

### Question 1

Motivation is the desire to attain a selected goal combined with the resulting drive or pursuit toward that goal.

T/F?

Answer: <https://biology-forums.com/index.php?topic=804580>

### Question 2

Gimble Manufacturing Inc. makes vibration control springs for heating, ventilating, and air conditioning (HVAC) equipment. Materials cost \$52 per spring set, and the machinists are paid \$44 per hour. A machinist can produce four sets of springs per hour. Fixed manufacturing costs for springs are \$5,000 per period. Non-manufacturing spring set costs are fixed at \$11,000 per period. Each spring set sells for \$75 and Gimble sells on average 4,000 spring sets per period.

Required:

- Competition has entered the market and is selling spring sets for an introductory price of \$66. Can Gimble Manufacturing Inc. meet this price and still make a profit?
- How would your answer to requirement a. change if Gimble sells on average 8,000 spring sets per period.
- What should Gimble Manufacturing Inc.'s management do in the short-run and for the long-term if it appears that \$66 is going to be the new market price for the future.

Answer: <https://biology-forums.com/index.php?topic=801528>

### Question 3

Line management is directly responsible for attaining the goals of the organization.

T/F?

Answer: <https://biology-forums.com/index.php?topic=801399>

### Question 4

Using the direct method, what amount of Warehouse Department costs will be allocated to Department Books?

- \$70,000
- \$105,000
- \$75,000
- \$87,500
- \$30,000

Answer: <https://biology-forums.com/index.php?topic=803563>

### Question 5

What is the slope coefficient per machine-hour?

- \$125.00
- \$12.50
- \$10.00
- \$100.00
- \$0.50

Answer: <https://biology-forums.com/index.php?topic=802811>

### Question 6

Which of the following is TRUE of products with a long life cycle?

- Their costs are more difficult to manage, early in their life cycle.
- It is not as important to have accurate predictions of revenues.
- They highlight the interrelationships with other parts of the life cycle.
- They are highly visible and therefore must be carefully controlled.
- A smaller fraction of the total life costs are actually incurred at the time when costs are locked-in.

Answer: <https://biology-forums.com/index.php?topic=803271>

### Question 7

SamTech 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:

	Year 1	Year 2	Year 3	Year 4	Year 5
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 mfg. costs \$55,000 \$55,000 \$55,000 \$55,00 \$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 Year 1.

Required:

Which division reports the highest income each year? Explain.

Answer: <https://biology-forums.com/index.php?topic=802703>

### Question 8

Which of the following journal entries properly records Acme's direct material costs placed into production for the month of July?

A)

Work-in-Process Control 650,000  
Direct Materials Control 650,000

B)

Finished Goods Inventory 688,250  
Direct Materials Control 588,250  
Cost of Goods Sold 100,000

C)

Finished Goods Inventory 650,000  
Direct Materials Control 650,000

D)

Finished Goods Inventory 550,000  
Cost of Goods Sold 100,000  
Direct Materials Control 650,000

E)

Cost of Goods Sold 650,000  
Direct Materials Control 650,000

Answer: <https://biology-forums.com/index.php?topic=804355>

### Question 9

Throughput costing treats all costs as period costs.

T/F?

Answer: <https://biology-forums.com/index.php?topic=802719>

### Question 10

The relevant range is important because

- A) it specifies which costs should be used for a given decision.
- B) it provides a basis for determining a range of acceptable cost alternatives.
- C) it is required to determine inventoriable costs under Canadian GAAP.
- D) it specifies the limits beyond which the relationship of cost to cost drivers may not be valid.
- E) it determines the time horizon.

Answer: <https://biology-forums.com/index.php?topic=801506>

### Question 11

Control measures should

- A) be set and not changed until the next budget cycle.
- B) be flexible to allow for employees who are slackers.
- 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 planning.
- E) provide continuous feedback.

Answer: <https://biology-forums.com/index.php?topic=801386>

### Question 12

All of the following statements about the constant gross margin percentage of net realizable method are true EXCEPT

- A) all products have equal gross margin percentages.
- B) it is based on a tenuous underlying assumption.
- C) the gross margin percentage remains the same regardless of the different amounts of separable costs.
- D) the gross margin is calculated by deducting all separable costs from revenue.
- E) some products may receive negative allocations of joint costs.

Answer: <https://biology-forums.com/index.php?topic=803711>

### Question 13

Managers should use unitized fixed manufacturing overhead costs for planning and control.

T/F?

Answer: <https://biology-forums.com/index.php?topic=802434>

### Question 14

The priority approach to budgeting is an incremental approach.

T/F?

Answer: <https://biology-forums.com/index.php?topic=802076>

### Question 15

The standard error of the estimated coefficient indicates whether a relationship exists between the predictor variable and the outcome variable that cannot be attributed to chance alone.

T/F?

Answer: <https://biology-forums.com/index.php?topic=802909>

### Question 16

Which of the following linear equations would represent the complete reciprocated cost of the Data Processing department?

- A)  $DP = \$75,000 + (600/4,700)PM$
- B)  $DP = \$75,000 + (3,500/16,700)PM$
- C)  $DP = \$75,000 \times (600/4,800) + \$350,000 \times (3,340/16,700)$
- D)  $PM = \$350,000 + (600/16,700)DP$
- E)  $PM = \$75,000 \times (600/4,700) + \$350,000 \times (3,340/16,700)$

Answer: <https://biology-forums.com/index.php?topic=803556>

### Question 17

Activity-based costing relies heavily on broad averages to assign costs to jobs, products, and services.

T/F?

Answer: <https://biology-forums.com/index.php?topic=801957>

### Question 18

Smart-T has just sold their accounts receivables of \$260,000 to Colleen Collect Inc on a non-recourse basis for 95% of their balance. Prepare the journal entry for this transaction.

Answer: <https://biology-forums.com/index.php?topic=805624>

### Question 19

The entry to record \$500 received from a customer for services provided to that customer today would be:

- A) Cash 500  
Accounts Receivable 500
- B) Cash 500  
Service Revenue 500
- C) Service Revenue 500  
Accounts Receivable 500
- D) Dividends 500  
Cash 500

Answer: <https://biology-forums.com/index.php?topic=805167>

### Question 20

Post-investment audits

- A) should be done as soon as possible after the investment is made.
- B) provide management with feedback about the performance of a project.
- C) include obtaining appropriation requests so that the funding will be authorized to purchase the equipment.
- D) 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.
- E) should not be undertaken because they are too costly.

Answer: <https://biology-forums.com/index.php?topic=804564>

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