considers fairness as a matter of judgment rather than an operational criterion
- advocates allocating costs in proportion to the cost object's ability to bear costs allocated to it

Answer: <https://biology-forums.com/index.php?topic=268036>

Question 1535

What is the estimated total cost when 400 machine-hours are used?

- \$20,800
- \$29,000
- \$16,000
- \$17,500

Answer: <https://biology-forums.com/index.php?topic=267605>

Question 1536

The payback method of capital budgeting approach to an investment decision _____.

- considers cash flows over the life of the investment
- highlights liquidity of the investment
- considers time value of money
- ignores the initial investment

Answer: <https://biology-forums.com/index.php?topic=268664>

Question 1537

The advantage of using normal costing instead of actual costing is _____.

- indirect costs are assigned at the end of the year when they are known
- the job cost is more accurate under normal costing
- indirect costs are assigned to a job on a timely basis
- normal costing provides a higher gross profit margin

Answer: <https://biology-forums.com/index.php?topic=266953>

Question 1538

Using the step-down method, what amount of Data Center Department cost will be allocated to Department Music if the service department with the highest percentage of interdepartmental support service is allocated first? (Round up)

- \$117,342
- \$66,667
- \$92,592
- \$83,333

Answer: <https://biology-forums.com/index.php?topic=268126>

Question 1539

How much will internal failure costs change if the internal product failures are reduced by 40% with the new procedures?

- \$138,000 decrease
- \$126,000 decrease

- C) \$120,000 decrease
- D) \$84,000 increase

Answer: <https://biology-forums.com/index.php?topic=268474>

Question 1540

Lavender Company is a logistics company and has recently implemented ABC system. Using activity-based information, it decides to reduce the bulkiness of the packages delivered, thereby reducing costs. This suggests that ABC system helps managers in _____ decisions.

- A) pricing
- B) product-mix
- C) process-improvement
- D) product-design

Answer: <https://biology-forums.com/index.php?topic=267079>

Question 1541

Actual (rather than allocated) manufacturing overhead costs are first recorded in the _____.

- A) Work-in-Process Control account
- B) Finished Goods Control account
- C) Manufacturing Overhead Control account
- D) Cost of Goods Sold account

Answer: <https://biology-forums.com/index.php?topic=266942>

Question 1542

What is the total sales-volume variance in terms of the contribution margin?

- A) \$1,170,000 favorable
- B) \$1,260,000 favorable
- C) \$850,000 unfavorable
- D) \$320,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=268087>

Question 1543

Calculate the production-volume variance for fixed overhead setup costs.

- A) \$1,800 favorable
- B) \$1,800 unfavorable
- C) \$250 unfavorable
- D) \$250 favorable

Answer: <https://biology-forums.com/index.php?topic=267434>

Question 1544

Management by exception is a practice whereby managers focus more closely on _____.

- A) a static budget
- B) areas that are not operating as anticipated
- C) activity-based costing
- D) exceptional decision-making models

Answer: <https://biology-forums.com/index.php?topic=267233>

Question 1545

Assume your goal in life is to retire with \$2,500,000. How much would you need to save at the end of each year if interest rates average 7% and you have a 20-year work life?

- A) \$30,130
- B) \$60,983
- C) \$250,205
- D) \$832,952

Answer: <https://biology-forums.com/index.php?topic=268630>

Question 1546

Describe a variable cost. Describe a fixed cost. Explain why the distinction between variable and fixed costs is important in cost accounting.

Answer: <https://biology-forums.com/index.php?topic=266665>

Question 1547

The sales-volume variance is subdivided into _____.

- A) sales-mix variance and static-budget variance
- B) sales-mix variance and sales-quantity variance
- C) flexible-budget variance and fixed-budget variance
- D) market-share variance and static-budget variance

Answer: <https://biology-forums.com/index.php?topic=268067>

Question 1548

Compare and contrast the theory of constraints and activity based costing. Which is more useful in short-run and long-run management of costs?

Answer: <https://biology-forums.com/index.php?topic=267753>

Question 1549

Excluding spoiled units in the equivalent-unit calculation results in _____.

- A) lower cost per good unit.
- B) higher cost per good unit
- C) better management information
- D) higher cost for spoiled units

Answer: <https://biology-forums.com/index.php?topic=268381>

Question 1550

Which of the data provided in the table is a sunk cost?

- A) the annual cash operating costs of the old machine
- B) the annual cash operating costs of the replacement machine
- C) the disposal value of the old machine
- D) the original cost of the old machine

Answer: <https://biology-forums.com/index.php?topic=267774>

Question 1551

Feedback regarding previous actions may affect _____.

- A) future predictions
- B) implementation of the decision
- C) the decision model
- D) All of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=267650>

Question 1552

Which of the following statements is true about the factors that affect pricing decisions?

- A) Information about competitors' technologies is not useful for pricing decisions.
- B) Information about a competitor in a perfect market affects pricing decisions.
- C) Increase in price of a substitute product does not affect pricing decisions.
- D) Fluctuations in exchange rates between different countries' currencies affect pricing decisions.

Answer: <https://biology-forums.com/index.php?topic=267900>

Question 1553

How does the capacity level chosen to compute the budgeted fixed overhead cost rate affect the production-volume variance?

Answer: <https://biology-forums.com/index.php?topic=267552>

Question 1554

Total factor productivity (TFP) is easy to compute for a single-product company. When dealing with a multiproduct company, one of two adjustments must be made. What are these potential adjustments?

Answer: <https://biology-forums.com/index.php?topic=267896>

Question 1555

In joint costing, the _____ assumes that all the markup is attributable to the joint process costs.

- A) sales value at splitoff method
- B) NRV method
- C) constant gross-margin percentage method
- D) physical measures method

Answer: <https://biology-forums.com/index.php?topic=268241>

Question 1556

A budget is an end product of negotiations among senior and subordinate managers because _____.

- A) budgeting is their mutual responsibility
- B) senior managers alone cannot spare the time required for the budgeting process
- C) senior managers are responsible for providing information on competitors performance and subordinate managers are responsible for information on external market conditions
- D) senior managers want stiffer targets and subordinates want relatively easy targets

Answer: <https://biology-forums.com/index.php?topic=267108>

Question 1557

_____ is the level of capacity utilization that managers expect for the current budget period, which is typically one year.

- A) Practical capacity
- B) Master-budget capacity utilization
- C) Theoretical capacity
- D) Normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267519>

Question 1558

Diamond Manufacturing Company provides glassware machines for major department store retailers. The company has been investigating a new piece of machinery for its production department. The old equipment has a remaining life of four years and the new equipment has a value of \$87,776 with a four-year life. The expected additional cash inflows are \$32,000 per year. What is the internal rate of return?

- A) 10%
- B) 12%
- C) 17%
- D) 20%

Answer: <https://biology-forums.com/index.php?topic=268642>

Question 1559

Which of the following is true of unused capacity?

- A) It is a definite sign of wasted resources.
- B) It is intended for future use.
- C) It is not possible to reduce or eliminate unused capacity costs.
- D) It does not provide capacity for potential demand surges.

Answer: <https://biology-forums.com/index.php?topic=267546>

Question 1560

When 20,000 units are produced, variable costs are \$8 per unit. Therefore, when 10,000 units are produced _____.

- A) variable costs will remain at \$8 per unit
- B) variable costs will total \$60,000
- C) variable unit costs will increase to \$12 per unit
- D) variable unit costs will decrease to \$3 per unit

Answer: <https://biology-forums.com/index.php?topic=266669>

Question 1561

The sales-quantity variance is calculated by _____.

- A) deducting budgeted contribution margin based on actual units at actual mix from budgeted contribution margin based on actual units sold at the actual mix
- B) deducting budgeted contribution margin based on actual units at actual mix from budgeted contribution margin based on actual units sold at the budgeted mix
- C) deducting budgeted contribution margin based on budgeted units at actual mix from budgeted contribution margin based on actual units sold at the budgeted mix
- D) deducting budgeted contribution margin based on budgeted units at budgeted mix from budgeted contribution margin based on actual units sold at the budgeted mix

Answer: <https://biology-forums.com/index.php?topic=268082>

Question 1562

For fixed manufacturing overhead, there is no _____.

- A) spending variance
- B) efficiency variance

- C) flexible-budget variance
- D) production-volume variance

Answer: <https://biology-forums.com/index.php?topic=267386>

Question 1563

What is the difference between nominal approach and real approach to incorporating inflation into the net present value method?

Answer: <https://biology-forums.com/index.php?topic=268695>

Question 1564

Cash budgets help avoid unnecessary idle cash and unexpected cash deficiencies.

Answer: <https://biology-forums.com/index.php?topic=267230>

Question 1565

Which of the following statements is true of Brital?

- A) The gross profit percent of condensed milk is lower than the gross profit of butter cream.
- B) The gross margin is same for both products because constant gross margin percentage NRV method ignores profits earned before the splitoff point.
- C) The gross profit of condensed milk is lower than the gross profit of butter cream.
- D) The gross margin is allocated to the joint products in order to determine the joint-cost allocations.

Answer: <https://biology-forums.com/index.php?topic=268222>

Question 1566

Design engineering is an example of _____.

- A) prevention costs
- B) appraisal costs
- C) internal failure costs
- D) external failure costs

Answer: <https://biology-forums.com/index.php?topic=268440>

Question 1567

Distinguish among spoilage, reworked units, and scrap. Give an example of each.

Answer: <https://biology-forums.com/index.php?topic=268355>

Question 1568

What is the total costs assigned to L9 (b) under single indirect-cost pool system?

- A) \$53,000
- B) \$57,000
- C) \$55,000
- D) \$54,000

Answer: <https://biology-forums.com/index.php?topic=267060>

Question 1569

Beryl Company sells 500 flash drives per week. Purchase-order lead time is 1 1/2 weeks and the economic-order quantity is 1,125 units. What is the reorder point?

- A) 1,687.5 units
- B) 937.5 units
- C) 750 units
- D) 1,125 units

Answer: <https://biology-forums.com/index.php?topic=268544>

Question 1570

For Contrafic's Kitchens, what is the full cost of the one-time-only special order?

- A) \$1,020
- B) \$1,140
- C) \$1,080
- D) \$1,320

Answer: <https://biology-forums.com/index.php?topic=267683>

Question 1571

The difference between budgeted contribution margin per composite unit for the actual mix and the budgeted contribution margin per composite unit for the budgeted mix is the _____.

- A) material-mix variance
- B) flexible-budget variance
- C) sales-mix variance
- D) sales-volume variance

Answer: <https://biology-forums.com/index.php?topic=268074>

Question 1572

Which of the following statements best defines backflush costing system?

- A) an integrated costing system covering a company's accounting, distribution, manufacturing, purchasing, human resources, and other functions
- B) a costing system that omits recording some of the journal entries relating to the stages from the purchase of direct materials to the sale of finished goods
- C) a push-through system in which each component in a production line is produced immediately as needed by the next step in the production line
- D) a costing system that comprises a single database that collects data and feeds it into software applications supporting all of a company's business activities

Answer: <https://biology-forums.com/index.php?topic=268597>

Question 1573

Costing systems that are used for the costing of like or similar units of products in mass production are called _____.

- A) inventory-costing systems
- B) job-costing systems
- C) process-costing systems
- D) weighted-average costing systems

Answer: <https://biology-forums.com/index.php?topic=268263>

Question 1574

Colise Services is a repair-service company specializing in small household jobs. Each client pays a fixed monthly service fee based on the number of rooms in the house. Records are kept on the time and material costs used for each repair. The following profitability data apply to five customers:

Customer Revenues Customer Costs

Marveline Burnett \$360 \$270

J Jackson 240 366

Roger Jones 96 90

Paul Saas 90 132

Becky Stephan 420 264

Required:

- a. Compute the operating income for each of the five customers.
- b. What options should Colise Services consider in light of the customer-profitability results?
- c. What problems might Colise Services encounter in accurately estimating the operating costs of each customer?

Answer: <https://biology-forums.com/index.php?topic=268017>

Question 1575

What is the direct material cost per equivalent unit?

- A) \$20.00
- B) \$30.00
- C) \$25.00
- D) \$35.00

Answer: <https://biology-forums.com/index.php?topic=268370>

Question 1576

What is budgeted cost of goods sold for March 2015?

- A) \$588,060
- B) \$592,000
- C) \$600,000
- D) \$594,000

Answer: <https://biology-forums.com/index.php?topic=267208>

Question 1577

Which cost estimation method uses a formal mathematical method to develop cost functions based on past data?

- A) the cash accounting method

- B) the conference method
- C) the accrual accounting method
- D) the quantitative analysis method

Answer: <https://biology-forums.com/index.php?topic=267574>

Question 1578

_____ is an example of an output unit-level cost in the cost hierarchy.

- A) Factory rent expense
- B) Building security costs
- C) Top management compensation costs
- D) Machine depreciation

Answer: <https://biology-forums.com/index.php?topic=267028>

Question 1579

A company using responsibility accounting system decides to exclude all uncontrollable costs from a manager's performance report. Jenson is the machine supervisor. Which of the following costs will impact Jenson's performance report?

- A) rent and taxes paid on by the company
- B) cost of materials used in manufacture
- C) machine maintenance cost
- D) cost of power consumed by the plant

Answer: <https://biology-forums.com/index.php?topic=267200>

Question 1580

A favorable price variance for direct manufacturing labor might indicate that _____.

- A) employees were paid more than planned
- B) unexpected increase in direct labor rates
- C) underskilled employees are being hired
- D) congestion due to scheduling problems

Answer: <https://biology-forums.com/index.php?topic=267285>

Question 1581

How much of the account inquiry cost will be assigned to Department A?

- A) \$50,000
- B) \$200,000
- C) \$60,000
- D) \$80,000

Answer: <https://biology-forums.com/index.php?topic=267017>

Question 1582

What is the cycle time for an order?

- A) 11 minutes per window
- B) 66 minutes per window
- C) 71.50 minutes per window
- D) 69.50 minutes per window

Answer: <https://biology-forums.com/index.php?topic=268500>

Question 1583

To minimize the chances of violating pricing laws, a company should _____.

- A) keep detailed records of variable costs for all value-chain business functions
- B) use a variable cost-plus markup method of pricing
- C) underprice products on a consistent basis, rather than sporadically
- D) use dumping only when a product is at the end of its life cycle

Answer: <https://biology-forums.com/index.php?topic=267998>

Question 1584

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

- A) Activity-based costing ignores the allocation of marketing and distribution costs.
- B) Activity-based costing is more likely to result in major differences from traditional costing systems if the firm manufactures only one product rather than multiple products.
- C) Activity-based costing classifies some of the indirect costs as direct costs.

D) Chances of product-cost cross-subsidization are higher in activity-based costing compared to traditional costing systems.

Answer: <https://biology-forums.com/index.php?topic=267014>

Question 1585

The _____ method of profitability analysis recognizes the two basic ingredients in profit-making: increasing income per dollar of revenues and using assets to generate more revenues.

- A) Balanced Scorecard
- B) Residual-Income
- C) DuPont
- D) Economic Value Added

Answer: <https://biology-forums.com/index.php?topic=268808>

Question 1586

The budgeted contribution margin per composite unit for the budgeted sales mix can be computed by dividing the _____.

- A) total budgeted contribution margin by the actual total units
- B) total budgeted contribution margin by the total budgeted units
- C) actual total contribution margin by the total actual total units
- D) actual total contribution margin by the total budgeted units

Answer: <https://biology-forums.com/index.php?topic=268073>

Question 1587

While doing industry analysis on five forces, which of the following is a force that shapes an organization's profit potential?

- A) previous year profit figures
- B) current year profit figures
- C) bargaining power of suppliers
- D) research and development

Answer: <https://biology-forums.com/index.php?topic=267790>

Question 1588

A regional manager of a restaurant chain in charge of finding additional locations for expansion is most likely responsible for a(n) _____.

- A) revenue center
- B) investment center
- C) cost center
- D) profit center

Answer: <https://biology-forums.com/index.php?topic=267194>

Question 1589

Which of the following statements is true of Kenton's joint cost allocations?

- A) The gross margin is same for both products because constant gross margin percentage NRV method ignores profits earned before the splitoff point.
- B) One product can receive negative joint costs allocations to bring the other unprofitable product to the overall average gross margin.
- C) Kenton has chosen the easiest method for allocating its joint costs of production.
- D) The gross profit percent of condensed milk is lower than the gross profit of butter cream.

Answer: <https://biology-forums.com/index.php?topic=268217>

Question 1590

For last year, Wampum Enterprises reported revenues of \$420,000, cost of goods sold of \$108,000, cost of goods manufactured of \$101,000, and total operating costs of \$70,000. Operating income for that year was _____.

- A) \$319,000
- B) \$312,000
- C) \$249,000
- D) \$242,000

Answer: <https://biology-forums.com/index.php?topic=266737>

Question 1591

On the 2016 budgeted income statement, what amount will be reported for sales?

- A) \$246,000
- B) \$240,000
- C) \$312,000
- D) \$318,000

Answer: <https://biology-forums.com/index.php?topic=267148>

Question 1592

Which option should Patrick choose to maximize income assuming there is a 40% probability that 70 units will be sold and a 60% probability that 40 units will be sold?

- A) Option 1
- B) Option 2
- C) Option 3
- D) All options maximize income equally.

Answer: <https://biology-forums.com/index.php?topic=266870>

Question 1593

A stretch budget is a budget that _____.

- A) crosses more than one responsibility center
- B) represents a challenging, but achievable level of performance
- C) is impossible to implement in a cost center
- D) is designed to include the effects of exchange rate fluctuations

Answer: <https://biology-forums.com/index.php?topic=267209>

Question 1594

What are estimated life-cycle revenues?

- A) \$225,000
- B) \$477,000
- C) \$729,000
- D) \$756,000

Answer: <https://biology-forums.com/index.php?topic=267984>

Question 1595

What is the variable overhead spending variance?

- A) \$1,380 favorable
- B) \$2,820 favorable
- C) \$2,820 unfavorable
- D) \$1,380 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267361>

Question 1596

When an industry has excess capacity, market prices may drop well below their historical average. If this drop is temporary, it is called _____.

- A) distress prices
- B) dropped prices
- C) low-average prices
- D) substitute prices

Answer: <https://biology-forums.com/index.php?topic=268753>

Question 1597

How much of the total cost will be assigned to the Plowing Department?

- A) \$396,000
- B) \$201,000
- C) \$134,600
- D) \$172,000

Answer: <https://biology-forums.com/index.php?topic=267022>

Question 1598

Which of the following is true about designing an accounting-based performance measure?

- A) The decisions made in steps are followed in a hierarchical order.
- B) The issues considered in each step are independent.
- C) Management's beliefs are not required during the analyses.
- D) Behavioral criteria are important when evaluating the steps.

Answer: <https://biology-forums.com/index.php?topic=268800>

Question 1599

For each of the following Balanced Scorecard measures, identify which of the four perspectives (Financial, Customer, Internal Business Process, or Learning and Growth) the measure best represents.

- _____ a. On-time delivery of gasoline from refineries to retail stations
- _____ b. Customer satisfaction
- _____ c. Common stock price
- _____ d. Return on investment
- _____ e. Market share
- _____ f. Number of days lost to accidents
- _____ g. Employee satisfaction
- _____ h. Friendliness of employees
- _____ i. Repeat purchases
- _____ j. Cash flow from operations

Answer: <https://biology-forums.com/index.php?topic=268706>

Question 1600

Product testing is an example of _____.

- A) prevention costs
- B) appraisal costs
- C) internal failure costs
- D) external failure costs

Answer: <https://biology-forums.com/index.php?topic=268444>

Question 1601

Soda Manufacturing Company provides vending machines for soft-drink manufacturers. The company has been investigating a new piece of machinery for its production department. The old equipment has a remaining life of four years and the new equipment has a value of \$91,110 with a four-year life. The expected additional cash inflows are \$30,000 per year. What is the internal rate of return?

- A) 12%
- B) 16%
- C) 10%
- D) 8%

Answer: <https://biology-forums.com/index.php?topic=268641>

Question 1602

Which of the following formulas determine cost of goods sold in a merchandising entity?

- A) Beginning inventory + Purchases + Ending inventory = Cost of goods sold
- B) Beginning inventory + Purchases - Ending inventory = Costs of goods sold
- C) Beginning inventory - Purchases + Ending inventory = Cost of goods sold
- D) Beginning inventory - Ending inventory - Purchases = Cost of goods sold

Answer: <https://biology-forums.com/index.php?topic=266731>

Question 1603

Munir Hassan, controller, gathered data on overhead costs and direct labor-hours over the past 12 months. List and discuss the different approaches Munir can use to estimate a cost function for overhead costs using direct labor-hours as the cost driver.

Answer: <https://biology-forums.com/index.php?topic=267585>

Question 1604

The _____ is required to prepare the cash budget of an organization.

- A) statement of shareholder's equity
- B) budgeted balance sheet
- C) capital expenditures budget
- D) budgeted statement of cash flow

Answer: <https://biology-forums.com/index.php?topic=267216>

Question 1605

For make-or-buy decisions, relevant costs include _____.

- A) incremental costs plus sunk costs
- B) incremental costs plus opportunity costs
- C) differential costs plus fixed costs

D) incremental costs plus differential costs

Answer: <https://biology-forums.com/index.php?topic=267727>

Question 1606

Aqua Company produces two products—Alpha and Beta. Alpha has a high market share and is produced in bulk. Production of Beta is based on customer orders and is custom designed. Also, 55% of Beta's cost is shared between design and setup costs, while Alpha's major portions of costs are direct costs. Alpha is using a single cost pool to allocate indirect costs. Which of the following statements is true of Aqua?

- A) Aqua will overcost Beta's direct costs as it is using a single cost pool to allocate indirect costs.
- B) Aqua will undercost Alpha's indirect costs because alpha has high direct costs.
- C) Aqua will overcost Alpha's indirect costs as it is using a single cost pool to allocate indirect costs.
- D) Aqua will overcost Beta's indirect costs because beta has high indirect costs.

Answer: <https://biology-forums.com/index.php?topic=266997>

Question 1607

Miniature Company sells stuffed tigers. Birtal Inc. manufactures many different stuffed animals. Miniature orders 20,800 tigers per year, 400 per week, at \$15 per tiger. The manufacturer covers all shipping costs. Miniature earns 15% on its cash investments. The purchase-order lead time is 3 weeks. Miniature sells 310 tigers per week. The following data are available (based on management's estimates):

- Estimated ordering costs per purchase order \$22
- Estimated insurance, materials handling, breakage, and so on, per year \$7
- Actual ordering costs per order \$25

What is the economic order quantity using the estimated amounts?

- A) 637.7 stuffed tigers
- B) 314.5 stuffed tigers
- C) 191 stuffed tigers
- D) 325 stuffed tigers

Answer: <https://biology-forums.com/index.php?topic=268546>

Question 1608

The list of representative cost drivers in the right column below are randomized with respect to the list of functions in the left column. That is, they do not match.

- | Function | Representative Cost Driver |
|---------------------|--------------------------------|
| 1. Purchasing | A. Number of employees |
| 2. Billing | B. Number of shipments |
| 3. Shipping | C. Number of customers |
| 4. Computer Support | D. Number of invoices |
| 5. Personnel | E. Number of desktop computers |
| 6. Customer Service | F. Number of purchase orders |

Required:

Match each business function with its representative cost driver.

Function Insert letter of appropriate driver (A through F)

- 1. Purchasing
- 2. Billing
- 3. Shipping
- 4. Computer Support
- 5. Personnel
- 6. Customer Service

Answer: <https://biology-forums.com/index.php?topic=266664>

Question 1609

Listed below are elements of the master budget. Determine whether each budget is an operating budget or a financial budget. Place an O for operating budget or F for a financial budget.

- 1. Capital expenditures budget
- 2. Cost of goods sold budget
- 3. Revenues budget
- 4. Budgeted statement of cash flows
- 5. Distribution costs budget
- 6. Marketing costs budget
- 7. Cash budget
- 8. Direct materials cost budget
- 9. Budgeted balance sheet

10. Budgeted income statement

Answer: <https://biology-forums.com/index.php?topic=267171>

Question 1610

Debated items that some companies include as direct manufacturing labor include _____.

- A) fringe benefits
- B) overtime
- C) idle time
- D) plant supervisor's salary

Answer: <https://biology-forums.com/index.php?topic=266763>

Question 1611

A plot of data that results in bunched points with little slope generally indicates _____.

- A) a strong relationship
- B) a weak relationship
- C) a positive relationship
- D) a negative relationship

Answer: <https://biology-forums.com/index.php?topic=267592>

Question 1612

Dropping an unprofitable customer will _____.

- A) eliminate long-run costs assigned to that customer
- B) eliminate most short-run costs assigned to that customer
- C) decrease long-run profitability
- D) increase the potential to cross-sell other products that are more desirable

Answer: <https://biology-forums.com/index.php?topic=268021>

Question 1613

Managers of supplier departments _____.

- A) view the budgeted rates positively if unfavorable cost variances occur due to price decreases outside of their control
- B) view the budgeted rates negatively if favorable cost variances occur due to price decreases outside of their control
- C) view the budgeted rates negatively if unfavorable cost variances occur due to price increases outside of their control
- D) view the budgeted rates negatively if unfavorable cost variances occur due to price decreases outside of their control

Answer: <https://biology-forums.com/index.php?topic=268122>

Question 1614

_____ would be an uncontrollable factor that a firm would need to consider when evaluating the return on investment of an international division.

- A) Manager's experience
- B) Manager's compensation
- C) Pricing decisions
- D) Custom duties

Answer: <https://biology-forums.com/index.php?topic=268856>

Question 1615

Which of the following statements is true regarding cost-plus pricing?

- A) It starts with a target price which is the estimated price for a product.
- B) A company uses a markup percentage that estimates a product price that covers full product costs and earns the required return on investment.
- C) It first determines product characteristics and target price on the basis of customer preferences and then computes a target cost.
- D) The cost-plus price chosen has already been studied for customer reaction to the price.

Answer: <https://biology-forums.com/index.php?topic=267971>

Question 1616

What is the transfer price per barrel from the Extraction Division to the Refining Division, assuming the method used to place a value on each barrel of oil is 110% of full costs?

- A) \$12.00
- B) \$13.20
- C) \$44.00
- D) \$79.00

Answer: <https://biology-forums.com/index.php?topic=268735>

Question 1617

The theory of constraints (TOC) defines throughput margin as _____.

- A) operating income minus the direct material costs of the goods sold
- B) operating income minus the direct labor costs of the goods sold
- C) revenues minus the direct material costs of the goods sold
- D) revenues minus the full costs of the goods sold

Answer: <https://biology-forums.com/index.php?topic=267751>

Question 1618

What is the markup percentage as a percentage of cost for Crimpson Company?

- A) 22.0%
- B) 18.0%
- C) 12.0%
- D) 11.0%

Answer: <https://biology-forums.com/index.php?topic=267975>

Question 1619

Which of the methods of allocating joint costs usually is considered the simplest to implement?

- A) estimated net realizable value
- B) constant gross-margin percentage NRV
- C) sales value at splitoff
- D) physical measures

Answer: <https://biology-forums.com/index.php?topic=268218>

Question 1620

Firms should be wary of using the full cost of a joint product as the basis for making pricing decisions. Why?

Answer: <https://biology-forums.com/index.php?topic=268251>

Question 1621

In linear programming, a constraint is a mathematical inequality or equality that must be satisfied by the variables in a mathematical model.

Answer: <https://biology-forums.com/index.php?topic=267785>

Question 1622

Using the stand-alone method with selling price as the weight for revenue allocation, what amount will be allocated to the refrigerator?

- A) \$500.00
- B) \$333.33
- C) \$666.67
- D) \$676.67

Answer: <https://biology-forums.com/index.php?topic=268162>

Question 1623

LaserLife Printer Cartridge Company is a decentralized organization with several autonomous divisions. The division managers are evaluated, in part, on the basis of the change in their return on invested assets. Operating results for the Packer Division for 2015 are budgeted as follows:

Sales \$5,000,000
Less variable costs 2,500,000
Contribution margin 2,500,000
Less fixed expenses 1,800,000
Net operating income \$ 700,000

Operating assets for the division are currently \$3,600,000. For 2015, the division can add a new product line for an investment of \$600,000. The new product line will generate sales of \$1,600,000 and will incur fixed expenses of \$600,000 annually. Variable costs of the new product will average 60% of the selling price.

Required:

- a. What is the effect on ROI of accepting the new product line?
- b. If the company's required rate of return is 6% and residual income is used to evaluate managers, would this encourage the division to accept the new product line? Explain and show computations.

Answer: <https://biology-forums.com/index.php?topic=268871>

Question 1624

In relation to target costing, which of the following best describes target cost per unit?

- A) It is the targeted cost of producing one unit to achieve the current year's budgeted profit.
- B) It is the estimated long-run cost of a product that enables the company to achieve its target operating income.
- C) It is the cost that can be achieved by ensuring that the company produced its products at maximum efficiency.
- D) It is the budgeted cost that the company estimates in producing a unit in the current budget period.

Answer: <https://biology-forums.com/index.php?topic=267939>

Question 1625

Data collection problems arise when _____.

- A) data are recorded electronically rather than manually
- B) accrual-basis costs are used rather than cash-basis costs
- C) fixed and variable costs are not separately identified and both are allocated to products on a per unit basis
- D) purely inflationary price effects are removed

Answer: <https://biology-forums.com/index.php?topic=267637>

Question 1626

Under the stand-alone method of allocating common costs _____.

- A) the individual users of a cost object are ranked in the order of users least responsible for the common cost and then uses this ranking to allocate cost among those users
- B) disputes can arise over who is the primary user
- C) each party bears a proportionate share of the total costs in relation to their individual stand-alone costs
- D) the individual users of a cost object are ranked in the order of users most responsible for the common cost and then uses this ranking to allocate cost among those users

Answer: <https://biology-forums.com/index.php?topic=268134>

Question 1627

Which of the following is true of unit costs of normal and abnormal spoilage when they are detected at the same inspection point?

- A) Unit cost of normal spoilage is more than unit cost of abnormal spoilage.
- B) Unit cost of normal spoilage is equal to unit cost of abnormal spoilage.
- C) Unit cost of abnormal spoilage is more than unit cost of normal spoilage.
- D) Addition of unit cost of normal spoilage and unit cost of abnormal spoilage is equal to unit cost of good units produced and transferred.

Answer: <https://biology-forums.com/index.php?topic=268403>

Question 1628

Brix, Inc., prepares frozen food for fast-food restaurants. It has two workstations, cooking and assembly. The cooking station is limited by the cooking time of the food. Assembly is limited by the speed of the workers. Assembly normally waits on food from cooking. Because the demand has increased in recent months to 2,800 dozen units, management is considering adding another cooking station or else having the cooks start to work earlier. The monthly cost of operating the cooking station one more hour each day is \$2,400. The cost of adding another cooking station would add an average of \$10 per hour. The current operating hours total eight hours a day, 22 days a month. The contribution margin of the finished products is currently \$8 per dozen. Inventory carrying costs average \$2.00 per dozen per month. Either the extra hour or the new cooking station would increase production by 20 dozen a day, with a long-run increase of 80 dozen units in finished goods inventory to 280 dozen.

Required:

- a. What is the total production per month if the change is made?
- b. What is the increase in the expected monthly product contribution for each of the possible changes? Assume long-run production equals sales.

Answer: <https://biology-forums.com/index.php?topic=268513>

Question 1629

The nominal approach to incorporating inflation into the net present value method predicts _____.

- A) cash inflows and outflows in nominal monetary units and uses a real rate as the required rate of return
- B) cash inflows and outflows in real monetary units and uses a nominal rate as the required rate of return
- C) cash inflows and outflows in real monetary units and uses a real rate as the required rate of return
- D) cash inflows and outflows in nominal monetary units and uses a nominal rate as the required rate of return

Answer: <https://biology-forums.com/index.php?topic=268694>

Question 1630

The unique feature of an ABC system is the emphasis on _____.

- A) costing individual jobs
- B) department indirect-cost rates
- C) multiple-cost pools
- D) individual activities

Answer: <https://biology-forums.com/index.php?topic=267086>

Question 1631

What are the four key perspectives in the balanced scorecard?

Answer: <https://biology-forums.com/index.php?topic=267833>

Question 1632

Which of the following is an assumption of CVP analysis?

- A) Total costs can be divided into a fixed component and a component that is variable with respect to the level of output.
- B) When graphed, total costs curve upward.
- C) The unit-selling price is variable as it is subject to demand and supply.
- D) Total costs can be divided into inventoriable and period costs with respect to the level of output.

Answer: <https://biology-forums.com/index.php?topic=266778>

Question 1633

What is the cost effect of the productivity component (c)?

- A) \$0
- B) \$1,200 U
- C) \$900 F
- D) \$2,400 F

Answer: <https://biology-forums.com/index.php?topic=267852>

Question 1634

Which cost estimation method may use time-and-motion studies to analyze the relationship between inputs and outputs in physical terms?

- A) the accrual accounting method
- B) the high-low method
- C) the industrial engineering method
- D) the cash accounting method

Answer: <https://biology-forums.com/index.php?topic=267575>

Question 1635

The direct allocation method _____.

- A) allocates support-department costs to operating departments by fully recognizing the mutual services provided among all support departments
- B) allocates support-department costs to other support departments and to operating departments in a sequential manner that partially recognizes the mutual services provided among all support departments
- C) allocates each support-department's costs to operating departments only
- D) requires managers to rank the support departments in the order that the step-down allocation is to proceed

Answer: <https://biology-forums.com/index.php?topic=268115>

Question 1636

Which of the following would be a consideration in a make-or-buy decision?

- A) excess capacity
- B) wages to CEO
- C) marketing costs
- D) audit expenses

Answer: <https://biology-forums.com/index.php?topic=267725>

Question 1637

As a result of learning curve, _____.

- A) unit costs increase as productivity increases and the unit-cost function behaves nonlinearly
- B) unit costs decrease as productivity increases and the unit-cost function behaves nonlinearly
- C) unit costs increase as productivity increases and the unit-cost function behaves linearly
- D) unit costs decrease as productivity increases and the unit-cost function behaves linearly

Answer: <https://biology-forums.com/index.php?topic=267628>

Question 1638

Roberto owns a small body shop. His major costs include labor, parts, and rent. In the decision-making process, these costs are considered to be _____.

- A) empirical costs

- B) qualitative factors
- C) quantitative factors
- D) opportunity costs

Answer: <https://biology-forums.com/index.php?topic=267675>

Question 1639

Using _____ as the denominator level also gives the manager a more accurate idea of the resources needed and used to produce a unit by excluding the cost of unused capacity.

- A) practical capacity
- B) normal capacity utilization
- C) theoretical capacity
- D) master-budget capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267537>

Question 1640

The reporting and assessment of revenues earned from customers and the costs incurred to earn those revenues is _____.

- A) creditor-age analysis
- B) customer-profitability analysis
- C) debtor-cost analysis
- D) customer-turnover analysis

Answer: <https://biology-forums.com/index.php?topic=268001>

Question 1641

Wages paid to machine operators on an assembly line are classified as a _____.

- A) direct material cost
- B) direct manufacturing labor cost
- C) manufacturing overhead cost
- D) period cost

Answer: <https://biology-forums.com/index.php?topic=266684>

Question 1642

What is the full cost of the product per unit?

- A) \$330
- B) \$765
- C) \$510
- D) \$255

Answer: <https://biology-forums.com/index.php?topic=267680>

Question 1643

What is the total cost per equivalent unit using the weighted-average method of process costing?

- A) \$4.00
- B) \$2.40
- C) \$2.00
- D) \$4.40

Answer: <https://biology-forums.com/index.php?topic=268377>

Question 1644

Teddy Company uses a standard cost system. In May, \$234,000 of variable manufacturing overhead costs were incurred and the flexible-budget amount for the month was \$240,000. Which of the following variable manufacturing overhead entries would have been recorded for May?

- A) Accounts Payable Control and other accounts 240,000
Work-in-Process Control 240,000
- B) Work-in-Process Control 240,000
Variable Manufacturing Overhead Allocated 240,000
- C) Work-in-Process Control 234,000
Accounts Payable Control and other accounts 234,000
- D) Accounts Payable Control and other accounts 234,000
Variable Manufacturing Overhead Control 234,000

Answer: <https://biology-forums.com/index.php?topic=267355>

Question 1645

Customers expect to pay a price that includes _____.

- A) the cost of unused capacity
- B) only the cost of actual capacity used
- C) variable costs but not capacity costs
- D) both actual and unused capacity costs

Answer: <https://biology-forums.com/index.php?topic=267533>

Question 1646

According to an ABC system, CP8 is _____ under the traditional system.

- A) undercosted
- B) overcosted
- C) fairly costed
- D) accurately costed

Answer: <https://biology-forums.com/index.php?topic=267038>

Question 1647

A relevant cost is a cost that is a(n) _____.

- A) future cost
- B) past cost
- C) sunk cost
- D) non-cash expense

Answer: <https://biology-forums.com/index.php?topic=267668>

Question 1648

The cost to produce Part A was \$20 per unit in 2013 and in 2014 it has increased to \$22 per unit. In 2014, Supplier ABC has offered to supply Part A for \$18 per unit. For the make-or-buy decision _____.

- A) incremental revenues are \$4 per unit
- B) incremental costs are \$2 per unit
- C) net relevant costs are \$2 per unit
- D) differential costs are \$4 per unit

Answer: <https://biology-forums.com/index.php?topic=267713>

Question 1649

In a company with low operating leverage, _____.

- A) fixed costs are more than the contribution margin
- B) contribution margin and operating income are inversely related
- C) there is a higher possibility of net loss than a higher-leveraged firm
- D) less risk is assumed than in a highly leveraged firm

Answer: <https://biology-forums.com/index.php?topic=266839>

Question 1650

Rich Glasses manufactures glass bottles. January and February operations were identical in every way except for the planned production.

January had a production denominator of 74,000 units.

February had a production denominator of 66,600 units.

Fixed manufacturing costs totaled \$222,000.

Sales for both months totaled 62,000 units with variable manufacturing costs of \$4 per unit. Selling and administrative costs were \$0.60 per unit variable and \$51,000 of fixed. The selling price was \$10 per unit.

Required:

Compute the operating income for both months using absorption costing.

Answer: <https://biology-forums.com/index.php?topic=267543>

Question 1651

The weighted-average process-costing method calculates the equivalent units by _____.

- A) considering only the work done during the current period
- B) the units started during the current period minus the units in ending inventory
- C) the units started during the current period plus the units in ending inventory
- D) the equivalent units completed during the current period plus the equivalent units in ending inventory

Answer: <https://biology-forums.com/index.php?topic=268293>

Question 1652

Which of the following statements is true of sell-or-process-further decisions in joint costing?

- A) Joint costs incurred before the splitoff point are relevant in deciding whether to process the product further.
- B) All separable costs in joint-cost allocations are incremental costs.
- C) Separable costs incurred before the splitoff point are irrelevant in deciding whether to process the product further.
- D) Costs that differ between the alternatives of selling products or processing further are relevant.

Answer: <https://biology-forums.com/index.php?topic=268248>

Question 1653

Processing orders and shipping products or providing services to customers is known as _____.

- A) after-sales services
- B) distribution
- C) marketing
- D) supply chain

Answer: <https://biology-forums.com/index.php?topic=266557>

Question 1654

Zolas' Heaters is approached by Ms. Leila, a new customer, to fulfill a large one-time-only special order for a product similar to one offered to regular customers. Zolas' Heaters has excess capacity. The following per unit data apply for sales to regular customers:

- Direct materials \$400
- Direct manufacturing labor 120
- Variable manufacturing support 60
- Fixed manufacturing support 200
- Total manufacturing costs 780
- Markup (20% of total manufacturing costs) 156
- Estimated selling price \$936

If Ms. Leila wanted a long-term commitment, and not a one-time-special order, for supplying this product, calculate the most likely price to be quoted assuming the markup remains same?

- A) \$780
- B) \$580
- C) \$520
- D) \$936

Answer: <https://biology-forums.com/index.php?topic=267912>

Question 1655

How can conflicts arise between the decision model and the performance evaluation model used to evaluate managers? Provide an example of this type of conflict.

Answer: <https://biology-forums.com/index.php?topic=267779>

Question 1656

Which of the following is a reason for companies to use absorption costing for internal accounting?

- A) It is the required inventory method for internal accounting as per GAAP.
- B) It measures the cost of all resources, whether manufacturing or nonmanufacturing, necessary to produce inventory.
- C) It does not take into account fixed manufacturing overhead while valuing inventory and hence is more suited for decision making.
- D) It can help prevent managers from taking actions that make their performance measure look good but that hurt the income they report to shareholders.

Answer: <https://biology-forums.com/index.php?topic=267488>

Question 1657

The flexible-budget amount for materials is _____.

- A) \$165,000
- B) \$135,000
- C) \$161,700
- D) \$132,300

Answer: <https://biology-forums.com/index.php?topic=267252>

Question 1658

The time taken to fulfill clients' requests is an example of the _____ measure of a balanced-scorecard.

- A) internal business process perspective
- B) customer perspective
- C) learning and growth perspective

D) financial perspective

Answer: <https://biology-forums.com/index.php?topic=267823>

Question 1659

An unfavorable sales-mix variance would most likely be caused by _____.

- A) a new competitor providing better service in the high-margin product sector
- B) a competitor having distribution problems with high-margin products
- C) the company offering low-margin products at a higher price
- D) the company experiencing quality-control problems that get negative media coverage of low-margin products

Answer: <https://biology-forums.com/index.php?topic=268077>

Question 1660

Activity-based budgeting would separately estimate _____.

- A) the cost of overhead for a department
- B) a plant-wide cost-driver rate
- C) the cost of a setup activity
- D) All of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=267165>

Question 1661

If there is an ethical conflict concerning your direct supervisor, when is it appropriate to contact authorities or individuals not employed by the organization?

- A) when there is a personal conflict
- B) when your supervisor is about to be promoted
- C) when there is a clear violation of the law
- D) when you face injustice from your supervisor

Answer: <https://biology-forums.com/index.php?topic=266614>

Question 1662

What are the total relevant costs, assuming the quantity ordered equals 1,000 units?

- A) \$17,100
- B) \$16,500
- C) \$15,500
- D) \$19,100

Answer: <https://biology-forums.com/index.php?topic=268549>

Question 1663

Conversion costs are an example of _____.

- A) direct engineered costs
- B) indirect engineered costs
- C) discretionary costs
- D) unused capacity costs

Answer: <https://biology-forums.com/index.php?topic=267867>

Question 1664

The formal process of choosing between alternatives is known as a(n) _____.

- A) relevant model
- B) decision model
- C) alternative model
- D) prediction model

Answer: <https://biology-forums.com/index.php?topic=267652>

Question 1665

The slope of the line of regression is the _____.

- A) rate at which the dependent variable varies
- B) rate at which the independent variable varies
- C) difference between the fixed cost and variable cost associated with the cost driver
- D) difference between actual cost and estimated cost for each observation of the cost driver

Answer: <https://biology-forums.com/index.php?topic=267602>

Question 1666

In accounting for scrap, which of the following statements is true?

- A) Normal scrap is accounted for separately from abnormal scrap.
- B) In accounting for scrap, there is no distinction between the scrap attributable to a specific job and scrap common to all jobs.
- C) Initial entries to scrap accounting records are most often made in dollar terms.
- D) Scrap records not only help measure efficiency, but also help keep track of scrap, and so reduce the chances of theft.

Answer: <https://biology-forums.com/index.php?topic=268423>

Question 1667

A master budget forces managers to examine the business as they plan, so they can _____.

- A) detect inaccurate historical records to avoid errors in budgets
- B) set expectations against which actual results can be compared
- C) complete the budgeting task on time
- D) ensure that only financial risks and opportunities are incorporated

Answer: <https://biology-forums.com/index.php?topic=267104>

Question 1668

Which of the following transfer-pricing methods always achieves goal congruence?

- A) a market-based transfer price
- B) a cost-based transfer price
- C) a negotiated transfer price
- D) full-cost plus a standard profit margin

Answer: <https://biology-forums.com/index.php?topic=268777>

Question 1669

Explain how a budget can help management implement strategy.

Answer: <https://biology-forums.com/index.php?topic=266583>

Question 1670

An experience curve _____.

- A) is a narrower application of the learning curve
- B) measures the decline in cost per unit as production decreases for various value-chain functions such as marketing as production increases
- C) only measures the decline in labor-hours per unit as units produced increases
- D) measures the increase in cost per unit as productivity increases

Answer: <https://biology-forums.com/index.php?topic=267625>

Question 1671

Prescher Company sells three products with the following seasonal sales pattern:

Products	Quarter	A	B	C
1	40%	30%	10%	
2	30%	20%	30%	
3	20%	20%	50%	
4	10%	30%	10%	

The annual sales budget shows forecasts for the different products and their expected selling price per unit to be as follows:

Product	Units	Selling Price
A	50,000	\$ 16
B	125,000	40
C	62,500	24

Required:

Prepare a sales budget, in units and dollars, by quarters for the company for the coming year.

Answer: <https://biology-forums.com/index.php?topic=267172>

Question 1672

An advantage of decentralization is that it _____.

- A) creates greater responsiveness to local needs
- B) focuses manager's attention on the organization as a whole
- C) does not result in a duplication of activities
- D) reduces the cost of gathering information

Answer: <https://biology-forums.com/index.php?topic=268709>

Question 1673

Which of the following is a responsibility of the CFO?

- A) preparing financial statements
- B) managing short-term and long-term financing
- C) investing in new equipment
- D) conducting internal audit

Answer: <https://biology-forums.com/index.php?topic=266598>

Question 1674

For next year, Roberto, Inc., has budgeted sales of 15,000 units, targeted ending finished goods inventory of 750 units, and beginning finished goods inventory of 450 units. All other inventories are zero. How many units should be produced next year?

- A) 14,700 units
- B) 15,000 units
- C) 15,300 units
- D) 16,200 units

Answer: <https://biology-forums.com/index.php?topic=267146>

Question 1675

Nicholas Company manufactures TVs. Some of the company's data was misplaced. Use the following information to replace the lost data:

Analysis Actual

Results Flexible Variances Flexible Budget Sales-

Volume Variances Static Budget

Units Sold 112,500 112,500 103,125

Revenues \$42,080 \$1,000 F (A) \$1,400 U (B)

Variable Costs (C) \$200 U \$15,860 \$2,340 F \$18,200

Fixed Costs \$8,280 \$860 F \$9,140 \$9,140

Operating Income \$17,740 (D) \$16,080 (E) \$15,140

Required:

- a. What are the respective flexible-budget revenues (A)?
- b. What are the static-budget revenues (B)?
- c. What are the actual variable costs (C)?
- d. What is the total flexible-budget variance (D)?
- e. What is the total sales-volume variance (E)?
- f. What is the total static-budget variance?

Answer: <https://biology-forums.com/index.php?topic=267258>

Question 1676

Which of the following statements is true of normal spoilage?

- A) It is a spoilage which is not inherent in a particular production process.
- B) It occurs due to machine breakdowns and operator errors.
- C) It is usually regarded as avoidable and controllable.
- D) It arises even when the process is carried out in an efficient manner.

Answer: <https://biology-forums.com/index.php?topic=268365>

Question 1677

Which of the following is a disadvantage of a dual-rate method?

- A) It allocates fixed costs on the basis of budgeted long-run usage may tempt some managers to underestimate their planned usage.
- B) It may lead operating department managers to make sub-optimal decisions that are in their own best interest.
- C) It allocates fixed and variable-cost pool using the same cost-allocation base, which will mislead managers in making decisions.
- D) It does not guide department managers to make decisions that benefit both the organization as a whole and each department.

Answer: <https://biology-forums.com/index.php?topic=268099>

Question 1678

A grouping of all the different types of equipment used to make a given product is referred to as _____.

- A) total quality management
- B) materials requirements planning
- C) manufacturing cells
- D) economic order quantity

Answer: <https://biology-forums.com/index.php?topic=268583>

Question 1679

Ambinu Flower Company provides flowers and other nursery products for decorative purposes in medium to large sized restaurants and businesses. The company has been investigating the purchase of a new specially equipped van for deliveries. The van has a value of \$113,750 with a seven-year life. The expected additional cash inflows are \$32,500 per year. What is the payback period for this investment?

- A) 3 years
- B) 3.5 years
- C) 6 years
- D) 4 years

Answer: <https://biology-forums.com/index.php?topic=268667>

Question 1680

What are the estimated total costs if Genend's store expects to sell 8,000 units next year?

- A) \$812,117
- B) \$1,729,600
- C) \$1,952,200
- D) \$380,450

Answer: <https://biology-forums.com/index.php?topic=267582>

Question 1681

The after-tax average cost of all the long-term funds used by a corporation equals _____.

- A) economic value added
- B) cost of goodwill
- C) interest cost of the capital
- D) weighted-average cost of capital

Answer: <https://biology-forums.com/index.php?topic=268837>

Question 1682

The revenue effect of price recovery is calculated by multiplying the difference in selling price (current year minus the previous year) by _____.

- A) actual units sold in the current year
- B) budgeted units sold in the previous year
- C) budgeted units sold in the current year
- D) actual units sold in the previous year

Answer: <https://biology-forums.com/index.php?topic=267847>

Question 1683

If there are 496 machine-hours available per week, how many rockers of each model should Jim Helmer produce to maximize profits?

- A) 100 units of Standard and 49 units of Premium
- B) 72 units of Standard and 70 units of Premium
- C) 100 units of Standard and 70 units of Premium
- D) 85 units of Standard and 60 units of Premium

Answer: <https://biology-forums.com/index.php?topic=267747>

Question 1684

What is the constant gross-margin percent for Kenton?

- A) 10%
- B) 6.3%
- C) 11%
- D) 6.5%

Answer: <https://biology-forums.com/index.php?topic=268215>

Question 1685

Should Kramer increase the selling price in 2016?

- A) Yes, because operating income increases for 2016.
- B) Yes, because sales revenue increases for 2016.
- C) No, because sales volume decreases for 2016.
- D) No, because gross margin decreases for 2016.

Answer: <https://biology-forums.com/index.php?topic=267184>

Question 1686

Which of the following is true of relevant information?

- A) All fixed costs are relevant.
- B) Future revenues and expenses are relevant.
- C) Past costs are not relevant.
- D) All fixed costs are not relevant.

Answer: <https://biology-forums.com/index.php?topic=267669>

Question 1687

Degen Company used least squares regression analysis to obtain the following output:

Payroll Department Cost
Explained by Number of Employees
Constant \$7,540
Standard error of Y estimate 819
r² 0.8924
Number of observations 20
X coefficient(s) \$2.473
Standard error of coefficient(s) 0.0966

Required:

- a. What is the total fixed cost?
- b. What is the variable cost per employee?
- c. Prepare the linear cost function.
- d. What is the coefficient of determination? Comment on the goodness of fit.

Answer: <https://biology-forums.com/index.php?topic=267647>

Question 1688

Stewart Corporation plans to grow by offering a sound system, the SS3000, that is superior and unique from the competition. Stewart believes that putting additional resources into R&D and staying ahead of the competition with technological innovations is critical to implementing its strategy.

Stewart's strategy is _____.

- A) product differentiation
- B) downsizing
- C) product leadership
- D) cost leadership

Answer: <https://biology-forums.com/index.php?topic=267795>

Question 1689

Purchasing at the EOQ recommended level, what are the relevant total costs?

- A) \$1,500.00
- B) \$1,978.60
- C) \$989.37
- D) \$3,000.00

Answer: <https://biology-forums.com/index.php?topic=268539>

Question 1690

An unfavorable efficiency variance for direct manufacturing labor might indicate that _____.

- A) there is unexpected increase in direct labor rates
- B) work is scheduled inefficiently
- C) lower-quality materials were purchased
- D) more higher-skilled workers were scheduled than planned

Answer: <https://biology-forums.com/index.php?topic=267286>

Question 1691

What is the direct material cost assigned to good units completed?

- A) \$150,000
- B) \$250,000
- C) \$120,000
- D) \$270,000

Answer: <https://biology-forums.com/index.php?topic=268371>

Question 1692

The number of equivalent units of work done during the month for direct materials is _____.

- A) 600 units
- B) 800 units
- C) 700 units
- D) 500 units

Answer: <https://biology-forums.com/index.php?topic=268294>

Question 1693

How does cost-based transfer price method help managers to determine transfer prices?

Answer: <https://biology-forums.com/index.php?topic=268749>

Question 1694

A job-cost record uses information from _____.

- A) a materials-requisition record to record raw material purchases from suppliers
- B) a materials-requisition report to record the type and quantity of item received in an order from a supplier
- C) a labor-time card to record an employee's wage rate and hours spent on a particular job
- D) the bill of materials to ensure the goods are of the prescribed quality

Answer: <https://biology-forums.com/index.php?topic=266908>

Question 1695

Contribution margin per software is _____.

- A) \$10.00
- B) \$30.00
- C) \$40.00
- D) \$36.00

Answer: <https://biology-forums.com/index.php?topic=266786>

Question 1696

The products of a joint production process that have low total sales values compared with the total sales value of the main product are called _____.

- A) primary products
- B) joint products
- C) byproducts
- D) waste products

Answer: <https://biology-forums.com/index.php?topic=268171>

Question 1697

What is the value of the operating assets belonging to the Alpha Division (b)?

- A) \$8,666,667
- B) \$14,000,000
- C) \$13,000,000
- D) \$14,303,600

Answer: <https://biology-forums.com/index.php?topic=268817>

Question 1698

What is the difference between the budgeted and the actual manufacturing overhead using job costing?

- A) \$0.20
- B) \$0.50
- C) \$1.00
- D) \$1.20

Answer: <https://biology-forums.com/index.php?topic=266923>

Question 1699

What are the two methods to account for byproducts. Which is the more appropriate method to use and why?

Answer: <https://biology-forums.com/index.php?topic=268262>

Question 1700

Product mix decisions _____.

- A) have a long-run focus
- B) help determine how to maximize operating profits
- C) focus on selling price per unit
- D) help maximizing opportunity costs

Answer: <https://biology-forums.com/index.php?topic=267735>

Question 1701

Which of the following is the correct mathematical expression to calculate a benchmark total factor productivity?

- A) Quantity of output produced in current year ÷ Costs of inputs at current year prices that would have been used in previous year to produce current year output
- B) Quantity of output produced in previous year ÷ Costs of inputs at current year prices that would have been used in previous year to produce current year output
- C) Quantity of output produced in current year ÷ Costs of inputs at previous year prices that would have been used in previous year to produce current year output
- D) Quantity of output produced in previous year ÷ Costs of inputs at previous year prices that would have been used in previous year to produce current year output

Answer: <https://biology-forums.com/index.php?topic=267888>

Question 1702

The costs of normal spoilage are allocated to the units in ending work-in-process inventory, in addition to completed units if the units _____.

- A) in ending inventory have not passed the inspection point
- B) in ending work-in-process inventory have passed the inspection point
- C) in ending work in process inventory are more than 25% complete
- D) in ending work-in-process inventory are less than 25% complete

Answer: <https://biology-forums.com/index.php?topic=268389>

Question 1703

Using the step-down method, what amount of Maintenance Department cost will be allocated to Department B if the service department with the highest percentage of interdepartmental support service is allocated first? (Round up)

- A) \$84,143
- B) \$69,231
- C) \$66,734
- D) \$71,443

Answer: <https://biology-forums.com/index.php?topic=268124>

Question 1704

List the four steps to develop budgeted variable overhead cost-allocation.

Answer: <https://biology-forums.com/index.php?topic=267342>

Question 1705

Price discrimination is the practice of _____.

- A) setting different prices for different products
- B) charging different prices for quantity amounts
- C) using variable costing for some products and full costing for other products when setting prices
- D) charging different prices to different customers or clients for the same products or services

Answer: <https://biology-forums.com/index.php?topic=267988>

Question 1706

The cost per good unit in the weighted-average method is equal to the _____.

- A) total cost of direct materials and conversion costs per equivalent unit, plus a share of normal spoilage
- B) sum of the costs per equivalent unit of direct materials and conversion costs
- C) total costs divided by total equivalent units
- D) total costs transferred out divided by total abnormal spoilage

Answer: <https://biology-forums.com/index.php?topic=268380>

Question 1707

Springfield Corporation, whose tax rate is 30%, has two sources of funds: long-term debt with a market value of \$6,000,000 and an interest rate of 8%, and equity capital with a market value of \$15,000,000 and a cost of equity of 12%. What is Springfield's weighted average cost of capital (WACC)?

- A) 9.17%

- B) 9.57%
- C) 10.17%
- D) 11.17%

Answer: <https://biology-forums.com/index.php?topic=268839>

Question 1708

The sales-quantity variance will be favorable when _____.

- A) sales-volume variance and flexible-budget variance are favorable
- B) actual units of all products sold exceed budgeted units of all products sold
- C) the actual sales mix shifts towards the more profitable units
- D) static-budget variance and flexible-budget variance are favorable

Answer: <https://biology-forums.com/index.php?topic=268079>

Question 1709

Which of the following statements is true about activity-based budgeting?

- A) activity-based budgeting estimates total costs more accurately than cost-based budgeting
- B) activity-based budgeting provides more detailed information than cost-based budgeting
- C) activity-based budgeting is cheaper than cost-based budgeting
- D) activity-based budgeting is simpler to implement than cost-based budgeting

Answer: <https://biology-forums.com/index.php?topic=267168>

Question 1710

Explain three methods under absorption costing that managers can use to improve operating income.

Answer: <https://biology-forums.com/index.php?topic=267502>

Question 1711

The contribution-margin format is used for _____.

- A) variable costing income statement
- B) mixed costing income statement
- C) absorption costing income statement
- D) job order costing income statement

Answer: <https://biology-forums.com/index.php?topic=267454>

Question 1712

Which of the following statements best relates to the balanced scorecard's internal business processes perspective?

- A) How do we lower costs?
- B) How do we motivate employees?
- C) How can we obtain greater profits?
- D) How processes will increase value to customers?

Answer: <https://biology-forums.com/index.php?topic=267810>

Question 1713

When variable overhead spending variance is unfavorable, it can be safely assumed that _____.

- A) actual rate per unit of cost-allocation base is higher than budgeted rate
- B) actual quantity of cost-allocation base used is higher than budgeted quantity
- C) actual rate per unit of cost-allocation base is lower than budgeted rate
- D) actual quantity of cost-allocation base used is lower than budgeted quantity

Answer: <https://biology-forums.com/index.php?topic=267411>

Question 1714

The manufacturing manager of New Technology Company is concerned about the company's newest plant. When the plant began operations three years ago, it had the best of everything. It had modern equipment, well-trained employees, engineered work and assembly stations, and a controlled environment. During the first two years, the evaluation results were very good with almost all cost variances being favorable. However, recently, things have turned negative.

In recent months, everything seems to be operating in a crisis management mode. Although most cost variances remain favorable, the plant's segment contribution is declining and customers are complaining about poor quality and slow delivery. Several customers have suggested that they may take their business elsewhere if things do not improve.

The shop floor is in continual turmoil. In-process inventory is everywhere, production employees have difficulty finding jobs that need to be worked on, and scheduling has requested a larger computer to keep track of work in process.

The vice president of sales does not know where to begin with solving the customers' problems. It seems that everyone is working very hard and the

plant has the best facilities and trained employees in the industry.

Required:

What is the nature of the plant's problems? What recommendation would you make to help improve the situation?

Answer: <https://biology-forums.com/index.php?topic=268573>

Question 1715

Which of the following statements is true of productivity?

- A) Partial productivity compares the quantity of output produced with the cost of all inputs used.
- B) Productivity will increase when the partial productivity is high.
- C) Prices of inputs are incorporated in the partial productivity ratio.
- D) Partial productivity compares the quantity of output produced with the quantity of all inputs used.

Answer: <https://biology-forums.com/index.php?topic=267883>

Question 1716

Which of the following is an example of nonlinear cost function?

- A) variable-cost functions
- B) fixed-cost functions
- C) learning curves
- D) mixed cost functions

Answer: <https://biology-forums.com/index.php?topic=267621>

Question 1717

Which of the following is a benefit of keeping inventory levels low?

- A) It reduces setup costs.
- B) It reduces shrinkage costs.
- C) It reduces the loss from lost sales.
- D) It reduces inventory turnover.

Answer: <https://biology-forums.com/index.php?topic=267136>

Question 1718

Inventoriable costs are expensed on the income statement _____.

- A) when direct materials for the product are purchased
- B) after the products are manufactured
- C) when the products are sold
- D) when the goods move from work-in process to finished goods account

Answer: <https://biology-forums.com/index.php?topic=266710>

Question 1719

What are the differences between direct costs and indirect costs? Give an example of each.

Answer: <https://biology-forums.com/index.php?topic=266641>

Question 1720

The journal entry to record tungsten carbide purchased and used in production during July is _____.

- A) Work in Process—Molding \$2,400
Accounts Payable Control \$2,400
- B) Work in Process—Molding \$3,000
Accounts Payable Control \$3,000
- C) Accounts Payable Control \$2,400
Work in Process—Molding \$2,400
- D) Accounts Payable Control \$3,000
Work in Process—Molding \$3,000

Answer: <https://biology-forums.com/index.php?topic=268284>

Question 1721

Which of the following is true of normal capacity utilization?

- A) It will be less than the real capacity available to a company.
- B) It can result in setting selling prices that are not competitive.
- C) It results in the lowest cost estimate of the four capacity options when used for product costing.
- D) It represents the maximum units of production intended for current capacity.

Answer: <https://biology-forums.com/index.php?topic=267530>

Question 1722

Sensitivity analysis is a "what-if" technique that managers use to examine how a result will change if the originally predicted data are not achieved or if an underlying assumption changes.

Answer: <https://biology-forums.com/index.php?topic=266827>

Question 1723

Which of the following is true of net income?

- A) Net income is operating income divided by income tax rate.
- B) Net income is operating income plus operating revenues minus operating costs minus income taxes.
- C) Net income is operating income plus nonoperating revenues minus nonoperating costs minus income taxes.
- D) Net income is operating income minus nonoperating revenues minus nonoperating costs minus sales taxes.

Answer: <https://biology-forums.com/index.php?topic=266815>

Question 1724

Which of the following steps can a management take to reduce the undesirable effects of absorption costing?

- A) It can evaluate managers on quarterly basis rather than the usual yearly period thereby mitigating the undesirable effects of absorption costing.
- B) It can delegate powers to managers to decide which orders they want to accept so that any order which will lead to inventory build-up can be rejected.
- C) It can empower managers to decide the timings of maintenance of plants thereby ensuring that the production is not affected.
- D) It can encourage using nonfinancial measures such as units in ending inventory compared to units in sales.

Answer: <https://biology-forums.com/index.php?topic=267493>

Question 1725

A reason why a physical-measure to allocate joint costs is less preferred than the sales value at splitoff is because _____.

- A) a physical measure such as volume is difficult to estimate than sales value
- B) physical volume usually has little relationship to the revenue producing power of products
- C) a physical measure usually results in less costs being allocated to the product that weighs the most
- D) customers will easily understand that the products are overpriced

Answer: <https://biology-forums.com/index.php?topic=268202>

Question 1726

What is the transfer price per watch from the Manufacturing Division to the Distribution Division, assuming the method used to place a value on each transfer is 120% of full costs?

- A) \$6.00
- B) \$7.20
- C) \$9.00
- D) \$11.00

Answer: <https://biology-forums.com/index.php?topic=268737>

Question 1727

Big Car Company manufactures automobiles. The Fastback Car Division sells its cars for \$50,000 each to the general public. The fastback cars have manufacturing costs of \$30,000 each for variable and \$15,000 each for fixed costs. The division's total fixed manufacturing costs are \$75,000,000 at the normal volume of 5,000 units.

The Coupe Car Division has been unable to meet the demand for its cars this year. It has offered to buy 1,000 cars from the Fastback Car Division at the full cost of \$40,000. The Fastback Car Division has excess capacity and the 1,000 units can be produced without interfering with the current outside sales of 5,000. The 6,000 volume is within the division's relevant operating range.

Explain whether the Fastback Car Division should accept the offer.

Answer: <https://biology-forums.com/index.php?topic=268763>

Question 1728

Which of the following markets is said to exist when there is a homogeneous product with many sellers?

- A) monopoly market
- B) oligopoly market
- C) monopolistic market
- D) perfect market

Answer: <https://biology-forums.com/index.php?topic=268750>

Question 1729

Buildz Corp has been servicing the Production Casting Department for five years. Beginning next year, the company is adding a Production Molding Department to compliment the materials produced by the Production Casting Department. As a result, data center costs are expected to increase from \$800,000 per year to \$1,000,000 per year. The Production Molding Department will use 20% of the data center efforts.

Required:

- Using the stand-alone cost-allocation method, identify the amount of data center cost that will be allocated to Production Casting and the Production Molding Department next year.
- Using the incremental cost-allocation method, identify the amount of data center cost that will be allocated to Production Casting and the Production Molding Department next year.

Answer: <https://biology-forums.com/index.php?topic=268141>

Question 1730

What were the sales for the Beta Division (a)?

- \$8,666,667
- \$11,904,760
- \$11,000,000
- \$14,303,600

Answer: <https://biology-forums.com/index.php?topic=268816>

Question 1731

Which of the following is common for reporting product cost under financial reporting and product cost for reimbursement under government contracts?

- marketing cost
- distribution costs
- customer service
- research and development costs

Answer: <https://biology-forums.com/index.php?topic=266760>

Question 1732

New-product development time is the time taken by companies to _____.

- test the prototype and start the large scale production of a product
- design and develop the prototype product
- create new products and bring them to market
- improvise existing products and re-launch them to market

Answer: <https://biology-forums.com/index.php?topic=266564>

Question 1733

Osium Company made the following journal entry:

Variable Manufacturing Overhead Allocated 200,000
Variable Manufacturing Overhead Efficiency Variance 60,000
Variable Manufacturing Overhead Control 250,000
Variable Manufacturing Overhead Spending Variance 10,000

Which of the following statements is true of the given journal entry?

- Osium overallocated variable manufacturing overhead.
- A \$10,000 unfavorable spending variance was recorded.
- Work-in-Process is currently overstated.
- A \$60,000 unfavorable efficiency variance was recorded.

Answer: <https://biology-forums.com/index.php?topic=267373>

Question 1734

What advice would you give a company to avoid the appearance of predatory pricing?

Answer: <https://biology-forums.com/index.php?topic=267996>

Question 1735

When rework is normal and NOT attributable to a specific job, the costs of rework are charged to manufacturing overhead and are spread, through overhead allocation, over all jobs.

Answer: <https://biology-forums.com/index.php?topic=268420>

Question 1736

It is difficult to determine unused capacity for _____.

- direct engineered costs

- B) discretionary costs
- C) variable costs
- D) marginal costs

Answer: <https://biology-forums.com/index.php?topic=267869>

Question 1737

The biggest advantage of using practical capacity to allocate costs is that it _____.

- A) focuses the user's division with the costs of overused capacity
- B) never causes over or under-allocated overhead
- C) burdens the user divisions with the costs of unused capacity
- D) focuses management's attention on unused capacity

Answer: <https://biology-forums.com/index.php?topic=268101>

Question 1738

Management accounting _____.

- A) focuses on estimating future revenues, costs, and other measures to forecast activities and their results
- B) provides information about the company as a whole
- C) reports information that has occurred in the past that is verifiable and reliable
- D) provides information that is generally available only on a quarterly or annual basis

Answer: <https://biology-forums.com/index.php?topic=266546>

Question 1739

Costs that are subject to short-run fluctuations for given jobs are _____.

- A) actual costs
- B) budgeted direct costs
- C) budgeted indirect costs
- D) normal costs

Answer: <https://biology-forums.com/index.php?topic=266909>

Question 1740

What is the unit cost per equivalent unit of the beginning inventory in the Finishing Department?

- A) \$200
- B) \$400
- C) \$800
- D) \$1,000

Answer: <https://biology-forums.com/index.php?topic=268281>

Question 1741

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

- A) There is a clear cause-and-effect relationship between costs and the cost driver in the long run.
- B) There is no variety of cost drivers and cost pools.
- C) The system focuses on activities in together and not on individual activities.
- D) A single cost driver should be identified for all the activities.

Answer: <https://biology-forums.com/index.php?topic=267617>

Question 1742

Which of the following is the mathematical expression to calculate the coefficient of determination?

- A) Coefficient of determination = $1 - (\text{Unexplained variation} / \text{Total variation})$
- B) Coefficient of determination = $(1 + \text{Total variation}) / \text{Unexplained variation}$
- C) Coefficient of determination = $(1 - \text{Unexplained variation}) / \text{Total variation}$
- D) Coefficient of determination = $1 - \text{Unexplained variation} + \text{Total variation}$

Answer: <https://biology-forums.com/index.php?topic=267645>

Question 1743

Assume a traditional costing system applies the overhead costs based on direct labor hours. What is the total amount of overhead costs assigned to the standard model?

- A) \$65,700
- B) \$63,600
- C) \$66,300
- D) \$66,700

Answer: <https://biology-forums.com/index.php?topic=267048>

Question 1744

If separable costs of Butter Cream was 16,000 and constant gross margin was 25%, what would have been the allocated joint costs of Condensed Milk?

- A) \$7,438
- B) \$7,538
- C) \$30,238
- D) \$30,338

Answer: <https://biology-forums.com/index.php?topic=268223>

Question 1745

Radon Corporation manufactured 33,000 grooming kits for horses during March. The following fixed overhead data pertain to March:

Actual Static Budget
Production 33,000 units 30,000 units
Machine-hours 6,100 hours 6,000 hours
Fixed overhead costs for March \$153,000 \$144,000
What is the fixed overhead production-volume variance?

- A) \$9,000 unfavorable
- B) \$14,400 favorable
- C) \$14,400 unfavorable
- D) \$9,000 favorable

Answer: <https://biology-forums.com/index.php?topic=267401>

Question 1746

Which of the following best describes transferred-in costs in process costing?

- A) These costs are incurred in previous departments that are carried forward to subsequent departments.
- B) These costs are transferred in to the company by an external vendor.
- C) These costs are incurred in transferring raw materials and labor from the place of availability to the factory.
- D) These costs cannot be controlled by an organization as they are transferred to the organization from the market participants.

Answer: <https://biology-forums.com/index.php?topic=268333>

Question 1747

What is the direct materials cost per equivalent unit during March?

- A) \$995
- B) \$950
- C) \$636
- D) \$313

Answer: <https://biology-forums.com/index.php?topic=268307>

Question 1748

To guide cost allocation decisions, the fairness or equity criterion _____.

- A) considers reasonableness as a matter of judgment rather than an operational criterion
- B) allocates cost among the beneficiaries in proportion to the benefits each receives
- C) is used more frequently than any other criteria
- D) is the primary criterion used in activity-based costing

Answer: <https://biology-forums.com/index.php?topic=268041>

Question 1749

Arthur's Plumbing reported the following:

Revenues \$4,500
Variable manufacturing costs \$ 900
Variable nonmanufacturing costs \$ 810
Fixed manufacturing costs \$ 630
Fixed nonmanufacturing costs \$ 545

Required:

- a. Compute contribution margin.
- b. Compute contribution margin percentage.
- c. Compute gross margin.
- d. Compute gross margin percentage.

e. Compute operating income.

Answer: <https://biology-forums.com/index.php?topic=266792>

Question 1750

The _____ is primarily responsible for management accounting and financial accounting.

- A) COO (Chief Operating Officer)
- B) CIO (Chief Information Officer)
- C) treasurer
- D) controller

Answer: <https://biology-forums.com/index.php?topic=266599>

Question 1751

Due to unprecedented growth during the year, Flowers by Kelly decided to use some of its surplus cash to increase the size of several inventory order quantities that had been previously determined using an EOQ model.

Required:

Identify whether increasing the size of inventory orders will increase, decrease, or have no effect on each of the following items.

- _____ a. Average inventory
- _____ b. Cost of goods sold
- _____ c. Number of orders per year
- _____ d. Total annual carrying costs
- _____ e. Total annual carrying and ordering costs
- _____ f. Total annual ordering costs

Answer: <https://biology-forums.com/index.php?topic=268557>

Question 1752

Put the following ABC implementation steps in order _____.

- A Compute the allocation rates.
- B Compute the total cost of the products.
- C Identify the products that are the cost objects.
- D Select the cost allocation bases.

- A) DACB
- B) DBCA
- C) BADC
- D) CDAB

Answer: <https://biology-forums.com/index.php?topic=267042>

Question 1753

When the purpose of cost allocation is to provide information for economic decisions or to motivate managers and employees, the best criteria are _____.

- A) the cause-and-effect and the ability-to bear criteria
- B) the cause-and-effect and the benefits-received criteria
- C) the benefits-received and the fairness criteria
- D) the fairness and the ability-to-bear criteria

Answer: <https://biology-forums.com/index.php?topic=268035>

Question 1754

The sales-quantity variance will be unfavorable when _____.

- A) the composite unit for the actual mix is less than for the budgeted mix
- B) the actual unit sales are less than the budgeted unit sales
- C) the actual contribution margin per unit is less than the static-budget contribution margin
- D) the actual sales mix shifts toward the less profitable units

Answer: <https://biology-forums.com/index.php?topic=268080>

Question 1755

If separable costs of Butter Cream was 16,000 and constant gross margin was 25%, what would have been the total allocated joint costs of production?

- A) \$37,675
- B) \$33,700
- C) \$30,238
- D) \$34,500

Answer: <https://biology-forums.com/index.php?topic=268224>

Question 1756

Craylon Corp. is planning the 2015 operating budget. Average operating assets of \$1,800,000 will be used during the year and unit selling prices are expected to average \$100 each. Variable costs of the division are budgeted at \$500,000, while fixed costs are set at \$300,000. The company's required rate of return is 18%.

Required:

- Compute the sales volume necessary to achieve a 20% ROI.
- The division manager receives a bonus of 50% of residual income. What is his anticipated bonus for 2015, assuming he achieves the 20% ROI from part (a)?

Answer: <https://biology-forums.com/index.php?topic=268870>

Question 1757

Briefly explain each of the four levels of control. Why does a company need to implement more than a diagnostic control system?

Answer: <https://biology-forums.com/index.php?topic=268880>

Question 1758

Participation of employees in the budgeting process helps _____.

- create greater commitment towards the budget
- create demanding but achievable budget
- decrease deviations from the budget
- secure communication of sensitive information

Answer: <https://biology-forums.com/index.php?topic=267116>

Question 1759

Short-run prices should at least recover _____.

- full cost of producing a product
- fixed manufacturing overhead
- variable cost of producing a product
- variable and fixed manufacturing overhead

Answer: <https://biology-forums.com/index.php?topic=267916>

Question 1760

Prime costs include _____.

- direct materials and direct manufacturing labor costs
- direct manufacturing labor and manufacturing overhead costs
- direct materials and manufacturing overhead costs
- only direct materials

Answer: <https://biology-forums.com/index.php?topic=266738>

Question 1761

When using the five-step decision process, which one of the following steps should be done first?

- obtain information
- choose an alternative
- evaluation and feedback
- implementing the decision

Answer: <https://biology-forums.com/index.php?topic=267656>

Question 1762

What are the implications of JIT and backflush costing systems for activity-based costing (ABC) systems?

Answer: <https://biology-forums.com/index.php?topic=268607>

Question 1763

Using master-budget capacity to set selling prices _____.

- avoids the recalculation of unit costs when expected demand levels change
- spreads fixed costs over available capacity
- can result in a downward demand spiral
- uses the perspective of long-run product pricing

Answer: <https://biology-forums.com/index.php?topic=267536>

Question 1764

The Enor Machine Company is evaluating a capital expenditure proposal that requires an initial investment of \$99,360 and has predicted cash inflows of \$20,000 per year for 8 years. It will have no salvage value.

Required:

- Using a required rate of return of 10%, determine the net present value of the investment proposal.
- Determine the proposal's internal rate of return.

Answer: <https://biology-forums.com/index.php?topic=268661>

Question 1765

Which of the following is a stage of the capital budgeting process that forecasts all potential cash flows attributable to the alternative projects?

- identify projects stage
- make decisions by choosing among alternatives stage
- implement the decision, evaluate performance, and learn stage
- make predictions stage

Answer: <https://biology-forums.com/index.php?topic=268616>

Question 1766

Post-investment audits prevent managers from overstating the expected cash inflows from projects and accepting projects they should reject.

Answer: <https://biology-forums.com/index.php?topic=268691>

Question 1767

Which of the following is a disadvantage of single-rate method?

- It is very costly to implement.
- It may lead operating department managers to make sub-optimal decisions that are in their own best interest.
- It does not signal to department managers how variable costs and fixed costs behave differently.
- It requires managers to distinguish variable costs from fixed costs, which is often a challenging task.

Answer: <https://biology-forums.com/index.php?topic=268097>

Question 1768

Post-investment audits _____.

- result in managers to overstate the expected cash inflows from projects and accept projects they should reject
- provide management with feedback about the performance of a project
- include obtaining appropriation requests so that the funding will be authorized to purchase the equipment
- are usually not feasible in a large project because the cost accounting system does not collect actual costs at the same level of detail as the initial plans had

Answer: <https://biology-forums.com/index.php?topic=268688>

Question 1769

Product costs for financial statements may refer to _____.

- inventoriable costs for external reporting purposes
- exchange cost incurred during transportation
- only the costs incurred along the supply chain
- opportunity costs incurred for the decisions forgone

Answer: <https://biology-forums.com/index.php?topic=266756>

Question 1770

Managers find operation costing useful in cost management because it _____.

- often results in profit maximization
- results in cost minimization
- focuses on control of physical processes of a given production system
- uses job costing to account for the conversion costs and process costing for the material and customizable components

Answer: <https://biology-forums.com/index.php?topic=268339>

Question 1771

A learning curve is a function _____.

- that measures the decline in labor-hours per unit due to workers becoming better at a job
- that increases at a greater rate as workers become more familiar with their tasks
- where unit costs increase as productivity increases

D) that is linear

Answer: <https://biology-forums.com/index.php?topic=267624>

Question 1772

For January, budgeted gross margin is _____.

- A) \$100,000
- B) \$140,000
- C) \$60,000
- D) \$50,000

Answer: <https://biology-forums.com/index.php?topic=267154>

Question 1773

Bock Construction Company is considering four proposals for the construction of new loading facilities that will include the latest in ship loading/unloading equipment. After careful analysis, the company's accountant has developed the following information about the four proposals:

Proposal 1 Proposal 2 Proposal 3 Proposal 4

Payback period 4 years 4.5 years 6 years 7 years

Net present value \$80,000 \$178,000 \$166,000 \$308,000

Internal rate of return 12% 14% 11% 13%

Accrual accounting rate of return 8% 6% 4% 7%

Required:

How can this information be used in the decision-making process for the new loading facilities? Does it cause any confusion?

Answer: <https://biology-forums.com/index.php?topic=268676>

Question 1774

What is an operating department and how is it different from a support department? Give examples of each.

Answer: <https://biology-forums.com/index.php?topic=268103>

Question 1775

The ending balance in the Work-in-Process Control account represents the costs of all jobs that _____.

- A) have not been completed
- B) have been completed but not sold
- C) have been completed and sold to customers
- D) are reported on the income statement

Answer: <https://biology-forums.com/index.php?topic=266943>

Question 1776

Which of the following statements is true about responsibility accounting statements?

- A) Responsibility accounting excludes controllable costs.
- B) Responsibility accounting segregates fixed costs and variable costs.
- C) Responsibility accounting excludes fixed costs and variable costs.
- D) Responsibility accounting segregates uncontrollable costs from controllable costs.

Answer: <https://biology-forums.com/index.php?topic=267198>

Question 1777

The markup percentage for setting prices as a percentage of the variable cost of the product is _____.

- A) 328.9%
- B) 36.6%
- C) 228.5%
- D) 65.3%

Answer: <https://biology-forums.com/index.php?topic=267976>

Question 1778

Lights Manufacturing produces a single product that sells for \$125. Variable costs per unit equal \$50. The company expects total fixed costs to be \$75,000 for the next month at the projected sales level of 1,000 units. What is the current breakeven point in terms of number of units?

- A) 800 units
- B) 1033 units
- C) 667 units
- D) 1,000 units

Answer: <https://biology-forums.com/index.php?topic=266810>

Question 1779

Esther Baskets Company expects to manufacture and sell 20,000 baskets in 2016 for \$5 each. There are 4,000 baskets in beginning finished goods inventory with target ending inventory of 5,000 baskets. The company keeps no work-in-process inventory. What amount of sales revenue will be reported on the 2016 budgeted income statement?

- A) \$105,000
- B) \$100,000
- C) \$95,000
- D) \$55,000

Answer: <https://biology-forums.com/index.php?topic=267144>

Question 1780

Time-series data analysis includes _____.

- A) using a variety of time periods to measure the dependent variable
- B) using the highest and lowest observation
- C) observing different entities during the same time period
- D) comparing information in different cost pools

Answer: <https://biology-forums.com/index.php?topic=267595>

Question 1781

_____ is an organization's ability to offer products or services that are perceived by its customers as being superior and unique relative to those of its competitors.

- A) Strategy
- B) Product differentiation
- C) Cost leadership
- D) The balanced scorecard

Answer: <https://biology-forums.com/index.php?topic=267791>

Question 1782

What is the operating income using variable costing?

- A) \$125,125
- B) \$85,125
- C) \$65,000
- D) \$60,125

Answer: <https://biology-forums.com/index.php?topic=267463>

Question 1783

Using pages printed as the only overhead cost driver, what is the manufacturing overhead cost estimate for Money Managers during 2015?

- A) \$5,000
- B) \$3,500
- C) \$4,200
- D) \$6,000

Answer: <https://biology-forums.com/index.php?topic=267025>

Question 1784

What were the equivalent units for materials for February?

- A) 193,000 chairs
- B) 173,000 chairs
- C) 163,000 chairs
- D) 153,000 chairs

Answer: <https://biology-forums.com/index.php?topic=268312>

Question 1785

In a process-costing system average unit costs are calculated _____.

- A) by dividing total costs in a given accounting period by total units produced in that period
- B) by multiplying total costs in a given accounting period by total units produced in that period
- C) by dividing total costs in a given accounting period by units started in that period
- D) by multiplying total costs in a given accounting period by units started in that period

Answer: <https://biology-forums.com/index.php?topic=268274>

Question 1786

In determining product cost, what concerns does a manufacturing firm have when contracting with a government agency?

Answer: <https://biology-forums.com/index.php?topic=266765>

Question 1787

Sandra Clothing Company has invested \$48,000,000 in its business. The target rate of return for the company is 15%. It has long-term assets of \$20,000,000. Cost of debt for the company is 12%. It expects to sell 8,000 units in the upcoming year. What will be the target operating income per unit for Sandra Clothing Company?

- A) \$300
- B) \$375
- C) \$720
- D) \$900

Answer: <https://biology-forums.com/index.php?topic=267977>

Question 1788

What is the total sales value at the splitoff point of the pencil casings?

- A) \$21,600
- B) \$27,000
- C) \$26,775
- D) \$20,880

Answer: <https://biology-forums.com/index.php?topic=268198>

Question 1789

To apply CVP analysis in not-for profit organization _____.

- A) managers need to focus on the customer base rather than the cost drivers
- B) managers need to focus on measuring their output, which is the same as tangible units sold by manufacturing and merchandising companies
- C) managers need to focus on measuring their input, which is different from the tangible units consumed by manufacturing and merchandising companies
- D) managers need to focus on measuring their output, which is different from the tangible units sold by manufacturing and merchandising companies

Answer: <https://biology-forums.com/index.php?topic=266863>

Question 1790

Customer-satisfaction measures are an example of the _____.

- A) goal-congruence approach
- B) balanced scorecard approach
- C) financial report scorecard approach
- D) investment success approach

Answer: <https://biology-forums.com/index.php?topic=268795>

Question 1791

A system that comprises a single database that collects data and feeds it into software applications supporting all of a company's business activities is known as a(n) _____.

- A) economic order quantity (EOQ) system
- B) enterprise resource planning (ERP) system
- C) just-in-time (JIT) system
- D) material requirements planning (MRP) system

Answer: <https://biology-forums.com/index.php?topic=268590>

Question 1792

In _____, fixed manufacturing costs are included as inventoriable costs.

- A) variable costing
- B) absorption costing
- C) throughput costing
- D) activity-based costing

Answer: <https://biology-forums.com/index.php?topic=267443>

Question 1793

Explain the importance of customer-profitability analysis.

Answer: <https://biology-forums.com/index.php?topic=268018>

Question 1794

There are basically two distinct methods of calculating product costs.

Required:

Compare and contrast the two methods.

Answer: <https://biology-forums.com/index.php?topic=268270>

Question 1795

ABC systems create _____.

- A) one large cost pool
- B) homogenous activity-related cost pools
- C) activity-cost pools with a broad focus
- D) activity-cost pools containing many direct costs

Answer: <https://biology-forums.com/index.php?topic=267008>

Question 1796

A favorable efficiency variance for direct manufacturing labor indicates that _____.

- A) a lower wage rate than planned was paid for direct labor
- B) a higher wage rate than planned was paid for direct labor
- C) less direct manufacturing labor-hours were used during production than planned for actual output
- D) more direct manufacturing labor-hours were used during production than planned for actual output

Answer: <https://biology-forums.com/index.php?topic=267282>

Question 1797

Discuss the importance of the sales forecast and items that influence its accuracy.

Answer: <https://biology-forums.com/index.php?topic=267176>

Question 1798

Manufacturing cycle time is _____.

- A) the amount of time it takes from when an order is ready to start on the production line to when the product or service is delivered to the customer
- B) the amount of time it takes to deliver a completed order to a customer plus its waiting time
- C) the amount of time it takes from when a customer places an order for a product or requests a service to when the product or service is delivered to the customer
- D) the amount of time it takes from when an order is ready to start on the production line to when it becomes a finished good plus its waiting time

Answer: <https://biology-forums.com/index.php?topic=268484>

Question 1799

_____ perspective of the balanced scorecard focuses on a company's own operations that create value for customers that, in turn, help achieve financial objectives.

- A) Financial
- B) Customer
- C) Internal-business-process
- D) Learning-and-growth

Answer: <https://biology-forums.com/index.php?topic=267815>

Question 1800

Among different types of costs associated with inventory, four categories of quality costs are _____.

- A) control costs, inspection costs, internal failure costs, and external failure costs
- B) prevention costs, inspection costs, internal failure costs, and external failure costs
- C) prevention costs, appraisal costs, internal failure costs, and external failure costs
- D) prevention costs, control costs, internal failure costs, and external failure costs

Answer: <https://biology-forums.com/index.php?topic=268528>

Question 1801

The difference between keeping the old machine and replacing the old machine is _____.

- A) \$518,000 in favor of keeping the old machine
- B) \$168,000 in favor of keeping the old machine
- C) \$518,000 in favor of replacing the old machine

D) \$168,000 in favor of replacing the old machine

Answer: <https://biology-forums.com/index.php?topic=267776>

Question 1802

Which of the following statements is true of just-in-time production systems?

- A) In a just-in-time production system, a master production schedule specifies the quantity and timing of each item to be produced.
- B) Sales budget triggers each step of the production process in a just in time production system.
- C) Defects arising at one workstation affect other workstations in the line quickly because of the tight links between workstations.
- D) Production is organized in manufacturing cells in a just in time production system, which are production centers that use a "push-through" approach whereby finished goods are manufactured on the basis of demand forecasts.

Answer: <https://biology-forums.com/index.php?topic=268589>

Question 1803

What conflicts can arise between using discounted cash flow methods for capital budgeting decisions and accrual accounting for performance evaluation? How can these conflicts be reduced?

Answer: <https://biology-forums.com/index.php?topic=268692>

Question 1804

An example of a numerator reason for calculating annual indirect-cost rates includes _____.

- A) fewer production workdays in a month
- B) cost of raw materials purchased
- C) higher snow-removal costs during the winter
- D) the number of units produced

Answer: <https://biology-forums.com/index.php?topic=266896>

Question 1805

Heliem Corp. uses the balanced scorecard technique to achieve its long term objectives. Managers of Heliem came to know that all the balanced scorecards objectives were achieved other than financial perspective measures for the previous period. While the learning and growth and internal business processes perspective measures were achieved with relative ease, Heliem had to strive extremely hard to achieve customer oriented measures. The company had failed miserably in achieving its financial measures.

Using the given information, evaluate the strategy of Heliem and its implementation.

Answer: <https://biology-forums.com/index.php?topic=267832>

Question 1806

Predatory pricing is a type of price discrimination that _____.

- A) allows prices to be cut to the level of variable costs
- B) is required when a company declares bankruptcy so that it can sell its remaining goods quickly
- C) is used in the food industry for perishable goods
- D) deliberately sets prices very low, sometimes even below costs, to minimize competition

Answer: <https://biology-forums.com/index.php?topic=267997>

Question 1807

Which of the following is generally expressed through a short-run budget?

- A) operational plans
- B) expansion plans
- C) strategic plans
- D) startup plans

Answer: <https://biology-forums.com/index.php?topic=267102>

Question 1808

Costs of normal spoilage are usually accounted for as _____.

- A) a deduction from the cost of goods sold
- B) a component of the costs of good units manufactured
- C) a "loss from normal spoilage account" in income statement
- D) a liability on a balance sheet

Answer: <https://biology-forums.com/index.php?topic=268359>

Question 1809

In cost allocation, R&D costs are used _____.

- A) to provide information for economic decisions
- B) to report to external parties when using generally accepted accounting principles
- C) to calculate costs of a government contract
- D) to calculate prime cost of a product

Answer: <https://biology-forums.com/index.php?topic=268053>

Question 1810

In a combined 3-variance analysis, the total spending variance would be _____.

- A) \$20,500 F
- B) \$22,500 U
- C) \$20,500 U
- D) \$37,500 F

Answer: <https://biology-forums.com/index.php?topic=267418>

Question 1811

It is most difficult to estimate _____ because of the need to predict demand for the next few years.

- A) practical capacity
- B) theoretical capacity
- C) master-budget capacity utilization
- D) normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267544>

Question 1812

The minimum transfer price equals _____.

- A) opportunity costs less the additional outlay costs
- B) opportunity costs times 125% plus the additional outlay costs
- C) opportunity costs divided by the additional outlay costs
- D) incremental costs plus opportunity costs

Answer: <https://biology-forums.com/index.php?topic=268780>

Question 1813

Silas has been recently promoted to head his department. He is responsible for maximizing the profits of the department and to ensure that the earnings are ploughed back into the business. Silas is most likely to head a (n) _____.

- A) revenue center
- B) investment center
- C) cost center
- D) profit center

Answer: <https://biology-forums.com/index.php?topic=267195>

Question 1814

Beta Corp reported the following:

Revenues \$2,500
Variable manufacturing costs \$ 300
Variable nonmanufacturing costs \$ 480
Fixed manufacturing costs \$ 350
Fixed nonmanufacturing costs \$ 270

Required:

- a. Compute contribution margin.
- b. Compute gross margin.
- c. Compute operating income.

Answer: <https://biology-forums.com/index.php?topic=266868>

Question 1815

In multiple regression, when two or more independent variables are highly correlated with one another, the situation is known as _____.

- A) heteroscedasticity
- B) homoscedasticity
- C) multicollinearity
- D) autocorrelation

Answer: <https://biology-forums.com/index.php?topic=267644>

Question 1816

Which of the following is a stage of the capital-budgeting process that tracks realized cash flows and compares those against estimated numbers?

- A) implement the decision, evaluate performance, and learn stage
- B) make predictions stage
- C) identify projects stage
- D) make decisions by choosing among alternatives stage

Answer: <https://biology-forums.com/index.php?topic=268618>

Question 1817

Explain the difference between a joint product and a byproduct. Can a byproduct ever become a joint product? Also, can a joint product ever become a byproduct?

Answer: <https://biology-forums.com/index.php?topic=268183>

Question 1818

Leslie Manufacturing reported the following:

Revenue \$450,000
Beginning inventory of direct materials, January 1, 2015 20,000
Purchases of direct materials 156,000
Ending inventory of direct materials, December 31, 2015 18,000
Direct manufacturing labor 21,000
Indirect manufacturing costs 42,000
Beginning inventory of finished goods, January 1, 2015 40,000
Cost of goods manufactured 114,000
Ending inventory of finished goods, December 31, 2015 45,000
Operating costs 150,000

What is Leslie's operating income?

- A) \$186,000
- B) \$128,000
- C) \$177,000
- D) \$191,000

Answer: <https://biology-forums.com/index.php?topic=266739>

Question 1819

While allocating corporate costs to divisions _____.

- A) only fixed costs should be allocated
- B) no homogeneous cost pools should be constructed
- C) all the costs in the cost pool should not have the same or a similar cause-and-effect or benefits-received relationship with the cost-allocation base
- D) allocate both variable and fixed costs to divisions and then to customers

Answer: <https://biology-forums.com/index.php?topic=268048>

Question 1820

Which component of strategy measures the reduction in costs attributable to a reduction in the quantity of inputs used in Year 2 relative to the quantity of inputs that would have been used in Year 1 to produce the Year 2 output?

- A) the growth component
- B) the price-recovery component
- C) the productivity component
- D) the cost leadership component

Answer: <https://biology-forums.com/index.php?topic=267836>

Question 1821

Which of the following denotes minimum transfer price?

- A) Minimum transfer price = Incremental cost per unit incurred up to the point of transfer + Opportunity cost per unit to the selling subunit
- B) Minimum transfer price = Total cost per unit incurred up to the point of transfer + Sunk cost per unit to the selling subunit
- C) Minimum transfer price = Current cost per unit incurred up to the point of transfer + Historical cost per unit to the selling subunit
- D) Minimum transfer price = Variable cost per unit incurred up to the point of transfer + Fixed cost per unit to the selling subunit

Answer: <https://biology-forums.com/index.php?topic=268779>

Question 1822

Which of the following is true of refinement of a costing system?

- A) While refining a costing system, companies should identify as many indirect costs as is economically feasible.
- B) A homogeneous cost pool will use multiple cost drivers to allocate costs.
- C) It reduces the use of broad averages for assigning the cost of resources to cost objects.
- D) It is likely to yield the most decision-making benefits when direct costs are a high percentage of total costs.

Answer: <https://biology-forums.com/index.php?topic=267003>

Question 1823

Product-cost cross-subsidization _____.

- A) exists when one overcosted product results in more than one other product being overcosted
- B) means that if a company undercosts more than one of its products, it will overcost more than one of its other products
- C) means that if a company undercosts one of its products, it will overcost at least one of its other products
- D) exists only when one overcosted product results in all other products being overcosted

Answer: <https://biology-forums.com/index.php?topic=266998>

Question 1824

Life-cycle budgeting is particularly important when _____.

- A) the development period for R&D is short and inexpensive
- B) there are significant nonproduction costs
- C) most costs are locked in during production
- D) a low percentage of costs are incurred before any revenues are received

Answer: <https://biology-forums.com/index.php?topic=267980>

Question 1825

When demand for a product is very elastic and prices are increased, demand will _____.

- A) remain the same, and operating profits will increase
- B) remain the same, and operating profits may either increase or decrease
- C) decrease, and operating profits will decrease
- D) decrease, and operating profits may either increase or decrease

Answer: <https://biology-forums.com/index.php?topic=267991>

Question 1826

The ending balance of direct materials inventory is _____.

- A) \$92,000
- B) \$174,000
- C) \$82,000
- D) \$108,000

Answer: <https://biology-forums.com/index.php?topic=266959>

Question 1827

_____ identifies an estimated price customers are willing to pay and then computes the cost to be achieved to earn the desired profit.

- A) Cost-plus pricing
- B) Target costing
- C) Kaizen costing
- D) Peak-load costing

Answer: <https://biology-forums.com/index.php?topic=267937>

Question 1828

Norton's Convenience store has a variable demand. The daily demand ranges from 270 to 330 customers a day who average purchasing 5 items each. The average daily demand is 300 customers. The convenience store currently operates 12 hours a day. Each order takes approximately 2 minutes.

Required:

- a. What is the average customer waiting time, in minutes?
- b. What is the cycle time for an order?
- c. Norton has decided that the waiting time is too long and has increased the hours the store is open to 15 hours. What is the waiting time now?

Answer: <https://biology-forums.com/index.php?topic=268504>

Question 1829

If the incremental method were used, what amount of cost would be allocated to the start-up business?

- A) \$40,000
- B) \$50,000

C) \$46,000

D) \$42,000

Answer: <https://biology-forums.com/index.php?topic=268137>

Question 1830

Super Shoes Company manufactures sneakers. The Athletic Division sells its socks for \$18 a pair to outsiders. Sneakers have manufacturing costs of \$6.00 each for variable and \$6.00 for fixed. The division's total fixed manufacturing costs are \$315,000 at the normal volume of 70,000 units.

The European Division has offered to buy 15,000 Sneakers at the full cost of \$12. The Athletic Division has excess capacity and the 15,000 units can be produced without interfering with the current outside sales of 70,000. The 85,000 volume is within the division's relevant operating range.

Explain whether the Athletic Division should accept the offer.

Answer: <https://biology-forums.com/index.php?topic=268762>

Question 1831

The cost-plus pricing approach is generally in the form _____.

A) Cost base + Markup component = Prospective selling price

B) Prospective selling price - Cost base = Markup component

C) Cost base + Gross margin = Prospective selling price

D) Variable cost + Fixed cost + Contribution margin = Prospective selling price

Answer: <https://biology-forums.com/index.php?topic=267963>

Question 1832

Which of the following statements best define splitoff point in joint costing?

A) It is the point at which managers decide to discontinue one or more of the products.

B) It is the point at which the managers decide to outsource some of its production processes.

C) It is the juncture in a joint production process when two or more products become separately identifiable.

D) It is the juncture at which decisions determining joint costs of various products to be produced are taken.

Answer: <https://biology-forums.com/index.php?topic=268165>

Question 1833

Managers use _____ to ensure employees' intrinsic motivation, the desire to achieve self-satisfaction for performing well regardless of external rewards such as bonuses or promotion.

A) diagnostic control systems

B) boundary systems

C) belief systems

D) interactive control systems

Answer: <https://biology-forums.com/index.php?topic=268878>

Question 1834

For Bauer Manufacturing, what is the annual manufacturing overhead cost-allocation rate for the Machining Department?

A) \$4.00

B) \$4.20

C) \$4.67

D) \$5.25

Answer: <https://biology-forums.com/index.php?topic=266956>

Question 1835

When a product is the result of a joint process, the decision to process the product past the splitoff point further should be influenced by the _____.

A) total amount of the joint costs

B) portion of the joint costs allocated to the individual products

C) extra revenue earned past the splitoff point

D) extra operating income earned past the splitoff point

Answer: <https://biology-forums.com/index.php?topic=268246>

Question 1836

What amount of conversion costs is assigned to the ending Work-in-Process account for April?

A) \$140,952

B) \$95,000

C) \$70,476

D) \$247,500

Answer: <https://biology-forums.com/index.php?topic=268310>

Question 1837

Successful implementation of a product differentiation strategy will result in _____.

- A) a large favorable growth and price-recovery components
- B) a large favorable price-recovery and productivity components
- C) a large favorable productivity and growth components
- D) only a large favorable growth component

Answer: <https://biology-forums.com/index.php?topic=267844>

Question 1838

What is budgeted cost of goods sold for 2016?

- A) \$720,000
- B) \$582,400
- C) \$691,200
- D) \$640,000

Answer: <https://biology-forums.com/index.php?topic=267183>

Question 1839

Under GAAP, only _____ can be assigned to inventories in the financial statements.

- A) manufacturing costs
- B) period costs
- C) cost of goods sold
- D) historical costs

Answer: <https://biology-forums.com/index.php?topic=266755>

Question 1840

Process costing should be used to assign costs to products when _____.

- A) the units produced are similar
- B) cost reduction is the top most priority
- C) the units produced are dissimilar
- D) cost reduction is not the primary objective

Answer: <https://biology-forums.com/index.php?topic=268265>

Question 1841

To improve customer profitability, companies should track _____.

- A) only the final invoice price of a sale
- B) the volume of the products purchased by each customer
- C) the location of each customer
- D) the customer profile

Answer: <https://biology-forums.com/index.php?topic=268007>

Question 1842

Which of the following is a problem related to cost analysis?

- A) fixed costs are allocated as if they are variable costs
- B) extreme observations are adjusted or removed
- C) a company keeps accounting records on the accrual basis
- D) inflationary effects are removed

Answer: <https://biology-forums.com/index.php?topic=267640>

Question 1843

A "what-if" technique that examines how a result will change if the original predicted data are NOT achieved or if an underlying assumption changes is called _____.

- A) sensitivity analysis
- B) net present value analysis
- C) internal rate-of-return analysis
- D) adjusted rate-of-return analysis

Answer: <https://biology-forums.com/index.php?topic=268646>

Question 1844

The amount of time from when an order is ready to start on the production line to when it becomes a finished good is referred to as _____.

- A) manufacturing time
- B) time driver
- C) customer-response time
- D) delivery time

Answer: <https://biology-forums.com/index.php?topic=268483>

Question 1845

Which of the following statements is true of gross-margin format of the income statement?

- A) It distinguishes between manufacturing and nonmanufacturing costs.
- B) It distinguishes variable costs from fixed costs.
- C) It is used for variable costing.
- D) It calculates the contribution margin from sales.

Answer: <https://biology-forums.com/index.php?topic=267457>

Question 1846

Costs expensed on the income statement in the accounting period incurred are called _____.

- A) direct costs
- B) indirect costs
- C) period costs
- D) inventoriable costs

Answer: <https://biology-forums.com/index.php?topic=266720>

Question 1847

Which of the journal entries properly records conversion costs?

- A) Conversion Costs 400,000
Various Accounts 400,000
- B) Various Accounts 400,000
Conversion Costs 400,000
- C) Conversion Costs 400,000
Inventory: Direct Materials 400,000
- D) Inventory: Direct Materials 400,000
Conversion Costs 400,000

Answer: <https://biology-forums.com/index.php?topic=268599>

Question 1848

When using a physical-volume measure, what is the approximate amount of joint costs that will be allocated to cream and liquid skim?

- A) \$1,386,804 and \$893,196
- B) \$1,140,000 and \$1,140,000
- C) \$1,368,000 and \$912,000
- D) \$1,254,00 and \$1,026,000

Answer: <https://biology-forums.com/index.php?topic=268204>

Question 1849

What is the allocated corporate costs for Division A?

- A) \$500,000
- B) \$600,000
- C) \$300,000
- D) \$200,000

Answer: <https://biology-forums.com/index.php?topic=268049>

Question 1850

Serile Pharma places 900 units in production during the month of January. All 900 units are completed during the month. It had no opening inventory. Direct material costs added during January was \$81,000 and conversion costs added during January was \$9,000. What is the total cost per unit of the product produced during January?

- A) \$100
- B) \$90
- C) \$80
- D) \$10

Answer: <https://biology-forums.com/index.php?topic=268276>

Question 1851

For Golden Generator Supply, what is the minimum acceptable price of this one-time-only special order?

- A) \$1,800
- B) \$2,000
- C) \$2,150
- D) \$2,580

Answer: <https://biology-forums.com/index.php?topic=267924>

Question 1852

Which of the following capacity levels do proponents of activity-based costing recommend to be used as the denominator level to calculate activity cost rates?

- A) practical capacity
- B) normal capacity utilization
- C) theoretical capacity
- D) master-budget capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267545>

Question 1853

The fundamental rethinking and redesign of business processes to achieve improvements in critical measures of performance, such as cost, quality, service, speed, and customer satisfaction is _____.

- A) directing
- B) controlling
- C) reengineering
- D) structuring

Answer: <https://biology-forums.com/index.php?topic=267801>

Question 1854

Sharing sales information throughout the supply chain leads to _____.

- A) larger stockouts
- B) increased manufacturing of products not immediately needed by retailers
- C) fewer manufacturing orders that had to be expedited
- D) higher inventories held by each company in the supply chain

Answer: <https://biology-forums.com/index.php?topic=268572>

Question 1855

Supply the missing data for each of the following proposals:

	Proposal A	Proposal B	Proposal C
Initial investment (a)	\$62,900	\$226,000	
Annual net cash inflow	\$60,000	(c)	(e)
Life, in years	10	6	10
Salvage value	\$0	\$10,000	\$0
Payback period in years (b)	(d)	5.65	
Internal rate of return	12%	24%	(f)

Answer: <https://biology-forums.com/index.php?topic=268668>

Question 1856

Which of the following statements is a valid argument for Argon to reduce its manufacturing capacity?

- A) Argon's strategy is to grow its business as L3 have unlimited demand.
- B) Argon can call back the expelled employees if the reduced capacity level proves to be insufficient.
- C) Argon already has a high employee turnover rate and a few more will make no difference.
- D) Argon wants to reduce product costs as they want to be the cost leaders.

Answer: <https://biology-forums.com/index.php?topic=267871>

Question 1857

Which of the following statements is true of a post-investment audit?

- A) It encourages managers to overstate the expected cash inflows from projects and accept projects they should reject.
- B) It helps managers avoid optimistic estimate errors.
- C) It does not help senior management to recognize problems in the implementation of the project.
- D) It provides managers with feedback about the performance of a project so they can compare the actual results to the costs and benefits expected at

the time the project was selected.

Answer: <https://biology-forums.com/index.php?topic=268686>

Question 1858

Which of the following is an advantage of decentralization?

- A) It creates greater responsiveness to local needs.
- B) It focuses managers' attention on the organization as a whole.
- C) It does not result in a duplication of activities.
- D) It encourages suboptimal decision making.

Answer: <https://biology-forums.com/index.php?topic=268710>

Question 1859

Which of the following is a sign that an ABC system may be useful for an organization?

- A) Significant amounts of indirect costs are allocated using multiple cost pools.
- B) Products make similar demands on resources because of similarities in volume, process steps, batch size, or complexity.
- C) Many indirect costs are described as batch-level costs, product-sustaining costs, or facility-sustaining costs.
- D) Operations staff disagrees with accountants about the costs of manufacturing and marketing products and services.

Answer: <https://biology-forums.com/index.php?topic=267064>

Question 1860

_____ is the fundamental rethinking and redesign of business processes to achieve improvements in critical measures of performance such as cost, quality, service, speed, and customer satisfaction.

- A) Strategy
- B) Product differentiation
- C) Product designing
- D) Reengineering

Answer: <https://biology-forums.com/index.php?topic=267799>

Question 1861

What are the indirect manufacturing costs per remote control assuming an activity-based-costing method is used and a batch of 50 remote controls are produced? The batch requires 100 parts, 6 direct manufacturing labor hours, and 2.5 minutes of inspection time.

- A) \$4.00 per remote control
- B) \$6.55 per remote control
- C) \$24.00 per remote control
- D) \$327.50 per remote control

Answer: <https://biology-forums.com/index.php?topic=267056>

Question 1862

Appraisal costs _____.

- A) are costs incurred to prevent the production of products that do not conform to specifications
- B) are costs incurred to detect which of the individual units of products do not conform to specifications
- C) are costs incurred on defective products before they are shipped to customers
- D) are costs incurred on defective products after they have been shipped to customers

Answer: <https://biology-forums.com/index.php?topic=268438>

Question 1863

500 shirts are sold as seconds at \$12 per shirt. Cost of spoiled shirts is \$500,000. Cost of shirts at inspection point equals \$9,500,000. Calculate the net cost of the spoilage.

- A) \$9,494,000
- B) \$494,000
- C) \$506,000
- D) \$9,506,000

Answer: <https://biology-forums.com/index.php?topic=268405>

Question 1864

What is the total flexible-budget variance in terms of the contribution margin?

- A) \$900,000 favorable
- B) \$850,000 favorable
- C) \$320,000 unfavorable
- D) \$360,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=268086>

Question 1865

If the number of employees is considered the cost driver, what amount of library and information center costs will be allocated to Department A?

- A) \$30,000
- B) \$33,750
- C) \$0
- D) \$66,667

Answer: <https://biology-forums.com/index.php?topic=267578>

Question 1866

What are the period costs per unit associated with Product ORD203?

- A) \$5
- B) \$12
- C) \$17
- D) \$18

Answer: <https://biology-forums.com/index.php?topic=266726>

Question 1867

Which of the following is true of target pricing?

- A) It is used for short-term pricing decisions.
- B) It is one form of cost-based pricing.
- C) Its estimates are based on customers' perceived value of the product.
- D) It is calculated by adding a markup component to the cost base.

Answer: <https://biology-forums.com/index.php?topic=267930>

Question 1868

In some industries, such as legal and consulting, most costs are locked in _____.

- A) when they are incurred
- B) during the design stage
- C) during the customer-service stage
- D) during the marketing stage

Answer: <https://biology-forums.com/index.php?topic=267956>

Question 1869

The step-down method _____.

- A) partially recognizes the services provided among support departments
- B) does not recognize the total services that support departments provide to each other
- C) is conceptually the most precise method
- D) results in allocating only the support costs used by operating departments

Answer: <https://biology-forums.com/index.php?topic=268118>

Question 1870

ABC systems help managers to _____.

- A) value ending inventory more accurately
- B) identify new designs to reduce costs
- C) evaluate direct material costs more efficiently
- D) improve the inventory turnaround time

Answer: <https://biology-forums.com/index.php?topic=267084>

Question 1871

The cash budget is a schedule of expected cash receipts and disbursements that _____.

- A) requires an aging of accounts receivable and accounts payable
- B) is a self-liquidating cycle
- C) is prepared immediately after the sales forecast
- D) predicts the effect on the cash position at given levels of operations

Answer: <https://biology-forums.com/index.php?topic=267219>

Question 1872

Managing inventories to increase net income requires companies to effectively manage costs associated with goods for sale.

Required:

Classify the below listed items as either Purchasing Costs, Ordering Costs, Carrying Costs, Stockout Costs, Costs of Quality, or Shrinkage Costs.

- _____ a. costs of obtaining purchase approvals
- _____ b. costs resulting from embezzlement by employees
- _____ c. internal failure costs
- _____ d. opportunity cost of the investment tied up in inventory
- _____ e. costs associated with storage
- _____ f. costs of lost sales as a result of not having an item requested by a customer
- _____ g. freight-in charges
- _____ h. special processing costs
- _____ i. costs of wages for work-in-process inspections
- _____ j. costs that result from misclassifications and clerical errors

Answer: <https://biology-forums.com/index.php?topic=268530>

Question 1873

Discuss the potential use of nonlinear curves in cost functions and cost analysis. Give some examples.

Answer: <https://biology-forums.com/index.php?topic=267634>

Question 1874

Extracts from cost information of Hebar Corp.:

Simple L3 Pack Complex L7 Pack Total
Setup cost allocated using direct labor-hours \$18,750 \$6,250 \$25,000
Setup cost allocated using setup-hours \$13,200 \$11,800 \$25,000

Which of the following statement is true of Hebar's setup costs under traditional costing?

- A) L3 pack is undercosted by \$5,550
- B) L7 pack is undercosted by \$5,450
- C) L3 pack is overcosted by \$5,550
- D) L7 pack is overcosted by \$5,550

Answer: <https://biology-forums.com/index.php?topic=267013>

Question 1875

Which of the following statements is true?

- A) The economic, legal, political, social, and cultural environments differ across countries.
- B) The import quotas and tariffs remain the same across all countries according to the standards set by United Nations.
- C) The advances in telecommunications and transportation, the availability of materials and skilled labor does not differ significantly across countries.
- D) The fixed rate policy is followed across all countries to avoid price fluctuations and inflation.

Answer: <https://biology-forums.com/index.php?topic=268855>

Question 1876

Smiley Face Company manufactures signs from direct materials to the finished product. This is considered _____.

- A) insourcing
- B) outsourcing
- C) right-shoring
- D) fragmentation

Answer: <https://biology-forums.com/index.php?topic=267717>

Question 1877

Explain two concerns when interpreting the production-volume variance as a measure of the economic cost of unused capacity.

Answer: <https://biology-forums.com/index.php?topic=267408>

Question 1878

Flexible-budget variance = \$200,000 (F); sales-volume variance = \$350,000 (U); sales-mix variance = \$300,000 (F); calculate the static-budget variance.

- A) \$150,000 (U)
- B) \$300,000 (U)
- C) \$300,000 (F)
- D) \$250,000 (F)

Answer: <https://biology-forums.com/index.php?topic=268066>

Question 1879

Which of the following is a disadvantage of an activity-based costing system?

- A) It classifies some indirect costs as direct costs.
- B) It assumes all costs as direct costs.
- C) It needs activity-cost rates to be updated regularly.
- D) It ignores direct costs of a product.

Answer: <https://biology-forums.com/index.php?topic=267087>

Question 1880

In an effective balanced scorecard, _____.

- A) net income serves as the best indicator for the hard-to measure long-run nonfinancial performance
- B) sales budget serves as one of the leading indicator for the hard-to measure short-run financial performance
- C) sales budget serves as a leading indicator for the hard-to measure short-run nonfinancial performance
- D) customer satisfaction serves as one of the leading indicator for the hard-to measure long-run financial performance

Answer: <https://biology-forums.com/index.php?topic=267806>

Question 1881

Relevant costs for target pricing are _____.

- A) variable manufacturing costs
- B) variable manufacturing and variable nonmanufacturing costs
- C) all fixed costs
- D) all future costs, both variable and fixed

Answer: <https://biology-forums.com/index.php?topic=267933>

Question 1882

Direct material costs are usually locked in when they are _____.

- A) designed
- B) assembled
- C) sold
- D) delivered

Answer: <https://biology-forums.com/index.php?topic=267950>

Question 1883

Control measures should _____.

- A) be set and not changed until the next budget cycle
- B) be set by excluding nonfinancial information
- C) be kept confidential from employees so that competitors don't have an opportunity to gain a competitive advantage
- D) be linked by feedback to help future planning

Answer: <https://biology-forums.com/index.php?topic=266576>

Question 1884

Relevant total costs in the economic order quantity decision model equal relevant ordering costs plus relevant _____.

- A) carrying costs
- B) stockout costs
- C) quality costs
- D) purchasing costs

Answer: <https://biology-forums.com/index.php?topic=268547>

Question 1885

What are Wheels's and Assembly's residual incomes based on book values, respectively?

- A) \$74,000; \$28,500
- B) \$61,800; \$70,000
- C) \$63,500; \$59,500
- D) \$28,500; \$74,000

Answer: <https://biology-forums.com/index.php?topic=268849>

Question 1886

Dolph and Evan started the DE Restaurant in 20X3. They rented a building, bought equipment, and hired two employees to work full time at a fixed

monthly salary. Utilities and other operating charges remain fairly constant during each month.

During the past two years, the business has grown with average sales increasing 1% a month. This situation pleases both Dolph and Evan, but they do not understand how sales can grow by 1% a month while profits are increasing at an even faster pace. They are afraid that one day they will wake up to increasing sales but decreasing profits.

Required:

Explain why the profits have increased at a faster rate than sales. Use the terms variable costs and fixed costs in your response.

Answer: <https://biology-forums.com/index.php?topic=266845>

Question 1887

What is the static-budget variance of operating income?

- A) \$10,000 favorable
- B) \$10,000 unfavorable
- C) \$12,000 favorable
- D) \$12,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267238>

Question 1888

A manufacturing firm produces multiple families of products requiring various combinations of different types of parts. Of the following, the most appropriate cost driver for assigning materials handling costs to the various products is _____.

- A) direct labor hours
- B) number of units produced
- C) number of parts used
- D) number of suppliers involved

Answer: <https://biology-forums.com/index.php?topic=267047>

Question 1889

When variances are immaterial, which of the following statements is true of the journal entry to write-off the variable overhead variance accounts?

- A) Cost of Goods Sold account will always be debited.
- B) Unfavorable efficiency variance will be credited.
- C) Favorable efficiency variance will be credited.
- D) Cost of Goods Sold account will always be credited.

Answer: <https://biology-forums.com/index.php?topic=267378>

Question 1890

Sodius Chemical Inc. placed 220,000 liters of direct materials into the mixing process. At the end of the month, 5,000 liters were still in process, 30% converted as to labor and factory overhead. All direct materials are placed in mixing at the beginning of the process and conversion costs occur evenly during the process. Sodius uses weighted-average costing.

Required:

- a. Determine the equivalent units in process for direct materials and conversion costs, assuming there was no beginning inventory.
- b. Determine the equivalent units in process for direct materials and conversion costs, assuming that 12,000 liters of chemicals were 40% complete prior to the addition of the 220,000 liters.

Answer: <https://biology-forums.com/index.php?topic=268290>

Question 1891

Ways to "produce for inventory" that result in increasing operating income include _____.

- A) switching production to products that absorb the least amounts of fixed manufacturing costs
- B) delaying items that absorb the greatest amount of fixed manufacturing costs
- C) deferring maintenance to accelerate production
- D) undervaluing ending inventory by not recording certain costs that have been incurred

Answer: <https://biology-forums.com/index.php?topic=267490>

Question 1892

Which of the following statements is true of choosing cost drivers under activity-based costing?

- A) All the cost drivers should be unit-level cost drivers.
- B) There should be a clear cause-and-effect relationship between cost drivers and cost pools.
- C) Cost drivers are independent variables.
- D) A single cost driver should be identified for all the activities.

Answer: <https://biology-forums.com/index.php?topic=267618>

Question 1893

When comparing the operating incomes between absorption costing and variable costing, and ending finished inventory exceeds beginning finished inventory, it may be assumed that _____.

- A) sales decreased during the period
- B) variable cost per unit is more than fixed cost per unit
- C) there is a favorable production-volume variance
- D) absorption costing operating income exceeds variable costing operating income

Answer: <https://biology-forums.com/index.php?topic=267467>

Question 1894

Discuss the three methods to dispose of production volume variance.

Answer: <https://biology-forums.com/index.php?topic=267553>

Question 1895

Which of following is a firm's risk of outsourcing the production of a part?

- A) fluctuation in the manufacturing costs
- B) leakage of intellectual property
- C) increased need of skilled workers
- D) scarcity of indirect labor

Answer: <https://biology-forums.com/index.php?topic=267711>

Question 1896

If Talium Services Inc. does not use one of its limited resources in the best possible way, the lost contribution to income could be called a(n) _____.

- A) business function cost
- B) carrying cost
- C) opportunity cost
- D) sunk cost

Answer: <https://biology-forums.com/index.php?topic=267722>

Question 1897

When using a normal costing system, manufacturing overhead is allocated using the _____ manufacturing overhead rate and the _____ quantity of the allocation base.

- A) budgeted; actual
- B) budgeted; budgeted
- C) actual; budgeted
- D) actual; actual

Answer: <https://biology-forums.com/index.php?topic=266920>

Question 1898

A company may choose to keep one set of accounting records for tax reporting and a second set for internal management reporting.

Answer: <https://biology-forums.com/index.php?topic=268789>

Question 1899

What is the budgeted operating income for the month assuming that Alex sells 175 tables?

- A) \$45,250
- B) \$37,000
- C) \$36,250
- D) \$36,750

Answer: <https://biology-forums.com/index.php?topic=266791>

Question 1900

Eliminating excess capacity is an initiative to achieve the _____ perspective under a balanced scorecard.

- A) marketing
- B) customer
- C) learning and growth
- D) internal-business-process

Answer: <https://biology-forums.com/index.php?topic=267821>

Question 1901

For each type of report listed below, identify one planning decision and one controlling decision for which the information would be helpful. Assume you are a Walgreen Company store.

Item:

- a. annual financial statements for the past three years
- b. report detailing sales by department by each hour of the day for the past week
- c. special study regarding increased road traffic due to the construction of a new shopping mall at a near-by intersection

Answer: <https://biology-forums.com/index.php?topic=266581>

Question 1902

What is the manufacturing cost for the ending finished goods inventory?

- A) \$12,000
- B) \$8,000
- C) \$11,000
- D) \$5,000

Answer: <https://biology-forums.com/index.php?topic=266673>

Question 1903

"Levers of control," in addition to a diagnostic control system, are needed in an organization because _____.

- A) diagnostic controls have been found to lead to poor financial performance
- B) diagnostic controls have no place in a balanced scorecard system
- C) pressure to perform on diagnostic controls may lead to unethical behavior
- D) they are mandated by the Financial Accounting Standards Board

Answer: <https://biology-forums.com/index.php?topic=268879>

Question 1904

Manufacturing overhead costs in an automobile manufacturing plant most likely include _____.

- A) labor costs of the painting department
- B) indirect material costs such as lubricants
- C) leather seat costs
- D) tyre costs

Answer: <https://biology-forums.com/index.php?topic=266696>

Question 1905

Why is decentralization costly?

Answer: <https://biology-forums.com/index.php?topic=268720>

Question 1906

The adjusted allocation approach yields the benefits of _____.

- A) timeliness and convenience of normal costing
- B) allocating budgeted manufacturing overhead costs at the end of the year
- C) write-off to the cost of goods sold approach
- D) the proration approach

Answer: <https://biology-forums.com/index.php?topic=266972>

Question 1907

Costs incurred in precluding the production of products that do not conform to specifications are _____.

- A) prevention costs
- B) appraisal costs
- C) internal failure costs
- D) external failure costs

Answer: <https://biology-forums.com/index.php?topic=268437>

Question 1908

To reduce the excessive focus of subunit managers on their own subunits, many companies compensate subunit managers on the basis of _____.

- A) both the operating income earned by their respective subunits and the company as a whole
- B) both the investing income earned by their respective subunits and the company as a whole
- C) only the investing income earned by their respective subunits
- D) both the net income and earned by their respective subunits and the company as a whole

Answer: <https://biology-forums.com/index.php?topic=268733>

Question 1909

Explain how using master-budget capacity utilization for setting prices can lead to a downward demand spiral.

Answer: <https://biology-forums.com/index.php?topic=267550>

Question 1910

Service-sector companies _____.

- A) provide intangible products
- B) purchase and then sell tangible products without changing their basic form
- C) purchase and then sell tangible products by changing their basic form
- D) purchase materials and components and convert them into finished goods

Answer: <https://biology-forums.com/index.php?topic=266683>

Question 1911

Which of the following statements is true of costs associated with goods for sale?

- A) Information-gathering technology increases the reliability and timeliness of inventory information and increases the costs related to inventory.
- B) Opportunity costs are not recorded in financial accounting systems because they are not a significant component in several cost categories.
- C) The costs of receiving and inspecting the items are included in the purchase orders are ordering costs.
- D) Opportunity costs are recorded in financial accounting systems but are a not significant component in several cost categories.

Answer: <https://biology-forums.com/index.php?topic=268529>

Question 1912

Should a company with high fixed costs and unused capacity raise selling prices to try to fully recoup its costs?

Answer: <https://biology-forums.com/index.php?topic=267551>

Question 1913

What is the actual contribution margin for the month?

- A) \$9,680
- B) \$9,350
- C) \$10,560
- D) \$9,900

Answer: <https://biology-forums.com/index.php?topic=268084>

Question 1914

The difference between operating incomes under variable costing and absorption costing centers on how to account for _____.

- A) direct materials costs
- B) fixed manufacturing costs
- C) variable manufacturing costs
- D) selling and administrative costs

Answer: <https://biology-forums.com/index.php?topic=267465>

Question 1915

What actions might be taken with an unprofitable customer?

Answer: <https://biology-forums.com/index.php?topic=268025>

Question 1916

Which of the following best describes a transfer price?

- A) It is the price charged by an organization when it transfer goods to another organization in lieu of services provided by it.
- B) It is the price that is to be used while calculating revenue from sales to customers for tax purposes.
- C) It is the price that is charged by a department of an organization when it sells its goods to its competitors.
- D) It is the price one subunit charges for a product or service supplied to another subunit of the same organization.

Answer: <https://biology-forums.com/index.php?topic=268722>

Question 1917

Operating decisions primarily deal with _____.

- A) the best use of scarce resources
- B) how to obtain funds to acquire resources
- C) acquiring equipment and buildings
- D) satisfying stockholders

Answer: <https://biology-forums.com/index.php?topic=267099>

Question 1918

Fluty Corporation manufactures a product that has two parts, A and B. It is currently considering two alternative proposals related to these parts. The first proposal is for buying Part A. This would free up some of the plant space for the manufacture of more of Part B and assembly of the final product. The product vice president believes the additional production of the final product can be sold at the current market price. No other changes in manufacturing would be needed.

The second proposal is for buying new equipment for the production of Part B. The new equipment requires fewer workers and uses less power to operate. The old equipment has a net disposal value of zero.

Required:

Tell whether the following items are relevant or irrelevant for each proposal. Treat each proposal independently.

- Total variable manufacturing overhead, Part A
- Total variable manufacturing overhead, Part B
- Cost of old equipment for manufacturing Part B
- Cost of new equipment for manufacturing Part B
- Total variable selling and administrative costs
- Sales revenue of the product
- Total variable costs of assembling final products
- Total direct manufacturing materials, Part A
- Total direct manufacturing materials, Part B
- Total direct manufacturing labor, Part A
- Total direct manufacturing labor, Part B

Answer: <https://biology-forums.com/index.php?topic=267699>

Question 1919

What is the static-budget variance of operating income?

- \$85,000 favorable
- \$90,000 unfavorable
- \$110,000 favorable
- \$105,000 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267240>

Question 1920

Explain how a top-selling product may actually result in losses for the company.

Answer: <https://biology-forums.com/index.php?topic=267001>

Question 1921

An organization that is using the product differentiation approach would _____.

- focus on tight cost control
- use innovative research and development
- provide products that are similar to competitors
- offer products at a lower cost than competitors

Answer: <https://biology-forums.com/index.php?topic=267793>

Question 1922

Which of the following items is debited to the Work-in-Process account?

- allocated manufacturing overhead
- completed goods transferred out of the plant
- accumulated depreciation on fixed assets
- accounts receivable

Answer: <https://biology-forums.com/index.php?topic=266947>

Question 1923

When a job is complete _____.

- actual indirect manufacturing labor is excluded from the total cost of the job
- Finished Goods Control is debited
- the cost of the job is transferred to Manufacturing Overhead Control
- it is reduced from Manufacturing Overhead Control account

Answer: <https://biology-forums.com/index.php?topic=266951>

Question 1924

_____ is a method of inventory costing in which only variable manufacturing costs are included as inventoriable costs.

- A) Fixed costing
- B) Variable costing
- C) Absorption costing
- D) Mixed costing

Answer: <https://biology-forums.com/index.php?topic=267447>

Question 1925

If each motorcycle requires a belt that costs \$20 and 2,000 motorcycles are produced for the month, the total cost for belts is _____.

- A) considered to be a direct fixed cost
- B) considered to be a direct variable cost
- C) considered to be an indirect fixed cost
- D) considered to be an indirect variable cost

Answer: <https://biology-forums.com/index.php?topic=266651>

Question 1926

The flexible-budget variance for materials is _____.

- A) \$1,500 favorable
- B) \$1,500 unfavorable
- C) \$1,300 unfavorable
- D) \$1,300 favorable

Answer: <https://biology-forums.com/index.php?topic=267255>

Question 1927

It only makes sense to implement an ABC system when _____.

- A) a single product is produced in bulk
- B) its benefits exceed its implementation costs
- C) it traces more costs as direct costs
- D) production process is labor-intensive

Answer: <https://biology-forums.com/index.php?topic=267063>

Question 1928

A master budget _____.

- A) is the initial plan of what the company intends to accomplish in the period and evolves from both the operating and financing decisions
- B) is a substitute for the management functions of planning and coordination
- C) improves companies' market capitalization and evolves from both the investing and financing decisions
- D) provides an ethical framework for decision making

Answer: <https://biology-forums.com/index.php?topic=267101>

Question 1929

Challenging budgets tend to _____.

- A) discourage out-of-the-box and creative thinking as there is very little room for error
- B) set unrealistic expectations and are perceived as overly ambitious and unachievable
- C) increase anxiety without motivation not meeting them is viewed as a failure
- D) motivate improved performance as employees work more intensely to avoid failure

Answer: <https://biology-forums.com/index.php?topic=267110>

Question 1930

Comparison of the actual results for a project to the costs and benefits expected at the time the project was selected is referred to as _____.

- A) the audit trail
- B) management control
- C) a post-investment audit
- D) a cost-benefit analysis

Answer: <https://biology-forums.com/index.php?topic=268687>

Question 1931

Product cost for reimbursement under government contracts includes _____.

- A) marketing costs
- B) design costs
- C) production costs
- D) research and development costs

Answer: <https://biology-forums.com/index.php?topic=266752>

Question 1932

Which of the following statements is true in the case of budgeting for multinational companies?

- A) While budgeting for multinational companies, managers consider difference in tax statutes as an uncontrollable factor.
- B) While budgeting for multinational companies, managers do not account for foreign exchange fluctuations as the operating profits are reported in different currencies.
- C) While budgeting for multinational companies, managers must be aware that budgets will not be used for evaluating performance.
- D) While budgeting for multinational companies, managers are not concerned about the domestic factors of the different countries in which they operate.

Answer: <https://biology-forums.com/index.php?topic=267215>

Question 1933

Baby Care Products has just completed a very successful program of improving quality in its manufacturing operations. The next step is to improve the operations of its administrative functions, starting with the accounting information system. As the manager of the accounting operations, you are requested to begin a quality improvement program.

Required:

What are some possibilities of finding out about the current status of quality in the accounting system?

Answer: <https://biology-forums.com/index.php?topic=268467>

Question 1934

Full costs of a product are the sum of _____.

- A) fixed costs and sunk costs in all the business functions of the value chain
- B) variable costs and sunk costs in all the business functions of the value chain
- C) all variable and fixed costs in all the business functions of the value chain
- D) fixed costs, variable costs, and sunk costs in the value chain

Answer: <https://biology-forums.com/index.php?topic=267679>

Question 1935

What is the flexible-budget amount for variable manufacturing overhead?

- A) \$83,025
- B) \$82,350
- C) \$76,860
- D) \$77,490

Answer: <https://biology-forums.com/index.php?topic=267351>

Question 1936

What is the transfer price per pair of shoes from the Stitching Division to the Polishing Division if the method used to place a value on each pair of shoes is 180% of variable costs?

- A) \$18.00
- B) \$32.40
- C) \$43.20
- D) \$57.60

Answer: <https://biology-forums.com/index.php?topic=268739>

Question 1937

Capital budgeting is a process of _____.

- A) tracing overhead costs to products by focusing on the activities that drive costs
- B) assigning identified costs to specific cost objectives or cost centers
- C) measuring an organization's operations, products, and services against those of competitors recognized as market leaders
- D) making long-run planning decisions for investments in projects

Answer: <https://biology-forums.com/index.php?topic=268623>

Question 1938

Which of the following is a benefit of budgeting?

- A) It helps investors to value stocks.
- B) It helps managers gather information for improving future performance.
- C) It helps managers to take marketing decisions.
- D) It helps in increasing market capitalization of the company.

Answer: <https://biology-forums.com/index.php?topic=267118>

Question 1939

Which of the following is true of plant utility costs?

- A) It increases the Materials Control account.
- B) It increases the Manufacturing Overhead Control account.
- C) It increases the Work-in-Process Control account.
- D) It is a direct cost.

Answer: <https://biology-forums.com/index.php?topic=266941>

Question 1940

The following information pertains to the Emerald Corp:

- Beginning work-in-process inventory \$ 75,000
- Ending work-in-process inventory 85,000
- Beginning finished goods inventory 175,000
- Ending finished goods inventory 200,000
- Cost of goods manufactured 1,200,000

What is cost of goods sold?

- A) \$1,210,000
- B) \$1,175,000
- C) \$1,185,000
- D) \$1,225,000

Answer: <https://biology-forums.com/index.php?topic=266741>

Question 1941

Which of the following cost and cost allocation base have a strong cause and effect relationship?

- A) administration costs and cubic feet
- B) setup costs and square feet
- C) machine depreciation and output units
- D) machine maintenance and setup hours

Answer: <https://biology-forums.com/index.php?topic=267044>

Question 1942

The Perize Corporation used regression analysis to predict the annual cost of indirect materials. The results were as follows:

Indirect Materials Cost Explained by Units Produced

- Constant \$15,685
- Standard error of Y estimate \$3,500
- r² 0.7832
- Number of observations 20
- X coefficient(s) 10.25
- Standard error of coefficient(s) 2.1876

- A) $Y = \$15,685 + \$10.25X$
- B) $Y = \$3,500 + \$5.15X$
- C) $Y = \$19,185 + \$4.48X$
- D) $Y = \$12,285 + \$10.25X$

Answer: <https://biology-forums.com/index.php?topic=267642>

Question 1943

_____ measures the relationship between actual inputs used and actual outputs achieved.

- A) Strategy map
- B) Planning variance
- C) Productivity
- D) Discretionary costs

Answer: <https://biology-forums.com/index.php?topic=267878>

Question 1944

What is the number of total spoiled units?

- A) 16,000 units
- B) 7,000 units
- C) 15,000 units
- D) 13,000 units

Answer: <https://biology-forums.com/index.php?topic=268374>

Question 1945

When individual activities within a cost pool have a similar relationship with the cost driver, the cost pool _____.

- A) is not considered for customer-profitability analysis
- B) need multiple cost drivers
- C) is considered a homogeneous cost pool
- D) is considered an allocated cost pool

Answer: <https://biology-forums.com/index.php?topic=268051>

Question 1946

Direct Disk Drive Company operates a computer disk manufacturing plant. Direct materials are added at the end of the process. The following data were for June 20X5:

Work in process, beginning inventory 25,000 units

Transferred-in costs (100% complete)

Direct materials (0% complete)

Conversion costs (90% complete)

Transferred in during current period 165,000 units

Completed and transferred out 185,000 units

Work in process, ending inventory 5,000 units

Transferred-in costs (100% complete)

Direct materials (0% complete)

Conversion costs (65% complete)

How many units must be accounted for during the period?

- A) 215,000 units
- B) 190,000 units
- C) 169,500 units
- D) 140,000 units

Answer: <https://biology-forums.com/index.php?topic=268335>

Question 1947

Which of the following is a disadvantage of using target costing?

- A) It may lead to an increase in all the non-value added cost of the product
- B) It may lead to a product being in development stage for a long time as the team repeatedly evaluates alternative designs.
- C) It may lead to increased employee participation in the cost reduction process of the organization thereby making it impossible to co-ordinate the process.
- D) It eliminates creativity in the manufacturing process as the focus is always on cost reduction and cost elimination.

Answer: <https://biology-forums.com/index.php?topic=267953>

Question 1948

What is the theoretical capacity for the month?

- A) 1,000,000 units
- B) 720,000 units
- C) 518,800 units
- D) 240,000 units

Answer: <https://biology-forums.com/index.php?topic=267526>

Question 1949

What is the percentage of the total variable costs per unit associated with Product ORD105 with respect to total cost?

- A) 72%
- B) 68%
- C) 75%
- D) 70%

Answer: <https://biology-forums.com/index.php?topic=266661>

Question 1950

What is the flexible-budget amount?

- A) \$134,375.50
- B) \$124,740.00
- C) \$129,937.50
- D) \$133,000.00

Answer: <https://biology-forums.com/index.php?topic=267388>

Question 1951

The optimal safety stock level is the quantity of safety stock that minimizes the sum of the annual relevant _____.

- A) stockout costs and carrying costs
- B) ordering costs and carrying costs
- C) ordering costs and stockout costs
- D) ordering costs and purchasing costs

Answer: <https://biology-forums.com/index.php?topic=268556>

Question 1952

Why do we need to accumulate and calculate unit costs in process costing (and also job costing)?

Answer: <https://biology-forums.com/index.php?topic=268271>

Question 1953

The lower the inputs for a given set of outputs or the higher the outputs for a given set of inputs, the higher the level of _____.

- A) overallocation
- B) expenditure
- C) productivity
- D) labor costs

Answer: <https://biology-forums.com/index.php?topic=267875>

Question 1954

Price discounts are influenced by _____.

- A) the volume of product purchased
- B) the prime cost of production
- C) the operational budget
- D) the contribution -margin per unit

Answer: <https://biology-forums.com/index.php?topic=268010>

Question 1955

Van Meter Fig Company has substantial fluctuations in its production costs because of the seasonality of figs.

Would you recommend an actual or budgeted allocation base? Why? Would you recommend calculating monthly, seasonal, or annual allocation rates? Why?

Answer: <https://biology-forums.com/index.php?topic=268104>

Question 1956

An organization that is using the cost leadership approach would _____.

- A) incur costs for innovative R&D
- B) provide products at a higher cost than competitors
- C) focus on productivity through efficiency improvements
- D) bring products to market rapidly

Answer: <https://biology-forums.com/index.php?topic=267794>

Question 1957

When analyzing the change in operating income, the strategy component of productivity will increase when _____.

- A) capacity is reduced
- B) quality is enhanced
- C) selling prices are increased
- D) more units are produced and sold

Answer: <https://biology-forums.com/index.php?topic=267842>

Question 1958

What is the Gamma Division's return on investment (d)?

- A) 0.25
- B) 0.45
- C) 0.60
- D) 0.75

Answer: <https://biology-forums.com/index.php?topic=268819>

Question 1959

For merchandising companies, inventoriable costs include _____.

- A) sales costs
- B) incoming freight costs
- C) distribution costs
- D) outgoing freight costs

Answer: <https://biology-forums.com/index.php?topic=266712>

Question 1960

Management accounting is considered most likely to be successful when it _____.

- A) helps creditors evaluate the company's performance
- B) helps investors improve their decisions
- C) is timely
- D) is relevant and reported annually

Answer: <https://biology-forums.com/index.php?topic=266579>

Question 1961

Payment of the factory rent increases the _____.

- A) Work-in-Process Control account
- B) Manufacturing Overhead Control account
- C) Cost of Goods Sold account
- D) Factory Depreciation account

Answer: <https://biology-forums.com/index.php?topic=266940>

Question 1962

Budgeted costs are _____.

- A) the costs incurred this year
- B) the costs incurred last year
- C) planned or forecasted costs
- D) competitor's costs

Answer: <https://biology-forums.com/index.php?topic=266619>

Question 1963

Which of the following is true of COQ measures?

- A) They forecast customer satisfaction and employee satisfaction, which are useful indicators of long-run performance.
- B) They focus managers' attention on how poor quality affects operating income.
- C) They direct attention to financial processes that help managers identify the precise problem areas that need improvement.
- D) They provide immediate short-run feedback on whether quality-improvement efforts are succeeding.

Answer: <https://biology-forums.com/index.php?topic=268478>

Question 1964

Among different types of costs associated with inventory, the incoming freight charges of inventories are _____.

- A) purchasing costs
- B) ordering costs
- C) stockout costs
- D) carrying costs

Answer: <https://biology-forums.com/index.php?topic=268521>

Question 1965

The actual information pertains to the month of September. As part of the budgeting process, Kriger Fencing Company developed the following static

budget for September. Kriger is in the process of preparing the flexible budget and understanding the results.

	Actual	Flexible	Static
Results	Budget	Budget	Budget
Sales volume (in units)	10,000	12,500	
Sales revenues	\$500,000	\$625,000	
Variable costs	256,000	\$ _____	300,000
Contribution margin	244,000	\$ 325,000	
Fixed costs	229,000	\$ _____	225,000
Operating profit	\$ 15,000	\$ 100,000	

The primary reason for low operating profits was _____.

- A) the variable-cost variance
- B) increased fixed costs
- C) a poor management accounting system
- D) lower sales volume than planned

Answer: <https://biology-forums.com/index.php?topic=267259>

Question 1966

Which of the following is an example of financial performance measure?

- A) number of square yards of cloth used to produce 1,000 jackets
- B) direct manufacturing labor efficiency variance
- C) the percentage of jackets started and completed without requiring any rework
- D) quality of direct material

Answer: <https://biology-forums.com/index.php?topic=267316>

Question 1967

Crush Company makes internal transfers at 160% of full cost. The Soda Refining Division purchases 40,000 containers of carbonated water per day, on average, from a local supplier, who delivers the water for \$40 per container via an external shipper. To reduce costs, the company located an independent supplier in Illinois who is willing to sell 40,000 containers at \$30 each, delivered to Crush Company's Shipping Division in Missouri. The company's Shipping Division in Missouri has excess capacity and can ship the 40,000 containers at a variable cost of \$4.50 per container. What is the total cost of purchasing the water from the Illinois supplier and shipping it to the Soda Division?

- A) \$1,200,000
- B) \$1,380,000
- C) \$1,600,000
- D) \$180,000

Answer: <https://biology-forums.com/index.php?topic=268759>

Question 1968

The breakeven point decreases if _____.

- A) the variable cost per unit increases
- B) the total fixed costs decrease
- C) the contribution margin per unit decreases
- D) the selling price per unit decreases

Answer: <https://biology-forums.com/index.php?topic=266797>

Question 1969

Which of the following is true of sustainability?

- A) It helps in implementing strategies to improve the product.
- B) It concerns with purchase of material in larger quantities.
- C) It helps the development and implementation of strategies to achieve long-term financial, social, and environmental goals.
- D) It helps manufacturing firms produce products more efficiently ensuring lower costs at an optimum use of available resources.

Answer: <https://biology-forums.com/index.php?topic=266566>

Question 1970

At the end of January, budgeted accounts receivable is _____.

- A) \$40,000
- B) \$80,000
- C) \$120,000
- D) \$160,000

Answer: <https://biology-forums.com/index.php?topic=267224>

Question 1971

Fixed overhead costs include _____.

- A) the cost of sales commissions
- B) property taxes paid on plant facilities
- C) energy costs
- D) indirect materials

Answer: <https://biology-forums.com/index.php?topic=267329>

Question 1972

Which of the following journal entries records the standard costs of direct materials assigned to units worked on and total direct materials variances assuming that the Assembly Department used 10% less materials than expected?

- A) Work in Process — Assembly 320,000
Assembly Department Materials Cost Control 320,000
- B) Work in Process — Assembly 320,000
Direct Materials Variance 32,000
Assembly Department Materials Cost Control 288,000
- C) Work in Process — Assembly 32,000
Assembly Department Materials Cost Control 32,000
- D) Work in Process — Assembly 288,000
Direct Materials Variances 32,000
Assembly Department Materials Cost Control 320,000

Answer: <https://biology-forums.com/index.php?topic=268345>

Question 1973

_____, in the perspective of an effective management control, is the extent to which managers strive or endeavor in order to achieve a goal.

- A) Efficiency
- B) Effectiveness
- C) Effort
- D) Variance

Answer: <https://biology-forums.com/index.php?topic=268705>

Question 1974

A business which enters into a contract to purchase a product which compensates the manufacturer under a cost reimbursement agreement should take an active part in the determination of how joint costs are allocated because _____.

- A) the manufacturer may allocate a large portion of its other costs to these products
- B) the business need those information for its tax reporting purposes
- C) the FASB requires the business to participate in the cost allocation process
- D) it is an opportunity for the business to enhance its market knowledge

Answer: <https://biology-forums.com/index.php?topic=268185>

Question 1975

Which of the following statements about net income (NI) is true?

- A) NI = operating income plus nonoperating revenue.
- B) NI = operating income plus operating costs.
- C) NI = operating income less income taxes.
- D) NI = operating income less cost of goods sold.

Answer: <https://biology-forums.com/index.php?topic=266813>

Question 1976

The contribution per machine-hour is _____.

- A) \$18 for Standard, \$20 for Premium
- B) \$54 for Standard, \$80 for Premium
- C) \$15 for Standard, \$16 for Premium
- D) \$6 for Standard, \$5 for Premium

Answer: <https://biology-forums.com/index.php?topic=267745>

Question 1977

A primary consideration in assigning a cost to a responsibility center is _____.

- A) whether the cost is fixed or variable

- B) whether the cost is direct or indirect
- C) who can best control the change in that cost
- D) where in the organizational structure the cost was incurred

Answer: <https://biology-forums.com/index.php?topic=267202>

Question 1978

If a company set a standard of zero rework _____.

- A) all rework is treated as abnormal and is written off as a cost of the current period
- B) all rework is treated as normal and is written off as a cost of the current period
- C) all rework is treated as abnormal and is shown as a liability of the current period
- D) all rework is treated as normal and is shown as a liability of the current period

Answer: <https://biology-forums.com/index.php?topic=268419>

Question 1979

The Esther Valve Corporation was recently formed to produce a brass valve that forms an essential part of a compressor manufactured by a major corporation. The direct materials are added at the start of the production process while conversion costs are added uniformly throughout the production process. September is Parson's first month of operations, and therefore, there was no beginning inventory. Direct materials cost for the month totaled \$2,800,000, while conversion costs equaled \$3,600,000. Accounting records indicate that 1,600,000 valves were started in September and 1,400,000 valves were completed.

Ending inventory was 20% complete as to conversion costs.

Required:

- a. What is the total manufacturing cost per valve for September?
- b. Allocate the total costs between the completed valves and the valves in ending inventory.

Answer: <https://biology-forums.com/index.php?topic=268289>

Question 1980

What are the arguments for prorating a production-volume variance that has been deemed to be material among work-in-process, finished goods, cost and cost of goods sold as opposed to writing it all off to cost of goods sold?

Answer: <https://biology-forums.com/index.php?topic=267407>

Question 1981

Refining a cost system includes _____.

- A) classifying as many costs as indirect costs as is feasible
- B) creating as many cost pools as possible
- C) identifying the activities involved in a process
- D) seeking a lesser level of detail

Answer: <https://biology-forums.com/index.php?topic=267002>

Question 1982

Which of the following statements is true of an abnormal spoilage?

- A) It is a spoilage which is inherent in a particular production process.
- B) It arises even when the process is carried out in an efficient manner.
- C) It is usually regarded as avoidable and controllable.
- D) The costs of abnormal spoilage are typically included as a component of the costs of good units manufactured.

Answer: <https://biology-forums.com/index.php?topic=268366>

Question 1983

Job-cost records for Boucher Company contained the following data:

Total Cost

Date Date Date of Job

Job No. Started Finished Sold at June 30

220 May 18 June 12 June 20 \$6,000

221 May 20 June 19 June 21 4,000

222 June 7 July 5 July 12 7,000

223 June 10 June 28 July 1 6,500

224 June 19 July 16 July 25 8,000

Required:

- a. Compute WIP inventory at June 30.
- b. Compute finished goods inventory at June 30.
- c. Compute cost of goods sold for June.

Answer: <https://biology-forums.com/index.php?topic=266962>

Question 1984

What is the cost of tungsten carbide that will be assigned to vases finished and transferred to the finishing department for the month of July?

- A) \$30,000
- B) \$28,000
- C) \$26,000
- D) \$24,000

Answer: <https://biology-forums.com/index.php?topic=268287>

Question 1985

Process costing is _____.

- A) used to enhance employees' job satisfaction
- B) used by businesses to price unique products or identical products produced in batches
- C) used by businesses to price identical products
- D) used by businesses when manufacturing goods above normal capacity

Answer: <https://biology-forums.com/index.php?topic=266885>

Question 1986

_____ categorizes costs related to customers into different cost pools on the basis of either different classes of cost drivers or different degrees of difficulty in determining the cause-and-effect (or benefits-received) relationships.

- A) Customer-profitability analysis
- B) Customer revenues
- C) Customer cost hierarchy
- D) Price discounting

Answer: <https://biology-forums.com/index.php?topic=268016>

Question 1987

Discuss the cost-benefit approach guideline management accountants use to provide value in strategic decision making.

Answer: <https://biology-forums.com/index.php?topic=266590>

Question 1988

_____ includes providing financial information for reports to managers and shareholders, and overseeing the overall operations of the accounting system.

- A) Risk management
- B) Treasury management
- C) Controllership
- D) Strategic planning

Answer: <https://biology-forums.com/index.php?topic=266594>

Question 1989

Which of the following statements is true of costs and pricing decisions?

- A) Companies get profit from selling products only when they are the price makers.
- B) Companies supply products as long as the price the customer is willing to pay for its products exceeds the price that is charged by the competitor.
- C) Companies supply products as long as there is a demand for the product in the market regardless of the price at which the products are sold.
- D) Companies supply products as long as the revenues from selling the additional units exceed the cost of producing them.

Answer: <https://biology-forums.com/index.php?topic=267904>

Question 1990

Purple Trees manufactures rustic furniture. The cost accounting system estimates manufacturing costs to be \$240 per table, consisting of 60% variable costs and 40% fixed costs. The company has surplus capacity available. It is Purple Trees' policy to add a 75% markup to full costs. Purple Trees is invited to bid on a one-time-only special order to supply 100 rustic tables. What is the lowest price Purple Trees should bid on this special order?

- A) \$7,200
- B) \$12,000
- C) \$14,400
- D) \$42,000

Answer: <https://biology-forums.com/index.php?topic=267920>

Question 1991

Which option provides the least amount of risk?

- A) Option one
- B) Option two
- C) Both options provide the same amount of risk.
- D) Option one is risk-free

Answer: <https://biology-forums.com/index.php?topic=266833>

Question 1992

The time from which a machine is setup for order till the product becomes a manufactured good is _____.

- A) waiting time
- B) manufacturing time
- C) manufacturing cycle time
- D) customer-response time

Answer: <https://biology-forums.com/index.php?topic=268490>

Question 1993

What is goal congruence?

Answer: <https://biology-forums.com/index.php?topic=268707>

Question 1994

Which of the following steps in designing an accounting-based performance measure includes decisions such as defining assets as total assets or net assets in the calculation of return on assets?

- A) choosing performance measures that align with top management's financial goals
- B) choosing the time horizon of each performance measure
- C) choosing the details for each performance measure
- D) choosing a target level of performance

Answer: <https://biology-forums.com/index.php?topic=268798>

Question 1995

World Statues produces a specialty statue item. The following information has been provided by management:

Actual sales 10,000 units
Budgeted production 12,000 units
Selling price \$425 per unit
Direct material costs \$87.50 per unit
Fixed manufacturing costs \$62.50 per unit
Variable manufacturing costs \$50.00 per unit
Variable administrative costs \$25.00 per unit

Required:

- a. What is the cost per statue if absorption costing is used?
- b. What is the cost per statue if "super-variable costing" is used?
- c. What is the total throughput contribution?

Answer: <https://biology-forums.com/index.php?topic=267515>

Question 1996

What is the conversion cost per equivalent unit in June?

- A) \$552.00
- B) \$541.24
- C) \$441.24
- D) \$428.00

Answer: <https://biology-forums.com/index.php?topic=268303>

Question 1997

A favorable variance indicates that _____.

- A) budgeted costs are less than actual costs
- B) actual revenues exceed budgeted revenues
- C) actual operating income is less than the budgeted amount
- D) budgeted contribution margin is more than the actual amount

Answer: <https://biology-forums.com/index.php?topic=267236>

Question 1998

A product may be passed from one subunit to another subunit in the same organization. The product is known as a(n) _____.

- A) interdepartmental product
- B) intermediate product
- C) subunit product
- D) transfer product

Answer: <https://biology-forums.com/index.php?topic=268721>

Question 1999

The learning-curve models presented in the text examine _____.

- A) how quality increases over time
- B) how efficiency increases as more units are produced
- C) how setup costs decline as more workers are added
- D) the change in variable costs when quantity discounts are available

Answer: <https://biology-forums.com/index.php?topic=267629>

Question 2000

How many units were completed and transferred out of the Finishing Department during March?

- A) 1,000 units
- B) 1,200 units
- C) 1,700 units
- D) 2,000 units

Answer: <https://biology-forums.com/index.php?topic=268282>

Question 2001

Stewart Corporation plans to grow by offering a sound system, the SS3000, that is superior and unique from the competition. Stewart believes that putting additional resources into R&D and staying ahead of the competition with technological innovations is critical to implementing its strategy. To further company strategy, measures on the balanced scorecard would most likely include _____.

- A) number of process improvements
- B) manufacturing quality
- C) yield
- D) an increase in operating income from productivity gains

Answer: <https://biology-forums.com/index.php?topic=267826>

Question 2002

The budgeted indirect-cost rate for each cost pool is computed as _____.

- A) budgeted annual indirect costs divided by budgeted annual quantity of cost allocation base
- B) budgeted annual quantity of cost allocation base divided by budgeted annual indirect costs
- C) actual annual indirect costs divided by budgeted annual quantity of cost allocation base
- D) budgeted annual indirect costs divided by budgeted actual quantity of cost allocation base

Answer: <https://biology-forums.com/index.php?topic=266903>

Question 2003

The sales-mix variance is calculated by _____.

- A) deducting budgeted contribution margin based on actual units at budgeted mix from budgeted contribution margin based on actual units sold at the actual mix
- B) deducting budgeted contribution margin based on budgeted units at actual mix from budgeted contribution margin based on actual units sold at the budgeted mix
- C) deducting budgeted contribution margin based on actual units at actual mix from budgeted contribution margin based on budgeted units sold at the budgeted mix
- D) deducting budgeted contribution margin based on actual units at actual mix from budgeted contribution margin based on actual units sold at the actual mix

Answer: <https://biology-forums.com/index.php?topic=268068>

Question 2004

Accrual accounting rate of return is calculated by dividing _____.

- A) net initial investment by an increase in expected average annual after-tax operating income
- B) an increase in expected average annual after-tax operating income by the net initial investment
- C) an increase in expected average annual cash flow by the net initial investment

D) net initial investment by an increase in expected average annual cash flow

Answer: <https://biology-forums.com/index.php?topic=268669>

Question 2005

Define the terms main product, joint product, and byproduct. Give at least one example of each type of product.

Answer: <https://biology-forums.com/index.php?topic=268178>

Question 2006

Zephram Corporation has a plant capacity of 200,000 units per month. Unit costs at capacity are:

Direct materials \$4.00

Direct labor 6.00

Variable overhead 3.00

Fixed overhead 1.00

Marketing—fixed 7.00

Marketing/distribution—variable 3.60

Current monthly sales are 190,000 units at \$30.00 each. Q, Inc., has contacted Zephram Corporation about purchasing 2,000 units at \$24.00 each. Current sales would not be affected by the one-time-only special order. What is Zephram's change in operating profits if the one-time-only special order is accepted?

A) \$14,800 increase

B) \$17,200 increase

C) \$22,000 increase

D) \$33,200 increase

Answer: <https://biology-forums.com/index.php?topic=267689>

Question 2007

Alex Miller, Inc., sells car batteries to service stations for an average of \$30 each. The variable cost of each battery is \$20 and monthly fixed manufacturing costs total \$10,000. Other monthly fixed costs of the company total \$8,000.

Required:

a. What is the breakeven point in batteries?

b. What is the margin of safety, assuming sales total \$60,000?

c. What is the breakeven level in batteries, assuming variable costs increase by 20%?

d. What is the breakeven level in batteries, assuming the selling price goes up by 10%, fixed manufacturing costs decline by 10%, and other fixed costs decline by \$100?

Answer: <https://biology-forums.com/index.php?topic=266831>

Question 2008

Abby Company has just implemented a new cost accounting system that provides two variances for fixed manufacturing overhead. While the company's managers are familiar with the concept of spending variances, they are unclear as to how to interpret the production-volume overhead variances. Currently, the company has a production capacity of 54,000 units a month, although it generally produces only 46,000 units. However, in any given month the actual production is probably something other than 46,000.

Required:

a. Does the production-volume overhead variance measure the difference between the 54,000 and 46,000, or the difference between the 46,000 and the actual monthly production? Explain.

b. What advice can you provide the managers that will help them interpret the production-volume overhead variances?

Answer: <https://biology-forums.com/index.php?topic=267405>

Question 2009

Capacity constraints include _____.

A) increased demand of warranty services for a pharmaceutical product

B) increased need of display space for a retailer

C) decreased demand for a pharmaceutical product

D) increased fuel efficiency of cars

Answer: <https://biology-forums.com/index.php?topic=267736>

Question 2010

What are the three criteria a company should use to evaluate and choose a cost driver? Briefly explain each of the three criteria.

Answer: <https://biology-forums.com/index.php?topic=267619>

Question 2011

Which of the following is a nonlinear cost function?

- A) increase in revenues with increase in sales in units
- B) total fixed cost of \$25,000
- C) variable cost of \$5 per unit
- D) learning curve function

Answer: <https://biology-forums.com/index.php?topic=267620>

Question 2012

As per CVP, operating income calculations use _____.

- A) net income and dividends
- B) income tax expense and net income
- C) contribution margins and fixed costs
- D) nonoperating revenues and nonoperating expenses

Answer: <https://biology-forums.com/index.php?topic=266781>

Question 2013

A nonprofit organization aids the unemployed by supplementing their incomes by \$5,000 annually, while they seek new employment skills. The organization has fixed costs of \$200,000 and the budgeted appropriation for the year totals \$700,000. How many individuals can receive financial assistance this year?

- A) 115 people
- B) 110 people
- C) 100 people
- D) 95 people

Answer: <https://biology-forums.com/index.php?topic=266861>

Question 2014

Job costing information is used _____.

- A) to determine target customers
- B) to calculate the percentage of completion
- C) for internal financial reporting
- D) to enhance public relations

Answer: <https://biology-forums.com/index.php?topic=266872>

Question 2015

One concern with dual pricing is that it leads to disputes about which price should be used when computing the taxable income of subunits located in different tax jurisdictions.

Answer: <https://biology-forums.com/index.php?topic=268774>

Question 2016

The best method to determining weights for the stand-alone revenue-allocation method is _____.

- A) selling prices revenue-allocation method because the weights explicitly consider the prices customers are willing to pay for the individual products
- B) unit cost revenue-allocation method because it can be used on all occasions
- C) the direct revenue-allocation method since selling prices or unit costs are difficult to calculate for individual products
- D) physical-units revenue-allocation method because the physical units explicitly value the prices customers are willing to pay for the individual products

Answer: <https://biology-forums.com/index.php?topic=268155>

Question 2017

A manufacturing plant produces two product lines: golf equipment and soccer equipment. An example of indirect cost for the soccer equipment line is the _____.

- A) material used to make the soccer balls
- B) labor to shape the leather used to make the soccer ball
- C) material used to manufacture the soccer studs
- D) salary paid to plant supervisor

Answer: <https://biology-forums.com/index.php?topic=266634>

Question 2018

The spreading of underallocated or overallocated overhead among ending work-in-process, finished goods, and cost of goods sold is called _____.

- A) the adjusted allocation rate approach
- B) the proration approach
- C) the write-off of cost of goods sold approach

D) the weighted-average cost approach

Answer: <https://biology-forums.com/index.php?topic=266967>

Question 2019

List the four standards of ethical conduct for management accountants. For each standard, give an example that demonstrates compliance with that standard.

Answer: <https://biology-forums.com/index.php?topic=266615>

Question 2020

Under absorption costing, if a manager's bonus is tied to operating income, then increasing inventory levels compared to last year would result in _____.

- A) increasing the manager's bonus
- B) decreasing the manager's bonus
- C) not affecting the manager's bonus
- D) being unable to determine the manager's bonus using only the above information

Answer: <https://biology-forums.com/index.php?topic=267495>

Question 2021

A _____ is a diagram that describes how an organization creates value by connecting strategic objectives in explicit cause-and-effect relationships with each other in the balanced scorecard perspectives.

- A) value diagram
- B) balanced scoreboard
- C) strategic scorecard
- D) strategy map

Answer: <https://biology-forums.com/index.php?topic=267804>

Question 2022

Samuels Company is considering pricing its 10,000-gallon petroleum tanks using either variable manufacturing or full product costs as the base. The variable cost base provides a prospective price of \$6,000 and the full cost base provides a prospective price of \$6,100. The difference between the two prices is _____.

- A) the estimated amount of profit
- B) that the variable cost base estimates fixed costs in the markup percentage while the full cost base includes an amount for fixed costs
- C) known as price discrimination
- D) caused by the inability of most companies to estimate fixed cost per unit with any degree of reliability

Answer: <https://biology-forums.com/index.php?topic=267967>

Question 2023

What is the total sales-quantity variance in terms of the contribution margin?

- A) \$200,000 unfavorable
- B) \$540,000 favorable
- C) \$960,000 unfavorable
- D) \$1,560,000 favorable

Answer: <https://biology-forums.com/index.php?topic=268088>

Question 2024

Linear programming is a tool that maximizes total contribution margin of a mix of products with multiple constraints.

Answer: <https://biology-forums.com/index.php?topic=267780>

Question 2025

Which of the following statements is true of scrap?

- A) When a production process yields two or more products with high total sales values relative to the total sales values of other products, those are called scrap.
- B) For accounting purpose, distinction is made between normal and abnormal scrap.
- C) Scrap refers to units of production, fully or partially completed, that do not meet the specifications required by customers for good units and are discarded or sold at reduced prices
- D) Scrap is either sold or disposed of quickly or it is stored for later sale, disposal, or reuse.

Answer: <https://biology-forums.com/index.php?topic=268427>

Question 2026

Which of the following statements best define a product differentiation strategy?

- A) It describes how an organization can increase customer base by differentiating its' product prices from its competitors.
- B) It is an organization's ability to achieve lower costs relative to competitors through productivity and efficiency improvements, elimination of waste, and tight cost control.
- C) It describes how an organization can decrease product prices by differentiating its' raw materials from its competitors.
- D) It is an organization's ability to offer products or services its customers perceive to be superior and unique relative to the products or services of its competitors.

Answer: <https://biology-forums.com/index.php?topic=267789>

Question 2027

Mintol Company provided the following information:

- Budgeted input 72,000 gallons
- Actual input 90,000 gallons
- Budgeted production 30,000 units
- Actual production 28,500 units

What is the partial productivity ratio?

- A) 0.32 units per pound
- B) 0.37 units per pound
- C) 0.41 units per pound
- D) 0.39 units per pound

Answer: <https://biology-forums.com/index.php?topic=267882>

Question 2028

Which of the following is a benefit of decentralization?

- A) It creates greater responsiveness to local needs.
- B) It helps in raising capital at a local level.
- C) It relieves top managers of accountability.
- D) It eliminates the need for enforcing goal congruence among the departments.

Answer: <https://biology-forums.com/index.php?topic=268711>

Question 2029

Which of the following is a responsibility center to measure the revenues and costs of subunits in centralized or decentralized companies?

- A) investment center
- B) environmental center
- C) exchange policy center
- D) taxation rebate center

Answer: <https://biology-forums.com/index.php?topic=268716>

Question 2030

The range over which two divisions will negotiate a transfer price is _____.

- A) between the supplying division's variable cost and the market price of the product
- B) between the supplying division's variable cost and its full cost of the product
- C) it could be anywhere above the supplying division's full cost of the product
- D) between the supplying division's full cost and 180% above its full cost

Answer: <https://biology-forums.com/index.php?topic=268767>

Question 2031

Which of the following is an example of division-sustaining costs?

- A) research and development cost
- B) corporate administration costs
- C) corporate brand advertising
- D) shipment costs

Answer: <https://biology-forums.com/index.php?topic=268028>

Question 2032

The explanation that lower-quality materials were purchased is most likely for _____.

- A) Material A
- B) Material B
- C) Material C
- D) both Material A and C

Answer: <https://biology-forums.com/index.php?topic=267300>

Question 2033

What is the cost of goods manufactured for 2015?

- A) \$285,000
- B) \$277,000
- C) \$283,000
- D) \$350,000

Answer: <https://biology-forums.com/index.php?topic=266743>

Question 2034

Advocates of throughput costing argue that _____.

- A) fixed manufacturing costs are also to be included as inventoriable costs
- B) direct manufacturing labor is relatively fixed
- C) direct materials costs are a cost of the period
- D) only direct material costs are included as inventoriable costs

Answer: <https://biology-forums.com/index.php?topic=267503>

Question 2035

What is cost of goods sold using variable costing?

- A) \$38,675
- B) \$35,000
- C) \$44,200
- D) \$52,000

Answer: <https://biology-forums.com/index.php?topic=267461>

Question 2036

For a company with diverse products, undercosting overhead of a product will lead to _____.

- A) misallocating direct labor costs of the product.
- B) misallocating direct material costs of the product
- C) misallocating indirect costs of another product
- D) misallocating direct costs of another product

Answer: <https://biology-forums.com/index.php?topic=266996>

Question 2037

Tony placed an order for a customized watch. The customer response time is 36 hours, its receipt time is 8 hours, and manufacturing cycle time is 24 hours. Calculate the delivery time of the product.

- A) 12 hours
- B) 4 hours
- C) 16 hours
- D) 2 hours

Answer: <https://biology-forums.com/index.php?topic=268492>

Question 2038

The president of Silicon Company has just returned from a week of professional development courses and is very excited that she will not have to change the organization from a centralized structure to a decentralized structure just to have responsibility centers. However, she is somewhat confused about how responsibility centers relate to centralized organizations where a few managers have most of the authority.

Required:

Explain how a centralized organization might allow for responsibility centers.

Answer: <https://biology-forums.com/index.php?topic=268718>

Question 2039

The cost-allocation method that allocates each support-department's costs to operating departments only is the _____.

- A) direct method
- B) single-rate cost allocation method
- C) step-down method
- D) reciprocal method

Answer: <https://biology-forums.com/index.php?topic=268130>

Question 2040

Consider revenues from three of Megafy's 10 wholesale customers in 2015:

Customer Customer Customer

A B C

Units sold 20,000 15,000 3,000

List selling price \$500 \$500 \$500

Price discount \$50 \$30 \$100

Invoice price \$450 \$470 \$400

Revenues \$9,000,000 \$7,050,000 \$1,200,000

What conclusion can be drawn from the above data? Which steps the manager of the company can take?

Answer: <https://biology-forums.com/index.php?topic=268019>

Question 2041

Comfort Company manufactures pillows. The 2015 operating budget is based on production of 25,000 pillows with 0.75 machine-hour allowed per pillow. Budgeted variable overhead per hour was \$25.

Actual production for 2015 was 27,000 pillows using 19,050 machine-hours. Actual variable costs were \$23 per machine-hour.

Required:

Calculate the variable overhead spending and efficiency variances.

Answer: <https://biology-forums.com/index.php?topic=267379>

Question 2042

A favorable efficiency variance for direct materials might indicate that _____.

A) lower-quality materials were purchased

B) work is scheduled efficiently

C) there is an unexpected increase in direct labor rates

D) management hired underskilled workers

Answer: <https://biology-forums.com/index.php?topic=267284>

Question 2043

Which of the following statements is true of ABC systems?

A) ABC system will always result in higher product costs.

B) ABC system employs multiple activity-cost drivers.

C) ABC system is least suited for service companies.

D) ABC system is simpler compared to traditional systems.

Answer: <https://biology-forums.com/index.php?topic=267066>

Question 2044

Which account is debited if materials costing \$100,000 are sold?

A) Revenues account

B) Work-in-Process Control account

C) Materials Control account

D) Cost of Goods Sold account

Answer: <https://biology-forums.com/index.php?topic=266945>

Question 2045

Managers use management accounting information to _____.

A) help external users such as investors, banks, regulators, and suppliers

B) communicate, develop, and implement strategies

C) communicate a firm's financial position to investors, banks, regulators, and other outside parties

D) ensure that financial statements are consistent with the SEC rules

Answer: <https://biology-forums.com/index.php?topic=266547>

Question 2046

What is the complete reciprocated cost of the Maintenance Department?

A) \$331,267

B) \$326,667

C) \$300,000

D) \$0

Answer: <https://biology-forums.com/index.php?topic=268128>

Question 2047

Which account would be credited if the following labor wages were incurred in a furniture manufacturing company?

Assembly workers \$20,000

Janitors \$10,000

A) Work-in-Process Control, 30,000

B) Manufacturing Overhead Control, 30,000

C) Wages Payable Control, 30,000

D) Accounts Payable Control, 30,000

Answer: <https://biology-forums.com/index.php?topic=266948>

Question 2048

The president of the Gulf Coast Refining Corporation wants to know why his golfing partner, who is the chief financial officer of a large construction company, calculates his costs by the job, but his own corporation calculates costs by large units rather than by individual barrel of oil.

Answer: <https://biology-forums.com/index.php?topic=268272>

Question 2049

To complete the first setup on a new machine took an employee 100 minutes. Using an 80% incremental unit-time learning model indicates that the second setup on the new machine is expected to take _____.

A) 80 minutes

B) 120 minutes

C) 70 minutes

D) 60 minutes

Answer: <https://biology-forums.com/index.php?topic=267627>

Question 2050

What would be the change in the external failure budget, if 600,000 units are used and assuming external failures are reduced by 10%.

A) \$40,000 increase

B) \$250,000 decrease

C) \$240,000 decrease

D) \$320,000 decrease

Answer: <https://biology-forums.com/index.php?topic=268472>

Question 2051

FIFO Aluminum processes a single type of aluminum. During the current period the following information was given:

Units Material Costs Conversion Costs

Beginning Inventory 3,000 \$4,500 \$4,800

Started During the Current Period 20,000 48,000 65,000

Ending Inventory 2,500

All materials are added at the beginning of the production process. The beginning inventory was 30% complete as to conversion, while the ending inventory was 40% completed for conversion purposes.

FIFO Aluminum uses the first-in, first-out system of process costing.

What were the costs assigned to the units transferred out this period (round equivalent unit cost to the nearest penny)?

A) \$113,160

B) \$113,236

C) \$113,980

D) \$122,300

Answer: <https://biology-forums.com/index.php?topic=268327>

Question 2052

Describe the differences between process costing and job costing. Discuss some typical products which would be more likely to use process costing as compared to some which would be more likely to use job costing.

Answer: <https://biology-forums.com/index.php?topic=268273>

Question 2053

The flexible-budget variance for materials is _____.

A) \$2,700 favorable

B) \$2,700 unfavorable

C) \$3,300 unfavorable

D) \$3,300 favorable

Answer: <https://biology-forums.com/index.php?topic=267253>

Question 2054

Which of the following is required to arrive at the budgeted units to be produced in a year?

- A) estimated direct materials inventory required at the end of the year
- B) estimated finished goods inventory required at the end of the year
- C) amount of direct materials to be used during the year
- D) amount of manufacturing overhead to be incurred

Answer: <https://biology-forums.com/index.php?topic=267141>

Question 2055

A flexible-budget variance is \$600 favorable for unit-related costs. This indicates that costs were _____.

- A) \$600 more than the master budget
- B) \$600 less than for the planned level of activity
- C) \$600 more than standard for the achieved level of activity
- D) \$600 less than standard for the achieved level of activity

Answer: <https://biology-forums.com/index.php?topic=267251>

Question 2056

If 1,000 units are produced and only 700 units are sold, _____ results in the greatest amount of expense reported on the income statement.

- A) throughput costing
- B) variable costing
- C) absorption costing
- D) period costing

Answer: <https://biology-forums.com/index.php?topic=267506>

Question 2057

Salary of top management and general-administration costs is an example of _____.

- A) customer output unit-level costs
- B) customer batch-level costs
- C) distribution-channel costs
- D) corporate-sustaining costs

Answer: <https://biology-forums.com/index.php?topic=268027>

Question 2058

A single indirect-cost rate distort product costs because _____.

- A) there is an assumption that all support activities affect all products
- B) it recognizes specific activities that are required to produce a product
- C) competitive pricing is ignored
- D) it assumes all costs are product costs

Answer: <https://biology-forums.com/index.php?topic=267012>

Question 2059

The costs of unused capacity are highlighted when _____.

- A) actual usage based allocations are used
- B) budgeted usage allocations are used
- C) practical capacity-based allocations are used
- D) the dual-rate cost-allocation method allocates fixed costs based on actual usage

Answer: <https://biology-forums.com/index.php?topic=268108>

Question 2060

A manager of a revenue center is responsible _____.

- A) for only the profits of his center
- B) for investments, revenues, and costs
- C) for only the revenues of his center
- D) for both, the revenues and costs of his center

Answer: <https://biology-forums.com/index.php?topic=267196>

Question 2061

How is budgeting for a multinational corporation different than budgeting for a corporation that is strictly domestic?

Answer: <https://biology-forums.com/index.php?topic=267213>

Question 2062

What are the inventoriable costs per unit associated with Product ORD210?

- A) \$73
- B) \$87
- C) \$98
- D) \$62

Answer: <https://biology-forums.com/index.php?topic=266725>

Question 2063

Performance evaluation focuses on responsibility centers for a specific period, not on projects or individual items of equipment over their useful lives.

Answer: <https://biology-forums.com/index.php?topic=267778>

Question 2064

Power Company has been unhappy with the financial accounting variances that its cost accounting system has been producing, because its managers believe that there is more to evaluating an operation than just examining accounting numbers. Therefore, it has started gathering data to assist in the examination of nonfinancial results of operations. The following information relates to the manufacture of remote control units for televisions, radios, and stereo components:

2011 2012

Remote control units produced and sold 80,000 100,000

Direct manufacture labor-hours 12,000 13,200

Direct materials used (sets) 80,600 100,500

Direct manufacture cost per hour \$18 \$20

Direct materials cost per set \$31 \$32

Required:

- a. What is the partial productivity of direct materials for each year?
- b. What is the partial productivity of direct manufacturing labor for each year?
- c. Did each area improve between 2011 and 2012? Explain.
- d. What will be the projected direct material and labor needs for 2013 if remote control units increase by 12,000 units, assuming Power Company applies the constant returns to scale technology?

Answer: <https://biology-forums.com/index.php?topic=267892>

Question 2065

Which of the following is a component of sales-volume variance?

- A) Net-income volume variance
- B) Operating-income volume variance
- C) Taxable-income volume variance
- D) Budgeted revenue variance

Answer: <https://biology-forums.com/index.php?topic=267425>

Question 2066

Which of the following issues is addressed by the Sarbanes-Oxley legislation?

- A) safety aspects of products
- B) environmental damages caused by industries
- C) disclosure practices of public corporations
- D) disclosure practices of private companies

Answer: <https://biology-forums.com/index.php?topic=266605>

Question 2067

Which of the following statements is true of contribution-margin format of the income statement?

- A) It is used for absorption costing.
- B) It highlights the lump sum of fixed manufacturing costs.
- C) It distinguishes manufacturing costs from nonmanufacturing costs.
- D) It calculates gross margin.

Answer: <https://biology-forums.com/index.php?topic=267456>

Question 2068

Eigen Manufacturing Corp. provided the following information for last month:

Sales \$40,000
Variable costs 14,000
Fixed costs 10,000
Operating income \$16,000
If sales reduce to half of the amount in the next month, what is the projected operating income?
A) \$15,000
B) \$6,000
C) \$16,000
D) \$3,000

Answer: <https://biology-forums.com/index.php?topic=266670>

Question 2069

A flexible budget _____.
A) is another name for management by exception
B) is developed at the end of the period
C) is based on the budgeted level of output
D) provides favorable operating results

Answer: <https://biology-forums.com/index.php?topic=267245>

Question 2070

When manufacturing cycle increases, _____.
A) sunk costs will decrease
B) opportunity costs will increase
C) opportunity costs will decrease
D) inventory carrying costs will increase

Answer: <https://biology-forums.com/index.php?topic=268508>

Question 2071

_____ is the process of varying key estimates to identify those estimates that are the most critical to a decision.
A) The graph method
B) A sensitivity analysis
C) The degree of operating leverage
D) Sales mix

Answer: <https://biology-forums.com/index.php?topic=266832>

Question 2072

Which of the following is a function of a controller?
A) operations administration
B) controlling the stock price
C) communication with the shareholders
D) interest-rate risk management

Answer: <https://biology-forums.com/index.php?topic=266601>

Question 2073

Calculate the production-volume variance for fixed overhead setup costs.
A) \$3,325 unfavorable
B) \$400 unfavorable
C) \$3,325 favorable
D) \$400 favorable

Answer: <https://biology-forums.com/index.php?topic=267432>

Question 2074

An example of an allowable cost considered by U.S government contract is _____.
A) costs of economy-class airfares
B) costs of lobbying activities
C) costs of alcoholic beverages
D) costs of vacation for executives

Answer: <https://biology-forums.com/index.php?topic=268146>

Question 2075

What is a "common cost"? What are two methods that a manager can use to allocate common costs to two or more users?

Answer: <https://biology-forums.com/index.php?topic=268142>

Question 2076

Kaizen budgeting is driven by _____.

- A) management
- B) employees
- C) stockholders
- D) creditors

Answer: <https://biology-forums.com/index.php?topic=267207>

Question 2077

Red Sauce Canning Company processes tomatoes into catsup, tomato juice, and canned tomatoes. During the summer of 20X5, the joint costs of processing the tomatoes were \$420,000. There was no beginning or ending inventories for the summer. Production and sales value information for the summer is as follows:

Product Cases Sales Value at Splitoff Point Separable Costs Selling Price

Catsup 100,000 \$6 per case \$3.00 per case \$28 per case

Juice 150,000 8 per case 5.00 per case 25 per case

Canned 200,000 5 per case 2.50 per case 10 per case

Required:

Determine the amount allocated to each product if the estimated net realizable value method is used, and compute the cost per case for each product.

Answer: <https://biology-forums.com/index.php?topic=268232>

Question 2078

An accelerated need for refined cost systems is due to _____.

- A) global monopolies
- B) rising prices
- C) intense competition
- D) a shift toward increased direct costs

Answer: <https://biology-forums.com/index.php?topic=266999>

Question 2079

What are the paper's and the pencil's approximate weighted cost proportions using the sales value at splitoff method, respectively?

- A) 50.00% and 50.00%
- B) 33.33% and 66.67%
- C) 31.82% and 68.18%
- D) 44.44% and 55.56%

Answer: <https://biology-forums.com/index.php?topic=268199>

Question 2080

Describe some of the drawbacks of using the operating budget as a control device.

Answer: <https://biology-forums.com/index.php?topic=267211>

Question 2081

Blistre Company operates on a contribution margin of 20% and currently has fixed costs of \$500,000. Next year, sales are projected to be \$3,000,000. An advertising campaign is being evaluated that costs an additional \$80,000. How much would sales have to increase to justify the additional expenditure?

- A) \$320,000
- B) \$380,000
- C) \$400,000
- D) \$600,000

Answer: <https://biology-forums.com/index.php?topic=266822>

Question 2082

Which of the following is a relevant cost to be included in a make-or-buy decision?

- A) fixed salaries that will not be incurred if the part is outsourced
- B) pension costs to the current employees
- C) increase in the price of all equipment of the firm
- D) material-handling costs that cannot be eliminated

Answer: <https://biology-forums.com/index.php?topic=267709>

Question 2083

Businesses offer bundled products to _____.

- A) increase customer exposure
- B) avoid the problems of cost allocation
- C) avoid the problems of revenue allocation
- D) decrease taxes

Answer: <https://biology-forums.com/index.php?topic=268153>

Question 2084

Manufacturing overhead costs are also referred to as _____.

- A) indirect manufacturing costs
- B) prime costs
- C) direct manufacturing costs
- D) direct material

Answer: <https://biology-forums.com/index.php?topic=266697>

Question 2085

If there is an ethical conflict concerning your direct supervisor, you may contact _____.

- A) local media
- B) IMA Ethics Counselor
- C) attorney
- D) board of directors

Answer: <https://biology-forums.com/index.php?topic=266613>

Question 2086

What are the actual direct-cost rate and the actual indirect-cost rate, respectively, per professional labor-hour?

- A) \$27.00; \$4.17
- B) \$29.80; \$5.40
- C) \$32.40; \$5.00
- D) \$27.00; \$5.00

Answer: <https://biology-forums.com/index.php?topic=266915>

Question 2087

Which of the following is a fixed cost?

- A) monthly rent payment
- B) electricity expenses
- C) travel expenses
- D) direct material costs

Answer: <https://biology-forums.com/index.php?topic=266643>

Question 2088

If the total cost function is $y = 5,000 + 7X$, calculate the variable cost for 4,000 units.

- A) \$33,000
- B) \$28,000
- C) \$20,000
- D) \$5,000

Answer: <https://biology-forums.com/index.php?topic=267562>

Question 2089

_____ is the level of capacity based on producing at full efficiency all the time.

- A) Practical capacity
- B) Theoretical capacity
- C) Normal capacity
- D) Demand capacity

Answer: <https://biology-forums.com/index.php?topic=267520>

Question 2090

Which of the following statements is true of implementing an ABC system?

- A) Managers should never compromise on the cause-and-effect relationship of cost drivers and costs.
- B) The three guidelines for refining costing systems should be ignored while implementing an ABC costing system.
- C) The heterogeneous cost pools give managers greater confidence in the activity and product cost numbers from the ABC system.
- D) Identifying the cost-allocation bases defines the number of activity pools into which costs must be grouped in an ABC system.

Answer: <https://biology-forums.com/index.php?topic=267054>

Question 2091

Glass House Manufacturing currently produces 1,000 glasses per month. The following per unit data for thousand apply for sales to regular customers:

- Direct materials \$250
- Direct manufacturing labor 40
- Variable manufacturing overhead 70
- Fixed manufacturing overhead 50
- Total manufacturing costs \$410

The plant has capacity for 2,000 glasses. Plant supervisor's salary is \$15,000.

Required:

- a. What is the total cost of producing 1,000 glasses?
- b. What is the total cost of producing 1,500 glasses?
- c. What is the per unit cost when producing 1,500 glasses?

Answer: <https://biology-forums.com/index.php?topic=266680>

Question 2092

The _____ is a component of financial budgets.

- A) cost of goods sold budget
- B) marketing costs budget
- C) distribution costs budget
- D) cash budget

Answer: <https://biology-forums.com/index.php?topic=267125>

Question 2093

Costs of abnormal spoilage are usually accounted for as _____.

- A) a deduction from the cost of goods sold
- B) a component of the costs of good units manufactured
- C) a separate line item in an income statement
- D) an asset on a balance sheet

Answer: <https://biology-forums.com/index.php?topic=268360>

Question 2094

The flexible budget will report _____ for the fixed costs.

- A) \$536,000
- B) \$35,000 Favorable
- C) \$35,000
- D) \$1,000 Unfavorable

Answer: <https://biology-forums.com/index.php?topic=267261>

Question 2095

Which of the following inventory costing methods results in the least amount of costs being inventoried?

- A) absorption costing
- B) variable costing
- C) throughput costing
- D) direct costing

Answer: <https://biology-forums.com/index.php?topic=267513>

Question 2096

Contribution margin per unit is _____.

- A) \$4.00
- B) \$11.00
- C) \$10.00
- D) \$8.00

Answer: <https://biology-forums.com/index.php?topic=266785>

Question 2097

A major advantage of using the FIFO process-costing method is that _____.

- A) FIFO makes the unit cost calculations simpler
- B) in contrast with the weighted-average method, FIFO is considered GAAP
- C) FIFO provides managers with information about changes in the costs per unit from one period to the next
- D) in the period of rising prices, it leads to lower operating income and lower tax payments, saving the company cash and increasing the company's value

Answer: <https://biology-forums.com/index.php?topic=268324>

Question 2098

Which of the following is true of flexible budget?

- A) It calculates total variable cost by multiplying actual units by budgeted variable cost per unit.
- B) It calculates total fixed cost by multiplying actual units by budgeted fixed cost per unit.
- C) It calculates revenues by multiplying budgeted units by actual selling price per unit.
- D) It calculates contribution margin by multiplying budgeted units by actual contribution margin per unit.

Answer: <https://biology-forums.com/index.php?topic=267250>

Question 2099

Which one of the following conditions usually exists when comparing normal and abnormal spoilage to controllability?

Normal Spoilage Abnormal Spoilage

- A) Controllable Controllable
- B) Controllable Uncontrollable
- C) Uncontrollable Uncontrollable
- D) Uncontrollable Controllable

Answer: <https://biology-forums.com/index.php?topic=268364>

Question 2100

Budgeted production equals _____.

- A) beginning finished goods inventory + budgeted unit sales - targeted ending finished goods inventory
- B) targeted ending finished goods inventory + beginning finished goods inventory - budgeted unit sales
- C) budgeted unit sales + targeted ending finished goods inventory - beginning finished goods inventory
- D) budgeted unit sales + targeted ending finished goods inventory + beginning finished goods inventory

Answer: <https://biology-forums.com/index.php?topic=267137>

Question 2101

The production-volume variance totals _____.

- A) \$2,000
- B) \$1,500
- C) \$2,400
- D) 0

Answer: <https://biology-forums.com/index.php?topic=267477>

Question 2102

Which of the following is the numerator in the mathematical expression for accrual accounting rate-of-return (AARR)?

- A) increase in expected average investment
- B) increase in expected average annual after-tax operating income
- C) increase in expected average cash flow
- D) increase in expected net initial investment

Answer: <https://biology-forums.com/index.php?topic=268670>

Question 2103

When budgeted cost-allocation rates are used _____.

- A) user departments are not informed about the charges until the end of the period
- B) the manager of the supplier division bears the risk of unfavorable cost variances
- C) user divisions pay for costs that exceed budgeted amounts
- D) user divisions pay for inefficiencies of the supplier department

Answer: <https://biology-forums.com/index.php?topic=268105>

Question 2104

Which of the following is an example of an extrinsic reward?

- A) receiving a high rating on customer service
- B) appreciation mail from a customer
- C) promotions based on performance
- D) verbal appreciation from CEO

Answer: <https://biology-forums.com/index.php?topic=266573>

Question 2105

Manufacturing overhead costs incurred for the month are:

- Utilities \$30,000
- Depreciation on equipment \$25,000
- Repairs \$20,000

Which account is debited assuming utilities and repairs were on account?

- A) Manufacturing Overhead Control, 75,000
- B) Utilities Overhead Control, 30,000
- C) Accumulated Depreciation Control, 25,000
- D) Accounts Payable Control, 50,000

Answer: <https://biology-forums.com/index.php?topic=266949>

Question 2106

Explain the five-step decision process that managers can use to make decisions.

Answer: <https://biology-forums.com/index.php?topic=267657>

Question 2107

Which of the following best describes practical capacity?

- A) It is the level of capacity that reduces theoretical capacity by considering unavoidable operating interruptions, such as scheduled maintenance time and shutdowns for holidays.
- B) It is the level of capacity based on producing at full efficiency all the time.
- C) It is the level of capacity utilization that satisfies average customer demand over a period that includes seasonal, cyclical, and trend factors.
- D) It is the level of capacity utilization that managers expect for the current budget period, which is typically one year.

Answer: <https://biology-forums.com/index.php?topic=267522>

Question 2108

An example of a denominator reason for calculating annual indirect-cost rates includes _____.

- A) higher heating bills in the winter
- B) semi-annual insurance payments in March and September
- C) higher levels of output demanded during the fall months
- D) All of these answers are correct.

Answer: <https://biology-forums.com/index.php?topic=266897>

Question 2109

The actual amount spent for Material A was _____.

- A) \$28,300
- B) \$25,300
- C) \$24,700
- D) \$21,700

Answer: <https://biology-forums.com/index.php?topic=267298>

Question 2110

Which of the following is true of capacity costs?

- A) Capacity costs are difficult to estimate.
- B) Capacity costs don't provide a useful planning tool for nonmanufacturing firms.
- C) Capacity costs cannot be used with activity-based costing.
- D) Capacity costs do not arise in the nonmanufacturing parts of the value chain.

Answer: <https://biology-forums.com/index.php?topic=267547>

Question 2111

What amount of direct materials costs is assigned to the ending Work-in-Process account for June?

- A) \$82,800
- B) \$62,100
- C) \$37,240
- D) \$30,454

Answer: <https://biology-forums.com/index.php?topic=268304>

Question 2112

Financial analysts use the projected cash flow statement to _____.

- A) determine the tax effect of cash expenses
- B) plan for short-term cash investments
- C) analyze the impact of non-cash expense on income statement
- D) project depreciation expense

Answer: <https://biology-forums.com/index.php?topic=267217>

Question 2113

The flexible-budget variance for variable costs is _____.

- A) \$19,200 unfavorable
- B) \$61,440 unfavorable
- C) \$52,800 favorable
- D) \$76,800 favorable

Answer: <https://biology-forums.com/index.php?topic=267257>

Question 2114

Which of the following statements about actual costing is true?

- A) Manufacturing costs of a job are available earlier under actual costing.
- B) Corrective actions can be implemented sooner under actual costing.
- C) Actual costing uses budgeted indirect-cost rates calculated annually.
- D) Actual costing uses actual indirect-cost rates calculated annually.

Answer: <https://biology-forums.com/index.php?topic=266921>

Question 2115

Which of the following statements regarding manufacturing overhead allocation is true?

- A) It includes all manufacturing costs that cannot be directly traced to a product or service.
- B) The costs can be grouped only as a single indirect-cost pool.
- C) Total costs are unknown at the end of the accounting period.
- D) Allocated amounts are debited to Manufacturing Overhead Control.

Answer: <https://biology-forums.com/index.php?topic=266950>

Question 2116

Normal spoilage is computed on the basis of the number of _____.

- A) good units that pass inspection during the current period
- B) units that pass the inspection point during the current period
- C) units that are in ending work in process
- D) units that started during the particular period

Answer: <https://biology-forums.com/index.php?topic=268390>

Question 2117

A plot of data that results in one extreme observation most likely indicates that _____.

- A) more than one cost pool should be used
- B) an unusual event such as a plant shutdown occurred during that month
- C) the cost-allocation base has been incorrectly identified
- D) individual cost items do not have the same cost driver

Answer: <https://biology-forums.com/index.php?topic=267593>

Question 2118

Which of the following is an example of sunk costs?

- A) wages to security staffs
- B) cost of purchasing raw materials
- C) cost of an alternative investment

D) wages payable to skilled laborers to make a product

Answer: <https://biology-forums.com/index.php?topic=267661>

Question 2119

Total manufacturing costs is comprised of _____.

- A) direct materials costs and period costs
- B) direct materials costs, direct manufacturing labor costs, and manufacturing overhead costs
- C) indirect materials costs, indirect manufacturing labor costs, and manufacturing overhead costs
- D) prime costs and period costs

Answer: <https://biology-forums.com/index.php?topic=267622>

Question 2120

Lungren has budgeted construction overhead for August of \$260,000 for variable costs and \$435,000 for fixed costs. Actual costs for the month totaled \$275,000 for variable and \$445,000 for fixed. Allocated fixed overhead totaled \$440,000. The company tracks each item in an overhead control account before allocations are made to individual jobs. Spending variances for August were \$10,000 unfavorable for variable and \$10,000 unfavorable for fixed. The production-volume overhead variance was \$5,000 favorable.

Required:

- a. Make journal entries for the actual costs incurred.
- b. Make journal entries to record the variances for August.

Answer: <https://biology-forums.com/index.php?topic=267421>

Question 2121

Which of the following inventory costing methods shown below is most likely to cause undesirable incentives for managers to build up finished goods inventory?

- A) absorption costing
- B) variable costing
- C) throughput costing
- D) direct costing

Answer: <https://biology-forums.com/index.php?topic=267514>

Question 2122

The following information pertains to Brian Stone Corporation:

- Beginning fixed manufacturing overhead in inventory \$60,000
- Ending fixed manufacturing overhead in inventory 45,000
- Beginning variable manufacturing overhead in inventory \$30,000
- Ending variable manufacturing overhead in inventory 14,250
- Fixed selling and administrative costs \$724,000
- Units produced 5,000 units
- Units sold 4,800 units

What is the difference between operating incomes under absorption costing and variable costing?

- A) \$750
- B) \$7,500
- C) \$15,000
- D) \$30,750

Answer: <https://biology-forums.com/index.php?topic=267470>

Question 2123

Pacific Company sells only one product for \$11 per unit, variable production costs are \$3 per unit, and selling and administrative costs are \$1.50 per unit. Fixed costs for 10,000 units are \$5,000. The operating income is _____.

- A) \$6.50 per unit
- B) \$6.00 per unit
- C) \$5.50 per unit
- D) \$5.00 per unit

Answer: <https://biology-forums.com/index.php?topic=266787>

Question 2124

Software For You encounters revenue-allocation decisions with its bundled product sales. Here, two or more units of the software are sold as a single package. Managers at Software For You are keenly interested in individual product-profitability figures. Information pertaining to its three bundled products and the stand-alone selling prices of its individual products is as follows:

Stand-Alone Selling Price, Cost Package Packaged Price

Word Processing (WP) \$125 \$18 WP & SS \$220
Spreadsheet (SS) \$150 \$20 WP & AS \$280
Accounting Software (AS) \$225 \$25 All three \$380

Required:

- a. Using the stand-alone revenue-allocation method, allocate the \$380 packaged price of "All Three" to the three software products
 1. with selling prices as the weights.
 2. with individual product costs as the weights.
 3. based on physical units.
- b. Allocate the \$380 packaged price of "All Three" to the three software products using the incremental revenue-allocation method. Assume Word Processing is the primary product, followed by Spreadsheet, and then Accounting Software.

Answer: <https://biology-forums.com/index.php?topic=268164>

Question 2125

For inventory carrying costs, which of the following statements is true of the relevant opportunity cost of capital of inventory?

- A) It is the return received by investing capital in inventory rather than elsewhere.
- B) It is calculated as the per-unit costs of carrying inventory divided by the required rate of return .
- C) It is the return foregone by investing capital elsewhere rather than in inventory.
- D) It is calculated as the required rate of return multiplied by the per-unit costs of acquiring inventory.

Answer: <https://biology-forums.com/index.php?topic=268563>

Question 2126

Executive compensation plans are based on both financial and nonfinancial performance measures. Discuss

Answer: <https://biology-forums.com/index.php?topic=268873>

Question 2127

If Pizza For Everyone replaces the existing delivery van with the new one, over the next 10 years operating income will _____.

- A) decrease by \$90,000
- B) increase by \$75,000
- C) decrease by \$75,000
- D) increase by \$90,000

Answer: <https://biology-forums.com/index.php?topic=267773>

Question 2128

Zephyr Energies, Inc. is considering eliminating one of its product lines. The fixed costs currently allocated to the product line will be allocated to other product lines upon discontinuance. What financial effects occur if the product line is discontinued?

- A) net income will decrease by the amount of the contribution margin of the product line being discontinued
- B) the company's total fixed costs will increase by the amount of the contribution margin of the product line being discontinued
- C) the company's total fixed costs will decrease by the amount of the product line's fixed costs
- D) net income will decrease by the amount of the product line's fixed costs

Answer: <https://biology-forums.com/index.php?topic=267760>

Question 2129

When designing the steps in accounting-based performance measures, should the decisions in these steps be sequential?

Answer: <https://biology-forums.com/index.php?topic=268803>

Question 2130

The actual amount spent for Material B was _____.

- A) \$31,700
- B) \$30,500
- C) \$33,500
- D) \$32,300

Answer: <https://biology-forums.com/index.php?topic=267299>

Question 2131

If an oil refinery used refinery down-time as a Balanced Scorecard control measure, it would represent the _____ perspective.

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

Answer: <https://biology-forums.com/index.php?topic=268702>

Question 2132

A liability claim is an example of _____.

- A) prevention costs
- B) appraisal costs
- C) internal failure costs
- D) external failure costs

Answer: <https://biology-forums.com/index.php?topic=268442>

Question 2133

A company's actual performance should be compared against budgeted amounts for the same accounting period so that _____.

- A) adjustments for future conditions can be included
- B) to avoid any feedback from the budgets due to past miscues
- C) inefficiencies of the past year can be included
- D) a rolling budget can be implemented

Answer: <https://biology-forums.com/index.php?topic=267112>

Question 2134

Soul Socket Inc. manufactures socket wrenches.

- For next month, the vice president of production plans on producing 4,450 wrenches per day.
- The company can produce as many as 5,000 wrenches per day, but is more likely to produce 4,500 per day.
- The demand for wrenches for the next three years is expected to average 4,250 wrenches per day.
- Fixed manufacturing costs per month total \$374,000.
- The company works 22 days a month.
- Fixed manufacturing overhead is charged on a per-wrench basis.

Required:

- a. What is the theoretical fixed manufacturing overhead rate per wrench for the next month?
- b. What is the practical fixed manufacturing overhead rate per wrench for the next month?
- c. What is the normal fixed manufacturing overhead rate per wrench for the next month?
- d. What is the master-budget fixed manufacturing overhead rate per wrench for the next month?

Answer: <https://biology-forums.com/index.php?topic=267527>

Question 2135

If the incremental method were used, what amount of cost would be allocated to the start-up business?

- A) \$20,000
- B) \$300,000
- C) \$60,000
- D) \$75,000

Answer: <https://biology-forums.com/index.php?topic=268139>

Question 2136

Which of the following statements is true of the production method of accounting for byproducts?

- A) It makes no journal entries until the byproduct is sold.
- B) It is the preferred method because of the matching principle.
- C) It records revenues of the byproduct in the income statement as revenue.
- D) It adds revenues of the byproduct to the cost of goods sold in the income statement.

Answer: <https://biology-forums.com/index.php?topic=268258>

Question 2137

Answer the following questions using the information below:

Beta Corporation uses a job cost system and has two production departments, A and B. Budgeted manufacturing costs for the year are:

Department A Department B

Direct materials \$800,000 \$200,000

Direct manufacturing labor \$200,000 \$900,000

Manufacturing overhead \$500,000 \$450,000

The actual material and labor costs charged to Job #432 were as follows:

Total

Direct materials: \$25,000

Direct labor:

Department A \$10,000

Department B \$12,000

\$22,000

Beta applies manufacturing overhead costs to jobs on the basis of direct manufacturing labor cost using departmental rates determined at the beginning of the year.

Proportion of manufacturing overhead with respect to the total cost of the job is _____.

- A) 39.74%
- B) 38.62%
- C) 26.62%
- D) 42%

Answer: <https://biology-forums.com/index.php?topic=266961>

Question 2138

Variance analysis should be used _____.

- A) to understand why variances arise and to improve future performance
- B) as the sole source of information for performance evaluation
- C) to punish employees that do not meet standards
- D) to set the standards which are very easy to achieve to encourage employees to focus on meeting standards

Answer: <https://biology-forums.com/index.php?topic=267310>

Question 2139

Too high a price may _____.

- A) deter a customer from purchasing a product
- B) increase demand for the product
- C) indicate supply is too plentiful
- D) decrease a competitor's market share

Answer: <https://biology-forums.com/index.php?topic=267898>

Question 2140

High inventory levels increase the _____.

- A) cost of carrying inventory, the costs of quality, and shrinkage costs
- B) revenues and expected profits
- C) cost of equity, cost of debt, and cost of short-term funds
- D) cost of materials, the costs of overhead, and opportunity costs

Answer: <https://biology-forums.com/index.php?topic=267133>

Question 2141

Management accountants use the cost hierarchy to first calculate the _____.

- A) labor costs of each product and then they compute material costs
- B) overhead costs of each product and then they compute prime costs
- C) factory costs of each product and then they compute labor costs
- D) total costs of each product and then they compute per-unit costs

Answer: <https://biology-forums.com/index.php?topic=267045>

Question 2142

Which of the following is true of Zitriks' overhead costing?

- A) Multiple cost pools are appropriate for Zitriks because of high direct costs.
- B) Single cost pool is appropriate for Zitriks because of high direct costs.
- C) Multiple cost pools are appropriate for Zitriks because of diverse support costs.
- D) Single cost pool is appropriate for Zitriks because of diverse support costs.

Answer: <https://biology-forums.com/index.php?topic=267052>

Question 2143

Which of the following statements best describes conversion costs?

- A) Conversion costs are all manufacturing and nonmanufacturing cost.
- B) Conversion costs are all manufacturing costs other than direct materials costs.
- C) Conversion costs are all nonmanufacturing costs including marketing costs.
- D) Conversion costs are all nonmanufacturing costs other than fixed selling and distribution costs.

Answer: <https://biology-forums.com/index.php?topic=268269>

Question 2144

Net initial investment includes _____.

- A) depreciation on new equipment, cash outflow for working capital, and after-tax cash inflow from disposal of the old equipment
- B) cash outflow to purchase new equipment, depreciation on new equipment, and after-tax cash inflow from disposal of the old equipment
- C) cash outflow to purchase new equipment, cash outflow for working capital, and after-tax cash inflow from disposal of the old equipment
- D) cash outflow to purchase new equipment, cash outflow for working capital, and depreciation on new equipment

Answer: <https://biology-forums.com/index.php?topic=268683>

Question 2145

Three major influences on pricing decisions are _____.

- A) competition, costs, and customers
- B) competition, demand, and production efficiency
- C) continuous improvement, customer satisfaction, and supply
- D) variable costs, fixed costs, and mixed costs

Answer: <https://biology-forums.com/index.php?topic=267905>

Question 2146

Cost accounting and cost management include calculating various costs, obtaining financial and nonfinancial information, and analyzing relevant information for decision making.

Answer: <https://biology-forums.com/index.php?topic=266768>

Question 2147

Pearl Manufacturing Company provides glassware machines for major department store retailers. The company has been investigating a new piece of machinery for its production department. The old equipment has a remaining life of five years and the new equipment has a value of \$239,400 with a five-year life. The expected additional cash inflows are \$63,000 per year. What is the payback period for this investment?

- A) 2.5 years
- B) 4.5 years
- C) 3.8 years
- D) 5 years

Answer: <https://biology-forums.com/index.php?topic=268666>

Question 2148

If the sales mix shifts to four units of Product A and one unit of Product B, then the weighted-average contribution margin will _____.

- A) increase per unit
- B) stay the same
- C) decrease per unit
- D) either increase or stay the same

Answer: <https://biology-forums.com/index.php?topic=266854>

Question 2149

Weather Inc., is invited to bid on a one-time-only special order to supply 100 air conditioners. What is the lowest price Weather Inc. should bid on this special order?

- A) \$14,250
- B) \$18,525
- C) \$25,000
- D) \$24,700

Answer: <https://biology-forums.com/index.php?topic=267921>

Question 2150

The budgeting process is most strongly influenced by _____.

- A) the capital budget
- B) the budgeted statement of cash flows
- C) the sales forecast
- D) the production budget

Answer: <https://biology-forums.com/index.php?topic=267129>

Question 2151

Define variable overhead spending variance. Briefly explain why a favorable variable overhead spending variance may not always be desirable.

Answer: <https://biology-forums.com/index.php?topic=267380>

Question 2152

What is the reorder point?

- A) 500 lenses
- B) 562.5 lenses
- C) 1050 lenses
- D) 1062.5 lenses

Answer: <https://biology-forums.com/index.php?topic=268543>

Question 2153

Which of the following is a reason for companies adopting variable costing for internal reporting purposes?

- A) It is cost-effective to use variable costing for both internal and external reporting.
- B) It reduces the incentives for undesirable buildup of inventories.
- C) It measures the cost of all manufacturing resources, whether variable or fixed, necessary to produce inventory.
- D) It assists in accurate pricing decisions in case of long-run pricing.

Answer: <https://biology-forums.com/index.php?topic=267498>

Question 2154

Costs can be best managed before _____.

- A) they are locked in
- B) they are incurred
- C) after they are locked in
- D) after they are committed to

Answer: <https://biology-forums.com/index.php?topic=267952>

Question 2155

What is the total amount debited to the Work-in-Process account during the month of June?

- A) \$225,000
- B) \$1,000,000
- C) \$1,135,000
- D) \$1,225,000

Answer: <https://biology-forums.com/index.php?topic=268301>

Question 2156

Life-cycle budgeting _____.

- A) has little in common with target pricing.
- B) is most useful to companies that manufacture small items such as household plastics.
- C) helps companies estimate revenues over a multiyear horizon.
- D) gives companies more insight into total costs when manufacturing costs consume the majority of the resources.

Answer: <https://biology-forums.com/index.php?topic=267982>

Question 2157

Assigning direct costs to a cost object is called _____.

- A) cost allocation
- B) cost assignment
- C) cost pooling
- D) cost tracing

Answer: <https://biology-forums.com/index.php?topic=266878>

Question 2158

_____ is a cost that, if eliminated, would reduce the actual or perceived value or utility (usefulness) customers experience from using the product or service.

- A) Non-value-added cost
- B) Discretionary cost
- C) Value-added cost
- D) Committed cost

Answer: <https://biology-forums.com/index.php?topic=267949>

Question 2159

What are the factors involved in choosing the timing of the feedback in designing accounting-based performance measures?

Answer: <https://biology-forums.com/index.php?topic=268853>

Question 2160

Dual pricing uses two separate transfer-pricing methods to price each transfer from one subunit to another.

Answer: <https://biology-forums.com/index.php?topic=268773>

Question 2161

Auto Tires has been in the tire business for four years. It rents a building but owns all of its equipment. All employees are paid a fixed salary except for the busy season (April-June), when temporary help is hired by the hour. Utilities and other operating charges remain fairly constant during each month except those in the busy season.

Selling prices per tire average \$75 except during the busy season. Because a large number of customers buy tires prior to winter, discounts run above average during the busy season. A 15% discount is given when two tires are purchased at one time. During the busy months, selling prices per tire average \$60.

The president of Auto Tires is somewhat displeased with the company's management accounting system because the cost behavior patterns displayed by the monthly breakeven charts are inconsistent; the busy months' charts are different from the other months of the year. The president is never sure if the company has a satisfactory margin of safety or if it is just above the breakeven point.

Required:

- What is wrong with the accountant's computations?
- How can the information be presented in a better format for the president?

Answer: <https://biology-forums.com/index.php?topic=266844>

Question 2162

A revenue driver is defined as _____.

- any factor that affects costs and revenues
- any factor that affects revenues
- the only factor that can influence a change in selling price
- the only factor that can influence a change in demand

Answer: <https://biology-forums.com/index.php?topic=266780>

Question 2163

What is the change in operating profits if the one-time-only special order for 1,000 units is accepted for \$540 a unit by Coroid?

- \$210,000 increase in operating profits
- \$30,000 increase in operating profits
- \$30,000 decrease in operating profits
- \$225,000 decrease in operating profits

Answer: <https://biology-forums.com/index.php?topic=267682>

Question 2164

The sales-quantity variance can be decomposed into _____.

- sales-mix variance and sales-volume variance
- static-budget variance and flexible-budget variance
- flexible-budget variance and sales-volume variance
- market-share variance and market-size variance

Answer: <https://biology-forums.com/index.php?topic=268061>

Question 2165

The actual amount spent for direct manufacturing labor was _____.

- \$80,000
- \$83,000
- \$82,000
- \$78,000

Answer: <https://biology-forums.com/index.php?topic=267296>

Question 2166

New Age Electronics manufactures surround sound systems and applies manufacturing costs to production at a budgeted indirect-cost rate of \$20 per direct-labor hour. The following data are obtained from the accounting records for August 2014:

Direct materials \$350,000
Direct labor (7,000 hours @ \$15/hour) \$105,000
Indirect labor \$ 25,000

Plant lease \$ 75,000
Depreciation on plant and equipment \$ 50,000
Marketing expense \$ 20,000
Plant utilities \$ 20,000

Required:

- What actual amount of manufacturing overhead cost was incurred during August 2014?
- What amount of manufacturing overhead was allocated to all jobs during August 2014?
- For August 2014, was manufacturing overhead underallocated or overallocated? Explain.

Answer: <https://biology-forums.com/index.php?topic=266993>

Question 2167

ABC systems _____.

- highlight the different levels of activities
- limit cost drivers to units of output
- allocate costs based on the overall level of activity
- generally undercost complex products

Answer: <https://biology-forums.com/index.php?topic=267010>

Question 2168

Describe job-costing and process-costing systems. Explain when it would be appropriate to use each.

Answer: <https://biology-forums.com/index.php?topic=266892>

Question 2169

What cost is allocated to abnormal spoilage using the weighted-average process-costing method?

- \$ 0
- \$14,720
- \$39,936
- \$19,456

Answer: <https://biology-forums.com/index.php?topic=268373>

Question 2170

Cost-based prices _____.

- are one way of setting prices in a competitive market
- provide an inherent incentive for the producer to control costs
- pass the majority of risk to the buyer
- are required in all government contracts

Answer: <https://biology-forums.com/index.php?topic=268145>

Question 2171

Which of the following functions represents the least total cost assuming the number of units is equal in each case?

- $y = 180 + 7X$
- $y = 90 + 6X$
- $y = 90 + 7X$
- $y = 180 + 6X$

Answer: <https://biology-forums.com/index.php?topic=267566>

Question 2172

What are the two assumptions behind a simple linear cost function? Briefly explain the three ways that a linear cost function may behave?

Answer: <https://biology-forums.com/index.php?topic=267570>

Question 2173

Place the following steps in order for estimating a cost function using quantitative analysis.

- Plot the data
- Collect data on the dependent variable and the cost driver.
- Choose the dependent variable
- Identify the independent variable, or cost driver
- Estimate the cost function

- D C E A B
- C D B A E
- A D C E B

D) E D C B A

Answer: <https://biology-forums.com/index.php?topic=267589>

Question 2174

Gross margin is _____.

- A) sales revenue less variable costs
- B) sales revenue less cost of goods sold
- C) contribution margin less fixed costs
- D) contribution margin less variable costs

Answer: <https://biology-forums.com/index.php?topic=266865>

Question 2175

_____ costs support the organization as a whole.

- A) Unit-level
- B) Batch-level
- C) Product-sustaining
- D) Facility-sustaining

Answer: <https://biology-forums.com/index.php?topic=267031>

Question 2176

An unfavorable variable overhead efficiency variance indicates that _____.

- A) the actual rate of variable overhead was more than budgeted rate
- B) the price of variable overhead items was less than budgeted
- C) the variable overhead cost-allocation base was not used efficiently
- D) the variable overhead cost-allocation base was used efficiently

Answer: <https://biology-forums.com/index.php?topic=267372>

Question 2177

Which of the following journal entries records the Assembly Department's conversion costs at actual costs for the month, assuming conversion costs are 20% higher than expected?

- A) Assembly Department Conversion Cost Control 3,360,000
Various accounts 3,360,000
- B) Materials Inventory 3,360,000
Assembly Department Conversion Cost Control 3,360,000
- C) Assembly Department Conversion Cost Control 2,800,000
Materials Inventory 2,800,000
- D) Materials Inventory 3,360,000
Work in Process — Assembly 3,360,000

Answer: <https://biology-forums.com/index.php?topic=268343>

Question 2178

If management takes a multiple-year view in the decision model and judges success according to the current year's results, a problem will occur in the _____.

- A) decision model
- B) performance evaluation model
- C) production evaluation model
- D) quantitative model

Answer: <https://biology-forums.com/index.php?topic=267766>

Question 2179

For June 2014, manufacturing overhead is _____.

- A) overallocated by \$6,500
- B) underallocated by \$21,500
- C) overallocated by \$21,500
- D) underallocated by \$6,500

Answer: <https://biology-forums.com/index.php?topic=266955>

Question 2180

When a greater proportion of costs are fixed costs, then _____.

- A) a small increase in sales results in a small decrease in operating income

- B) when demand is low the risk of loss is high
- C) a decrease in sales reduces the total fixed cost per unit
- D) a decrease in sales reduces the cost per unit

Answer: <https://biology-forums.com/index.php?topic=266842>

Question 2181

Flyers Inc., had the following activities during 2015:

Direct materials:

Beginning inventory \$ 22,000

Purchases 61,600

Ending inventory 10,800

Direct manufacturing labor 18,000

Manufacturing overhead 11,500

Beginning work-in-process inventory 1,000

Ending work-in-process inventory 3,500

Beginning finished goods inventory 25,000

Ending finished goods inventory 19,000

Required:

- a. What is the cost of direct materials used during 2015?
- b. What is cost of goods manufactured for 2015?
- c. What is cost of goods sold for 2015?
- d. What amount of prime costs was added to production during 2015?
- e. What amount of conversion costs was added to production during 2015?

Answer: <https://biology-forums.com/index.php?topic=266751>

Question 2182

Period costs _____.

- A) include only fixed costs
- B) seldom influence financial success or failure
- C) include the cost of selling, delivering, and after-sales support for customers
- D) should be treated as an indirect cost rather than as a direct manufacturing cost

Answer: <https://biology-forums.com/index.php?topic=266717>

Question 2183

Based on the theory of constraints, investments equal _____.

- A) the sum of material costs in direct and indirect materials, work-in-process, and finished goods inventories; R&D costs; and business function costs
- B) the sum of material costs in direct materials, work-in-process, and finished goods inventories; R&D costs; and capital costs of equipment and buildings
- C) the sum of material costs in direct and indirect materials, work-in-process, and finished goods inventories; R&D costs; and full costs
- D) the sum of material costs in direct materials, work-in-process, and finished goods inventories; R&D costs; sunk costs, full costs, and business function costs

Answer: <https://biology-forums.com/index.php?topic=267752>

Question 2184

What is operating income for 2014?

- A) \$9,000,000
- B) \$11,200,000
- C) \$11,440,000
- D) \$9,207,000

Answer: <https://biology-forums.com/index.php?topic=267856>

Question 2185

Which purpose of cost allocation is used to encourage sales representatives to push high-margin products or services?

- A) to provide information for economic decisions
- B) to motivate managers and other employees
- C) to justify costs or compute reimbursement
- D) to measure income and assets for reporting to external parties

Answer: <https://biology-forums.com/index.php?topic=268014>

Question 2186

Which of the following sentences is true of normal spoilage and abnormal spoilage?

- A) Normal spoilage costs are inventoriable and are added to the cost of good units produced, while abnormal spoilage costs are deducted from the cost of good units produced.
- B) Abnormal spoilage costs are inventoriable and are deducted from the cost of good units produced, while normal spoilage costs are expensed in the accounting period in which they occur.
- C) Abnormal spoilage costs are inventoriable and are added to the cost of good units produced, while normal spoilage costs are expensed in the accounting period in which they occur.
- D) Normal spoilage costs are inventoriable and are deducted from the cost of good units produced, while abnormal spoilage costs are expensed in the accounting period in which they occur.

Answer: <https://biology-forums.com/index.php?topic=268413>

Question 2187

What are the total manufacturing costs of this job?

- A) \$1,970
- B) \$2,805
- C) \$2,905
- D) \$1,920

Answer: <https://biology-forums.com/index.php?topic=266929>

Question 2188

If scrap is reused as direct material rather than sold as scrap _____.

- A) Accounts Receivable is debited at its estimated net realizable value and then credited when the scrap is reused
- B) Materials Control is debited at its estimated net realizable value and then credited when the scrap is reused
- C) Manufacturing Overhead Control is debited at its estimated net realizable value and then credited when the scrap is reused
- D) Work-in-Process Control is debited at its estimated net realizable value and then credited when the scrap is reused

Answer: <https://biology-forums.com/index.php?topic=268426>

Question 2189

Net present value is calculated using the _____.

- A) internal rate of return
- B) discount rate
- C) risk-free rate
- D) predetermined overhead cost rate

Answer: <https://biology-forums.com/index.php?topic=268627>

Question 2190

Explain the meaning of the terms spoilage, scrap, and rework. Provide an example of each. Is it possible for a single firm to have all three from a single productive process?

Answer: <https://biology-forums.com/index.php?topic=268429>

Question 2191

Marshall University offers only high-tech graduate-level programs. Marshall has two principal operating departments, Commerce and Social Sciences, and two support departments, Facility and Technology Maintenance and Enrollment Services. The base used to allocate facility and technology maintenance is budgeted total maintenance hours. The base used to allocate enrollment services is number of credit hours for a department. The Facility and Technology Maintenance budget is \$500,000, while the Enrollment Services budget is \$900,000. The following chart summarizes budgeted amounts and allocation-base amounts used by each department:

Services Provided: (Annually)

Budget Commerce Social Sciences F&T Maintenance Enrollment Service

F&T Maintenance

(in hours) \$500,000 3,000 6,000 Zero 5,000

Enrollment Service

(in credit hrs) \$900,000 25,000 35,000 2,000 Zero

Required:

Prepare a schedule which allocates service department costs using the step-down method with the sequence of allocation based on the highest-percentage support concept. Compute the total amount of support costs allocated to each of the two principal operating departments, Commerce and Social Sciences.

Answer: <https://biology-forums.com/index.php?topic=268132>

Question 2192

Stella Company sells only two products, Product A and Product B.

Product A Product B Total

Selling price \$40 \$50

Variable cost per unit \$24 \$40

Total fixed costs \$840,000

Stella sells two units of Product A for each unit it sells of Product B. Stella faces a tax rate of 30%. Stella desires a net after-tax income of \$73,500.

The breakeven point in units would be _____.

A) 21,750 units of Product A and 43,500 units of Product B

B) 22,500 units of Product A and 45,000 units of product B

C) 43,500 units of Product A and 21,750 units of Product B

D) 45,000 units of Product A and 22,500 units of Product B

Answer: <https://biology-forums.com/index.php?topic=266860>

Question 2193

Quantitative analysis methods estimate cost functions _____.

A) using the time-and-motion studies

B) based on analysis and opinions gathered from various departments

C) using a formal mathematical method to fit cost functions to past data observations

D) using the pooling of knowledge from each value chain function

Answer: <https://biology-forums.com/index.php?topic=267572>

Question 2194

Which of the following statements is true of the methods for allocating joint costs?

A) The sales value at splitoff method lacks a common basis for allocating joint costs to products.

B) The complexity of the sales value at splitoff method increases when managers make frequent changes to the sequence of post-splitoff processing decisions.

C) The NRV method assumes that none of the markup is attributable to the separable costs.

D) The NRV method treats the joint products as though they comprise a single product.

Answer: <https://biology-forums.com/index.php?topic=268238>

Question 2195

Query Company sells pillows for \$25.00 each. The manufacturing cost, all variable, is \$10 per pillow. The company is planning on renting an exhibition booth for both display and selling purposes at the annual crafts and art convention. The convention coordinator allows three options for each participating company. They are:

1. paying a fixed booth fee of \$5,010, or

2. paying an \$4,000 fee plus 10% of revenue made at the convention, or

3. paying 20% of revenue made at the convention.

Required:

a. Compute the breakeven sales in pillows of each option.

b. Which option should Query Company choose, assuming sales are expected to be 800 pillows?

Answer: <https://biology-forums.com/index.php?topic=266843>

Question 2196

Ventaz Corp manufactures keyboards. The manufacturing cycle efficiency is 40%. What is its manufacturing time for value added if the manufacturing lead time is 120 minutes per keyboard?

A) 38.50 minutes

B) 60.00 minutes

C) 48.00 minutes

D) 54.00 minutes

Answer: <https://biology-forums.com/index.php?topic=268494>

Question 2197

Which of the following is a storage cost?

A) labor cost

B) deterioration

C) direct material

D) overhead cost

Answer: <https://biology-forums.com/index.php?topic=268507>

Question 2198

If the sales mix shifts to four units of Product A and one unit of Product B, then the breakeven point will _____.

- A) increase
- B) stay the same
- C) decrease
- D) either decrease or remain same

Answer: <https://biology-forums.com/index.php?topic=266855>

Question 2199

Which of the following is a corporate-sustaining cost?

- A) design costs
- B) corporate brand advertising
- C) shipment costs
- D) research and development costs

Answer: <https://biology-forums.com/index.php?topic=268033>

Question 2200

For each of the following statements regarding the satisfaction of transfer pricing criteria, identify whether you would expect the transfer pricing method to meet the criteria. Provide a yes, no, or sometimes for each situation.

- _____ a. Market-Based transfer pricing achieves goal congruence.
- _____ b. Cost-Based transfer pricing achieves goal congruence.
- _____ c. Negotiated transfer pricing achieves goal congruence.
- _____ d. Market-Based transfer pricing motivates management effort.
- _____ e. Cost-Based transfer pricing motivates management effort.
- _____ f. Negotiated transfer pricing motivates management effort.
- _____ g. Market-Based transfer pricing is useful for evaluating subunit performance.
- _____ h. Cost-Based transfer pricing is useful for evaluating subunit performance.
- _____ i. Negotiated transfer pricing is useful for evaluating subunit performance.
- _____ j. Market-Based transfer pricing preserves subunit autonomy.
- _____ k. Cost-Based transfer pricing preserves subunit autonomy.
- _____ l. Negotiated transfer pricing preserves subunit autonomy.

Answer: <https://biology-forums.com/index.php?topic=268746>

Question 2201

Christine Corporation manufactures baseball uniforms and uses budgeted machine-hours to allocate variable manufacturing overhead. The following information pertains to the company's manufacturing overhead data:

Budgeted output units 10,000 units

Budgeted machine-hours 15,000 hours

Budgeted variable manufacturing overhead costs for 15,000 hours \$180,000

Actual output units produced 9,000 units

Actual machine-hours used 14,000 hours

Actual variable manufacturing overhead costs \$171,000

What is the budgeted variable overhead cost rate per output unit?

- A) \$12.00
- B) \$12.21
- C) \$18.00
- D) \$19.00

Answer: <https://biology-forums.com/index.php?topic=267340>

Question 2202

The actual indirect-cost rate is calculated by _____.

- A) dividing actual total indirect costs by the actual total quantity of the cost-allocation base
- B) multiplying actual total indirect costs by the actual total quantity of the cost-allocation base
- C) dividing the actual total quantity of the cost allocation base by actual total indirect costs
- D) multiplying the actual total quantity of the cost allocation base by actual total indirect costs

Answer: <https://biology-forums.com/index.php?topic=266894>

Question 2203

Which of the following is considered a cost of quality?

- A) external failure costs
- B) opportunity costs
- C) sunk costs

D) contingent liabilities

Answer: <https://biology-forums.com/index.php?topic=268447>

Question 2204

Which of the following costs is inventoried when using variable costing?

- A) rent on factory building
- B) electricity consumed in manufacturing process
- C) sales commission paid on each sale
- D) advertising costs incurred for the product

Answer: <https://biology-forums.com/index.php?topic=267437>

Question 2205

Which of the following is the correct mathematical expression to calculate partial productivity?

- A) Sales value of output produced ÷ Quantity of all inputs used
- B) Quantity of output produced ÷ Quantity of input used
- C) Quantity of output produced ÷ Costs of all inputs used
- D) Sales value of output produced ÷ Cost of inputs required to produce current year production in previous year

Answer: <https://biology-forums.com/index.php?topic=267879>

Question 2206

If scrap, common to all jobs, is returned to the storeroom and the time between the scrap being inventoried and its disposal is quite lengthy, the journal entry is _____.

- A) Accounts Receivable
Materials Control
- B) Materials Control
Work-in-Process Control
- C) Work-in-Process Control
Materials Control
- D) Materials Control
Manufacturing Overhead Control

Answer: <https://biology-forums.com/index.php?topic=268425>

Question 2207

If Skizone's combined 4-Variance Analysis shows an unfavorable spending variance of \$2,300, what is the fixed overhead spending variance (a)?

- A) \$8,800 favorable
- B) \$4,200 unfavorable
- C) \$8,800 unfavorable
- D) \$4,200 favorable

Answer: <https://biology-forums.com/index.php?topic=267414>

Question 2208

What is the target operating income?

- A) \$960,000
- B) \$3,840,000
- C) \$4,800,000
- D) \$5,760,000

Answer: <https://biology-forums.com/index.php?topic=267943>

Question 2209

Shotter Manufacturing is a small textile manufacturer using machine-hours to calculate the single indirect-cost rate to allocate manufacturing overhead costs to various jobs contracted during the year. The following estimates are provided for the coming year for the company and for the jackets to be made for Jackson High School Science Olympiad.

Company Jackson High School Job
Direct materials \$25,000 \$600
Direct manufacturing labor \$5,000 \$150
Manufacturing overhead costs \$30,000
Machine-hours (mh) 50,000 mh 800 mh

Required:

- a. For Shotter Manufacturing, determine the annual manufacturing overhead cost-allocation rate.
- b. Determine the amount of manufacturing overhead costs allocated to the Jackson High School job.

c. Determine the estimated total manufacturing costs for the Jackson High School job.

Answer: <https://biology-forums.com/index.php?topic=266933>

Question 2210

Buck Corporation plans to grow by offering a computer monitor, the CM3000 that is superior and unique from the competition. Buck believes that putting additional resources into R&D and staying ahead of the competition with technological innovations are critical to implementing its strategy.

Required:

a. Is Buck's strategy one of product differentiation or cost leadership? Explain briefly.

Identify at least one key element that you would expect to see included in the balanced scorecard:

b. for the financial perspective.

c. for the customer perspective.

d. for the internal business process perspective.

e. for the learning and growth perspective.

Answer: <https://biology-forums.com/index.php?topic=267829>

Question 2211

Managers usually use the return on investment to evaluate _____.

A) the performance of a subdivision

B) the accounting principles followed

C) the size of the investment

D) the balance of working capital

Answer: <https://biology-forums.com/index.php?topic=268805>

Question 2212

A job-cost sheet details the _____.

A) direct materials purchased and paid

B) direct labor costs incurred

C) indirect labor costs incurred

D) actual indirect overhead costs incurred

Answer: <https://biology-forums.com/index.php?topic=266907>

Question 2213

What is the unit cost per equivalent unit of beginning inventory in Department A?

A) \$750

B) \$1,750

C) \$2,800

D) \$3,250

Answer: <https://biology-forums.com/index.php?topic=268280>

Question 2214

AARR indicates the average rate at which _____.

A) a dollar of investment generates after-tax operating income

B) a dollar of after-tax cash flow generates net income

C) a dollar of investment generates a positive cash flow

D) a dollar of after-tax non-operating income generates net income

Answer: <https://biology-forums.com/index.php?topic=268671>

Question 2215

Which of the following would be considered in a make-or-buy decision?

A) fixed costs that will no longer be incurred

B) prepaid rent expense for warehousing finished goods and inventories

C) potential rental income from space occupied by the production area

D) unchanged supervisory costs

Answer: <https://biology-forums.com/index.php?topic=267718>

Question 2216

Discuss in brief how easy it is for companies to classify products as main products, joint products, and byproducts.

Answer: <https://biology-forums.com/index.php?topic=268182>

Question 2217

_____ occurs when a decision's benefits for one subunit is more than offset by the costs to the organization as a whole.

- A) Suboptimal decision making
- B) Independent decision making
- C) Congruent decision making
- D) Departmental decision making

Answer: <https://biology-forums.com/index.php?topic=268712>

Question 2218

When fixed costs are \$50,000 and variable costs are 60% of the selling price, then breakeven sales are _____.

- A) \$115,000
- B) \$125,000
- C) \$175,000
- D) \$275,000

Answer: <https://biology-forums.com/index.php?topic=266803>

Question 2219

_____ have no measurable cause-and-effect relationship between output and resources used.

- A) Engineered costs
- B) Discretionary costs
- C) Marginal costs
- D) Manufacturing costs

Answer: <https://biology-forums.com/index.php?topic=267864>

Question 2220

What is the flexible-budget amount for variable manufacturing overhead?

- A) \$225,000
- B) \$218,500
- C) \$213,750
- D) \$221,750

Answer: <https://biology-forums.com/index.php?topic=267348>

Question 2221

Gregory Enterprises has identified three cost pools to allocate overhead costs. The following estimates are provided for the coming year:

Cost Pool	Overhead Costs	Cost driver	Activity level
Supervision of direct labor	\$320,000	Direct labor-hours	800,000
Machine maintenance	\$120,000	Machine-hours	960,000
Facility rent	\$200,000	Square feet of area	100,000
Total overhead costs \$640,000			

The accounting records show the Mossman Job consumed the following resources:

Cost driver	Actual level
Direct labor-hours	200
Machine-hours	1,600
Square feet of area	50

Which method of allocation probably best estimates actual overhead costs used? Why?

- A) Single direct labor-hours cost driver because it is best to allocate total costs uniformly to individual jobs.
- B) Single direct labor-hours cost driver because it is easiest to analyze and interpret.
- C) Three activity-cost drivers because they best reflect the relative consumption of resources.
- D) Three activity-cost drivers because product costs can be significantly cross-subsidized.

Answer: <https://biology-forums.com/index.php?topic=267062>

Question 2222

A master budget is _____.

- A) a budget which starts from a zero base
- B) developed for a period for a planned output
- C) developed at the end of a period
- D) a type of flexible budget

Answer: <https://biology-forums.com/index.php?topic=267232>

Question 2223

What will be the variable cost per hour?

- A) \$78
- B) \$48.75
- C) \$62.50
- D) \$100

Answer: <https://biology-forums.com/index.php?topic=267584>

Question 2224

What are Bleach's and Cleanser's return on investment based on book values, respectively?

- A) 0.25; 0.67
- B) 0.42; 0.52
- C) 0.52; 0.47
- D) 0.46; 0.25

Answer: <https://biology-forums.com/index.php?topic=268845>

Question 2225

The variable overhead flexible-budget variance can be further subdivided into the _____.

- A) price variance and the efficiency variance
- B) static-budget variance and sales-volume variance
- C) spending variance and the efficiency variance
- D) sales-volume variance and the spending variance

Answer: <https://biology-forums.com/index.php?topic=267354>

Question 2226

Bullz Company manufactures an energy drink. The company uses a budgeted indirect-cost rate for its manufacturing operations and during 2014 allocated \$1,000,000 to work-in-process inventory. Actual overhead incurred was \$1,200,000.

Ending balances in the following accounts are:

- Work-in-Process \$ 100,000
- Finished Goods 750,000
- Cost of Goods Sold 4,150,000

Required:

- a. Prepare a journal entry to write off the difference between allocated and actual overhead directly to Cost of Goods Sold. Be sure your journal entry closes the related overhead accounts.
- b. Prepare a journal entry that prorates the write-off of the difference between allocated and actual overhead using ending account balances. Be sure your journal entry closes the related overhead accounts.

Answer: <https://biology-forums.com/index.php?topic=266979>

Question 2227

Using the direct method, what amount of Maintenance Department costs will be allocated to Department A?

- A) \$210,000
- B) \$225,000
- C) \$198,000
- D) \$200,000

Answer: <https://biology-forums.com/index.php?topic=268125>

Question 2228

Complete reciprocated costs _____.

- A) are less than the support department's own costs
- B) include the support department's costs plus any interdepartmental cost allocations
- C) are used for step-down allocations
- D) are also referred to as budgeted costs

Answer: <https://biology-forums.com/index.php?topic=268121>

Question 2229

The minimum annual acceptable rate of return on an investment is the _____.

- A) accrual accounting rate of return
- B) hurdle rate
- C) internal rate of return

D) net present value

Answer: <https://biology-forums.com/index.php?topic=268648>

Question 2230

How much of the labor cost will be assigned to the Bush Department?

- A) \$42,000
- B) \$48,000
- C) \$40,000
- D) \$50,000

Answer: <https://biology-forums.com/index.php?topic=267020>

Question 2231

Dawn and Kim just bought a bed and breakfast inn at a very attractive price. The business had been doing poorly. Before they reopened the inn for business, they attended a seminar on operating a high quality business. Now that they are ready to open the inn, they need some advice on quality costs and management.

Required:

Identify four categories of quality costs. In addition, identify three items that would be classified in each of the categories.

Answer: <https://biology-forums.com/index.php?topic=268452>

Question 2232

Pederson Company reported the following:

Manufacturing costs \$2,000,000

Units manufactured 50,000

Units sold 47,000 units sold for \$75 per unit

Beginning inventory 0 units

What is the amount of gross profit margin?

- A) \$1,750,000
- B) \$3,525,000
- C) \$5,405,000
- D) \$1,645,000

Answer: <https://biology-forums.com/index.php?topic=266681>

Question 2233

A shift towards a mix of products with a lower contribution margin per unit will most likely result in a(n) _____.

- A) unfavorable sales-mix variance
- B) unfavorable sales-quantity variance
- C) favorable sales-mix variance
- D) favorable sales-quantity variance

Answer: <https://biology-forums.com/index.php?topic=268078>

Question 2234

What is budgeted cost of goods sold for 2016?

- A) \$89,250
- B) \$98,250
- C) \$15,750
- D) \$257,040

Answer: <https://biology-forums.com/index.php?topic=267186>

Question 2235

In situations where the required rate of return is not constant for each year of the project, it is advantageous to use _____.

- A) the nominal rate-of-return method
- B) the internal rate-of-return method
- C) the net present value method
- D) the projected income method

Answer: <https://biology-forums.com/index.php?topic=268645>

Question 2236

List the capital budgeting methods used to analyze financial information.

Answer: <https://biology-forums.com/index.php?topic=268625>

Question 2237

The higher the denominator level, the _____.

- A) higher the budgeted fixed manufacturing cost rate
- B) lower the amount of fixed manufacturing costs allocated to each unit produced
- C) higher the favorable production-volume variance
- D) more likely actual output will exceed the denominator level

Answer: <https://biology-forums.com/index.php?topic=267539>

Question 2238

A demand-pull system in which each component in a production line is produced immediately as needed by the next step in the production line is referred to as _____.

- A) just-in-time purchasing
- B) materials requirements planning
- C) relevant total costs
- D) economic order quantity

Answer: <https://biology-forums.com/index.php?topic=268576>

Question 2239

What is the Cyclotron Division's return on sales?

- A) 20%
- B) 40%
- C) 50%
- D) 60%

Answer: <https://biology-forums.com/index.php?topic=268814>

Question 2240

In the manufacturing sector, _____.

- A) only variable costs are subtracted to determine gross margin
- B) fixed overhead costs are subtracted to determine gross margin
- C) fixed overhead costs are subtracted to determine contribution margin
- D) all operating costs are subtracted to determine contribution margin

Answer: <https://biology-forums.com/index.php?topic=266867>

Question 2241

What are the relevant total costs?

- A) \$14,279
- B) \$18,114
- C) \$16,531
- D) \$14,278

Answer: <https://biology-forums.com/index.php?topic=268537>

Question 2242

What are the equivalent units for direct materials and conversion costs, respectively, for March?

- A) 1,100 units; 1,100 units
- B) 1,050 units; 1,100 units
- C) 1,100 units; 1,050 units
- D) 1000 units; 1050 units

Answer: <https://biology-forums.com/index.php?topic=268305>

Question 2243

What is the role of unused capacity within the selling division in the determination of a negotiated transfer price to another division?

Answer: <https://biology-forums.com/index.php?topic=268792>

Question 2244

The sales value at splitoff method _____.

- A) allocates joint costs to joint products on the basis of the relative total sales value at the splitoff point
- B) allocates joint costs to joint products on the basis of a comparable physical measure at the splitoff point
- C) allocates joint costs to joint products on the basis of relative NRV

D) allocates joint costs to joint products in a way that each product has an identical gross-margin percentage

Answer: <https://biology-forums.com/index.php?topic=268191>

Question 2245

The smaller the residual terms, the _____.

- A) better is the fit between the actual cost observations and estimated costs
- B) weaker the relationship between the cost driver and costs
- C) more the number of units produced during the period
- D) stronger the relationship between fixed cost and variable cost

Answer: <https://biology-forums.com/index.php?topic=267616>

Question 2246

Which of the following is a stage of the capital budgeting process that indicates potential capital investments that agree with an organization's strategy?

- A) identify projects stage
- B) make predictions stage
- C) obtain information stage
- D) implement the decision, evaluate performance, and learn stage

Answer: <https://biology-forums.com/index.php?topic=268614>

Question 2247

At breakeven point, _____.

- A) operating income is equal to zero
- B) contribution margin minus fixed costs is equal to profits earned
- C) revenues equal fixed costs minus variable costs
- D) breakeven revenues equal fixed costs divided by the variable cost per unit

Answer: <https://biology-forums.com/index.php?topic=266796>

Question 2248

Which of the following is true of variance?

- A) Managers should interpret a favorable variance as "good news" or assume it means their subordinates performed well.
- B) A variance within an acceptable range is considered to be an "in-control occurrence" and calls for no investigation or action by managers.
- C) The purchasing manager secured a discount for buying in bulk with fewer purchase orders which results in unfavorable material price variance.
- D) Managers' performance must be evaluated solely on single variance.

Answer: <https://biology-forums.com/index.php?topic=267306>

Question 2249

Inventoriable costs are costs of a product that are _____.

- A) costs of a product that are considered assets in a company's balance sheet when the costs are incurred and that are expensed as cost of goods sold only when the product is sold
- B) considered liabilities in a company's balance sheet when the costs are incurred and that are expensed only when the product is sold
- C) considered as assets in a company's income statement when the costs are capitalized and that are expensed as cost of goods sold only when the product is sold
- D) considered as liabilities in a company's income statement when the costs are capitalized and that are expensed only when the product is sold

Answer: <https://biology-forums.com/index.php?topic=266719>

Question 2250

What is the flexible-budget variance for variable manufacturing overhead?

- A) \$4,860 favorable
- B) \$4,860 unfavorable
- C) \$630 favorable
- D) \$630 unfavorable

Answer: <https://biology-forums.com/index.php?topic=267352>

Question 2251

Malive Park Department is considering a new capital investment. The following information is available on the investment. The cost of the machine will be \$119,000. The annual cost savings if the new machine is acquired will be \$35,000. The machine will have a 5-year life, at which time the terminal disposal value is expected to be zero. Malive Park is assuming no tax consequences. Malive Park has a 12% required rate of return. What is the payback period for the investment?

- A) 4.2 years

- B) 3.4 years
- C) 5 years
- D) 6.8 years

Answer: <https://biology-forums.com/index.php?topic=268665>

Question 2252

If ten clients are lost and the workforce stays at 20 employees, then the direct labor cost rate per hour:

- A) \$18.00 per hour
- B) \$17.50 per hour
- C) \$20.25 per hour
- D) \$15.00 per hour

Answer: <https://biology-forums.com/index.php?topic=266992>

Question 2253

Service companies, in particular, find great value from ABC because a vast majority of their cost structure is composed of _____ costs.

- A) prime
- B) factory
- C) indirect
- D) committed

Answer: <https://biology-forums.com/index.php?topic=267089>

Question 2254

Which of the following statement is true of costs of normal and abnormal spoilage?

- A) Costs of normal spoilage are shown as an asset in a balance sheet; however, abnormal spoilage costs are shown as liabilities in a balance sheet.
- B) Costs of abnormal spoilage are shown as an asset in a balance sheet; however, normal spoilage costs are shown as liabilities in a balance sheet.
- C) Costs of abnormal spoilage are separately accounted for as losses of the accounting period in which they are detected.
- D) Costs of normal spoilage are separately accounted for as losses of the accounting period in which they are detected.

Answer: <https://biology-forums.com/index.php?topic=268404>

Question 2255

The cash budget is a schedule of expected cash receipts and disbursements.

Answer: <https://biology-forums.com/index.php?topic=267229>

Question 2256

Relevant costs for this decision include _____.

- A) the original cost of the existing van
- B) accumulated depreciation
- C) the annual operating cost
- D) the book value of the existing van

Answer: <https://biology-forums.com/index.php?topic=267772>

Question 2257

When machine-hours are used as an overhead cost-allocation base, the most likely cause of a favorable variable overhead spending variance is _____.

- A) excessive machine breakdowns
- B) the production scheduler efficiently scheduled jobs
- C) a decline in the cost of energy
- D) strengthened demand for the product

Answer: <https://biology-forums.com/index.php?topic=267357>

Question 2258

What are Wheels's and Assembly's return on investment based on current values, respectively?

- A) 0.21; 0.25
- B) 0.25; 0.21
- C) 0.14; 0.25
- D) 0.25; 0.14

Answer: <https://biology-forums.com/index.php?topic=268848>

Question 2259

The maximum price that Genent's Engine Company should be willing to pay the outside supplier is

_____.

- A) \$92 per TE456 part
- B) \$93.84 per TE456 part
- C) \$115 per TE456 part
- D) \$116.84 per TE456 part

Answer: <https://biology-forums.com/index.php?topic=267721>

Question 2260

Which of the following is an advantage of using actual input data from past periods to develop a budget?

- A) Past inefficiencies are excluded in the preparation of new budget.
- B) Expected future changes are incorporated in the preparation of new budget.
- C) Information is available at a low cost.
- D) Data represents the ideal performance.

Answer: <https://biology-forums.com/index.php?topic=267274>

Question 2261

What are the strengths and weaknesses of the accrual accounting rate-of-return (AARR) method for evaluating long-term projects?

Answer: <https://biology-forums.com/index.php?topic=268677>

Question 2262

Estimated total product costs for this special order equal _____.

- A) \$96,000
- B) \$76,000
- C) \$80,000
- D) \$82,000

Answer: <https://biology-forums.com/index.php?topic=266954>

Question 2263

Total finished units to be produced is based on the _____.

- A) direct material purchase budget
- B) budgeted sales units
- C) direct material usage budget
- D) budgeted manufacturing overhead

Answer: <https://biology-forums.com/index.php?topic=267139>

Question 2264

Suppose a company decided to automate a production line. Explain what effects this would have on a company's cost structure using CVP terminology. Could these changes have any possible negative effect on the firm?

Answer: <https://biology-forums.com/index.php?topic=266847>

Question 2265

Provide the missing data for the following situations:

Red Division White Division Blue Division

Sales \$? \$10,000,000 \$?

Net operating income \$200,000 \$400,000 \$288,000

Operating assets \$? \$? \$1,600,000

Return on investment 0.16 0.10 ?

Return on sales 0.04 ? 0.12

Investment turnover ? ? 1.5

Answer: <https://biology-forums.com/index.php?topic=268842>

Question 2266

Cowley County Hospital uses a job-costing system for all patients who have surgery. In March, the pre-operating room (PRE-OP) and operating room (OR) had budgeted allocation bases of 4,000 nursing hours and 2,000 nursing hours, respectively. The budgeted nursing overhead charges for each department for the month were \$168,000 and \$132,000, respectively. The hospital floor for surgery patients had budgeted overhead costs of \$1,200,000 and 15,000 nursing hours for the month. For patient Fred Adams, actual hours incurred were eight and four hours, respectively, in the PRE-OP and OR rooms. He was in the hospital for 4 days (96 hours). Other costs related to Adams were:

PRE-OP OR In-room

Costs Costs Costs

Patient medicine \$ 200 \$ 500 \$2,400
Direct nursing time \$1,000 \$2,000 \$3,000
The hospital uses a budgeted overhead rate for applying overhead to patient stays.

Required:

What is the total cost of the stay of patient Fred Adams?

Answer: <https://biology-forums.com/index.php?topic=266964>

Question 2267

The determination of a cost as either direct or indirect depends upon the _____.

- A) accounting standards
- B) tax system chosen
- C) inventory valuation
- D) cost object chosen

Answer: <https://biology-forums.com/index.php?topic=266630>

Question 2268

The employee turnover rates is an example of the _____ measure of a balanced-scorecard.

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

Answer: <https://biology-forums.com/index.php?topic=267825>

Question 2269

Which option provides the greatest degree of operating leverage if 600 people attend?

- A) Option one
- B) Option two
- C) Both options provide equal degrees of operating leverage.
- D) Operating leverage is indeterminable.

Answer: <https://biology-forums.com/index.php?topic=266836>

Question 2270

Which of the following is true of indirect costs?

- A) Indirect costs are always considered sunk costs.
- B) All indirect costs are included in cost of goods sold.
- C) Indirect costs always vary in direct proportion to the level of production.
- D) Indirect costs cannot be traced to a particular cost object in an economically feasible way.

Answer: <https://biology-forums.com/index.php?topic=266637>

Question 2271

Which of the following is true of management accounting information?

- A) It focuses on documenting past business actions of a firm.
- B) It is prepared based on SEC rules and FASB accounting principles.
- C) It is prepared for shareholders.
- D) It co-ordinates product design, production, and marketing decisions.

Answer: <https://biology-forums.com/index.php?topic=266552>

Question 2272

Discuss the behavioral considerations that provide value to strategic decision making.

Answer: <https://biology-forums.com/index.php?topic=266591>

Question 2273

The budgeted fixed manufacturing cost rate is the lowest for _____.

- A) practical capacity
- B) theoretical capacity
- C) master-budget capacity utilization
- D) normal capacity utilization

Answer: <https://biology-forums.com/index.php?topic=267523>

Question 2274

Toyz Manufacturing uses departmental cost driver rates to apply manufacturing overhead costs to products. Manufacturing overhead costs are applied on the basis of machine-hours in the Machining Department and on the basis of direct labor-hours in the Assembly Department. At the beginning of 2014, the following estimates were provided for the coming year:

Machining Assembly

Direct labor-hours (dlh) 10,000 dlh 150,000 dlh

Machine-hours (mh) 100,000 mh 5,000 mh

Direct labor cost \$ 80,000 \$720,000

Manufacturing overhead costs \$200,000 \$450,000

The accounting records of the company show the following data for Job #897:

Machining Assembly

Direct labor-hours (dlh) 50 dlh 120 dlh

Machine-hours (mh) 170 mh 10 mh

Direct material cost \$3,000 \$1,600

Direct labor cost \$400 \$1,500

Required:

- Compute the manufacturing overhead allocation rate for each department.
- Compute the total cost of Job #897.
- Provide possible reasons why Toyz Manufacturing uses two different cost allocation rates.

Answer: <https://biology-forums.com/index.php?topic=266934>

Question 2275

Customers making large contributions to the profitability of the company should _____.

- be treated the same as other customers because all customers are important
- receive a higher level of attention from the company than less profitable customers
- be charged higher prices for the same products than less profitable customers
- not be offered the volume-based price discounts offered to less profitable customers

Answer: <https://biology-forums.com/index.php?topic=268008>

Question 2276

Which of the following is a financial budget?

- budgeted balance sheet
- cash receivables budget
- production budget
- cost of goods sold budget

Answer: <https://biology-forums.com/index.php?topic=267096>

Question 2277

A decision model involves a(n) _____.

- informal method of making a choice at the lower level management using sensitivity analysis
- formal method of making a choice that often involves both quantitative and qualitative analyses
- informal method of making a choice which is discussed in detailed in the financial reports
- formal method of making a choice at the lower level management using advanced management techniques such as balance scorecard

Answer: <https://biology-forums.com/index.php?topic=267649>

Question 2278

What is the total static-budget variance?

- \$11,430 favorable
- \$7,290 favorable
- \$4,140 unfavorable
- \$4,140 favorable

Answer: <https://biology-forums.com/index.php?topic=267270>

Question 2279

The degree to which a predetermined objective or target is met is known as _____.

- efficiency
- variance
- effectiveness
- benchmarking

Answer: <https://biology-forums.com/index.php?topic=267307>

Question 2280

What are the respective residual incomes for the North and South Divisions?

- A) \$60,000 and \$100,000
- B) \$300,000 and \$60,000
- C) \$300,000 and \$100,000
- D) \$100,000 and \$200,000

Answer: <https://biology-forums.com/index.php?topic=268835>

Question 2281

Assuming a constant mix of 3 units of X for every 1 unit of Y.

X Y Total
Sales \$25 \$40
VC 18 22
Total fixed costs \$78,000

The breakeven point in units would be _____.

- A) 6,000 units of X and 2,000 units of Y
- B) 12,000 units of X and 4,000 units of Y
- C) 5,200 units of X and 1,800 units of Y
- D) 3,600 units of X and 1,200 units of Y

Answer: <https://biology-forums.com/index.php?topic=266856>

Question 2282

Explain what is meant by sensitivity analysis in budgeting, and discuss how managers might use sensitivity analysis in practice.

Answer: <https://biology-forums.com/index.php?topic=267188>

Question 2283

The production method will report Product X in the balance sheet at _____.

- A) \$0
- B) \$1,500
- C) \$375
- D) \$2,500

Answer: <https://biology-forums.com/index.php?topic=268255>

Question 2284

Rolling budgets help management to _____.

- A) better review the past calendar year
- B) deal with a 5-year time frame
- C) focus on the upcoming budget period
- D) rigidly administer the budget

Answer: <https://biology-forums.com/index.php?topic=267119>

Question 2285

What is the total sales value at the splitoff point for paper?

- A) \$26,775
- B) \$20,880
- C) \$21,600
- D) \$27,000

Answer: <https://biology-forums.com/index.php?topic=268197>

Question 2286

Direct material cost is an example of _____.

- A) conversion costs
- B) discretionary costs
- C) engineered costs
- D) downsized costs

Answer: <https://biology-forums.com/index.php?topic=267872>

Question 2287

What is operating income for 2015?

- A) \$116,000
- B) \$137,000
- C) \$126,000
- D) \$144,000

Answer: <https://biology-forums.com/index.php?topic=266748>

Question 2288

Mendel Company makes the following journal entry:

Variable Manufacturing Overhead Allocated 200,000
Variable Manufacturing Overhead Efficiency Variance 5,000
Variable Manufacturing Overhead Control 175,000
Variable Manufacturing Overhead Spending Variance 30,000

Which of the following statements is true of the given journal entry?

- A) A variable manufacturing overhead cost of \$175,000 is written-off.
- B) An unfavorable spending variance of \$30,000 is recorded.
- C) A favorable efficiency variance of \$5,000 is recorded.
- D) A favorable flexible-budget variance of \$25,000 is recorded.

Answer: <https://biology-forums.com/index.php?topic=267371>

Question 2289

Tours Corp offers towing services, auto routing, travel brochures, and other travel services for one annual fee. This is an example of _____.

- A) revenue tracing
- B) revenue allocation
- C) a bundled product
- D) a business conglomerate

Answer: <https://biology-forums.com/index.php?topic=268152>

Question 2290

The best way to avoid misidentification of relevant costs is to focus on _____.

- A) expected future costs that differ among the alternatives
- B) historical costs
- C) unit fixed costs
- D) total unit costs

Answer: <https://biology-forums.com/index.php?topic=267693>

Question 2291

Boundary systems _____.

- A) describe standards of behavior and codes of conduct expected of all employees
- B) articulate the mission, purpose, and core values of a company
- C) are formal information systems managers use to focus the company's attention and learning on key strategic issues
- D) describe the geographic limits of a company and help organize its layout

Answer: <https://biology-forums.com/index.php?topic=268874>

Question 2292

What is the cost of goods manufactured for 2015?

- A) \$242,000
- B) \$252,000
- C) \$245,000
- D) \$250,000

Answer: <https://biology-forums.com/index.php?topic=266746>

Question 2293

Costs incurred to process orders would most likely be classified as a _____.

- A) customer output unit-level cost
- B) customer batch-level cost
- C) customer-sustaining cost
- D) corporate-sustaining cost

Answer: <https://biology-forums.com/index.php?topic=268006>

Question 2294

ABC systems use the concept of a _____ to identify the cost drivers that best demonstrate the cause-and-effect relationship between each activity and the costs in the related cost pool.

- A) cost hierarchy
- B) customer -cost analysis
- C) cost allocation
- D) variance analysis

Answer: <https://biology-forums.com/index.php?topic=268038>

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