

### Question 1

A company is deciding whether to purchase hybrid cars for its salespeople or gasoline-engine cars. All of the following costs would be relevant to its decision except

- A) the cost per gallon of gasoline.
- B) the book value of the current fleet of sales vehicles.
- C) the purchase price of the gasoline-engine model.
- D) the purchase price of the hybrid model.

Answer: <https://biology-forums.com/index.php?topic=364947>

### Question 2

All of the following describe an ABC system except

- A) ABC systems may only be used by service companies.
- B) ABC systems are used in both manufacturing and nonmanufacturing companies.
- C) ABC systems are more complex and costly than traditional costing systems.
- D) ABC systems can create more accurate product costs.

Answer: <https://biology-forums.com/index.php?topic=363565>

### Question 3

Managers must consider which of the following when pricing a product or service?

- A) Only manufacturing costs
- B) All costs
- C) Only period costs
- D) Only variable costs

Answer: <https://biology-forums.com/index.php?topic=363824>

### Question 4

Fosnight Enterprises prepared the following sales budget:

Month Budgeted Sales

March \$6,000

April \$13,000

May \$12,000

June \$14,000

The expected gross profit rate is 30% and the inventory at the end of February was \$10,000. Desired inventory levels at the end of the month are 20% of the next month's cost of goods sold.

What are the total purchases budgeted for April?

- A) \$8,680
- B) \$10,920
- C) \$9,240
- D) \$8,960

Answer: <https://biology-forums.com/index.php?topic=363969>

### Question 5

Golden Corporation has operating income of \$336,000, a sales margin of 16%, and capital turnover of 3.0. The return on investment (ROI) for Golden Corporation may be closest to

- A) 2%.
- B) 5%.
- C) 160%.
- D) 48%.

Answer: <https://biology-forums.com/index.php?topic=363278>

### Question 6

The manager of the Northeast sales region at General Mills may be in charge of a(n)

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

Answer: <https://biology-forums.com/index.php?topic=363228>

### Question 7

Before the year began, Murphy Manufacturing estimated that manufacturing overhead for the year would be \$175,500 and that 13,000 direct labor hours would be worked. Actual results for the year included the following:

Actual manufacturing overhead cost \$184,000

Actual direct labor hours 14,500

The amount of manufacturing overhead allocated for the year based on direct labor hours would have been

A) \$179,750.

B) \$184,000.

C) \$175,500.

D) \$195,750.

Answer: <https://biology-forums.com/index.php?topic=365042>

### Question 8

Brittany Furniture manufactures two products: Futons and Recliners. The following data are available:

Futons Recliners

Sales price \$500.00 \$480.00

Variable costs \$325.00 \$120.00

The company can manufacture two futons per machine hour and one recliner per machine hour. The company's production capacity is 900 machine hours per month.

What is the contribution margin per machine hour for recliners?

A) \$720

B) \$360

C) \$600

D) \$1,080

Answer: <https://biology-forums.com/index.php?topic=363863>

### Question 9

Manufacturers follow four steps to implement a manufacturing overhead allocation system. Which step is not performed before the year begins?

A) Calculate a predetermined manufacturing overhead rate.

B) Allocate some manufacturing overhead to each individual job.

C) Select an allocation base and estimate the total amount that will be used during the year.

D) Estimate total manufacturing overhead costs for the coming year.

Answer: <https://biology-forums.com/index.php?topic=365023>

### Question 10

Showboat Corporation had actual manufacturing overhead costs for the most recent year of \$29,500. Manufacturing overhead is allocated using a predetermined manufacturing overhead rate of \$1.50 per direct labor hour. Direct labor cost is \$19 per hour. At the end of the year, Cabaret Corporation found it had overallocated manufacturing overhead by \$1,250. How much manufacturing overhead was allocated in total during the year?

A) \$28,250

B) \$1,250

C) \$29,500

D) \$30,750

Answer: <https://biology-forums.com/index.php?topic=365076>

### Question 11

Taylor Company reported the following information for the current year:

Account Current year Percentage Prior year

Net sales revenue \$367,200 100% \$300,000

COGS \$220,320 ? \$240,000

Gross Profit \$146,880 40.00% \$60,000

Selling/General Exp. \$69,768 19.00% \$12,000

Net income before tax \$77,112 ? \$48,000

Income Tax \$7,344 2.00% \$3,000

Net Income \$69,768 ? \$45,000

What would a vertical analysis report with respect to current year selling and general expenses?

A) An increase of \$57,768

B) A decrease of 82.80%

C) 19% of net sales revenue

D) 25% of net sales revenue

Answer: <https://biology-forums.com/index.php?topic=364461>

### Question 12

The following is selected financial data from Turtle Bay Manufacturing for the most recent year.

Ending raw materials inventory \$21,000  
Ending work in process inventory \$44,200  
Ending finished goods inventory \$53,200  
Amount of underallocated manufacturing overhead \$5,100  
Cost of goods sold for year \$85,000  
Cost of raw materials purchased during year \$45,300  
Cost of direct materials requisitioned during year \$43,800  
Cost of indirect materials requisitioned during year \$7,200  
Cost of goods completed during year \$120,000  
Manufacturing overhead allocated \$60,000  
Manufacturing overhead % of direct labor cost 120%

What is the beginning raw materials inventory?

- A) \$5,700
- B) \$26,700
- C) \$72,000
- D) \$19,500

Answer: <https://biology-forums.com/index.php?topic=365065>

### Question 13

Using account analysis, what type of cost is the local phone service which charges a flat fee for unlimited local calls?

- A) Fixed
- B) Mixed
- C) Variable
- D) Step

Answer: <https://biology-forums.com/index.php?topic=364122>

### Question 14

The only difference in the balance sheets of various types of businesses (for example, manufacturing vs. service) is

- A) current liabilities.
- B) investments.
- C) equity.
- D) current assets.

Answer: <https://biology-forums.com/index.php?topic=364873>

### Question 15

The managerial accountant at Space Right Office Cubicles calculates fixed overhead variances to complete the August report. The actual fixed overhead cost in the month of August was \$56,400 and the budgeted fixed overhead cost was \$58,100. The standard hours in August were 3,200 and the standard rate per machine-hour was \$18. Calculate the standard fixed overhead cost allocated to production, the fixed overhead budget variance, and the fixed overhead volume variance.

- A) \$56,400; \$1,300 U; \$1,700 F
- B) \$58,100; \$2,200 U; \$1,200 F
- C) \$52,300; \$1,200 U; \$1,700 F
- D) \$57,600; \$1,700 U; \$500 F

Answer: <https://biology-forums.com/index.php?topic=363518>

### Question 16

Which of the following entries would be made to record the requisition of \$11,000 of direct materials and \$6,000 of indirect materials?

- A) WIP Inventory 11,000

Manufacturing

Overhead 6,000

Materials Inventory 17,000

- B) WIP Inventory 17,000

Materials Inventory 17,000

- C) Manufacturing Overhead 17,000

Raw Materials Inventory 17,000

- D) Raw Materials

Inventory 17,000

WIP Inventory 17,000

Answer: <https://biology-forums.com/index.php?topic=365187>

### Question 17

Sneider Family Orange Groves processes a variety of fresh juices. The company has the following expenses for July:

Depreciation expense on bottling machines \$63,000  
Glass juice bottles \$60,000  
Commissions for salespeople \$30,000  
Salaries of nutrition researchers \$75,000  
Costs of maintaining website used for customer orders \$4,000  
Wages of factory workers \$75,000  
Freshness seals/caps for juice bottles \$3,000  
Reconfiguring the factory layout \$122,000  
Customer help line \$5,000  
Costs of refrigerated trucks used to deliver juice \$25,000  
What is the total cost for the distribution category of the value chain?

- A) \$28,000
- B) \$222,000
- C) \$29,000
- D) \$151,000

Answer: <https://biology-forums.com/index.php?topic=364805>

### Question 18

Sherwin Chemicals produces commercial strength cleansing supplies. Two of its main products are window cleanser that uses ammonia, and floor cleanser that uses bleach. Information for the most recent period follows:

Product Names Window Cleaner (ammonia) Floor Cleaner (bleach)

Direct materials information

Standard ounces per unit 16 oz. 24 oz.

Standard price (SP) per ounce \$0.75 ?

Actual quantity (AQ) used per unit 20 oz. 22 oz.

Actual price (AP) paid for material \$1.00 \$0.90

Actual quantity purchased (AQP) and used 1,500 oz. 2,800 oz..

Price variance ? \$300 U

Quantity variance \$1,500 U ?

Flexible budget variance ? \$678 F

Number of units produced 500 600

What is the direct material quantity variance for the bleach?

- A) \$378 favorable
- B) \$978 unfavorable
- C) \$378 unfavorable
- D) \$978 favorable

Answer: <https://biology-forums.com/index.php?topic=363405>

### Question 19

It costs Homer's Manufacturing \$0.75 to produce baseballs and Homer sells them for \$4.00 a piece. Homer pays a sales commission of 5% of sales revenue to his sales staff. Homer also pays \$12,000 a month rent for his factory and store, and also pays \$75,000 a month to his staff in addition to the commissions. Homer sold 67,500 baseballs in June. If Homer prepares a traditional income statement for the month of June, what would be his operating income?

- A) \$118,875
- B) \$219,375
- C) \$270,000
- D) \$319,875

Answer: <https://biology-forums.com/index.php?topic=364204>

### Question 20

Which of the following represents a sunk cost?

- A) An outlay expected to be incurred in the future
- B) A historical cost that is never relevant
- C) A cost that is relevant to any decision
- D) A historical cost that is always relevant

Answer: <https://biology-forums.com/index.php?topic=364940>