

The advantages of standard costs include:

Select one:

- a. the costing of production and resulting inventories is made simpler.
- b. management planning is made easier.
- c. All the answers are correct.

Question 2

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] At zero direct labor hours in a flexible budget graph, the total budgeted cost line intersects the vertical axis at \$30,000. At 10,000 direct labor hours, a horizontal line drawn from the total budgeted cost line intersects the vertical axis at \$120,000. The fixed and variable costs may be expressed as

Select one:

- a. \$30,000 fixed plus \$6 per direct labor hour variable.
- b. \$60,000 fixed plus \$6 per direct labor hour variable.
- c. \$60,000 fixed plus \$3 per direct labor hour variable.
- d. None of the listed answers is correct.

Question 3

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In the case of ROGEN Company in your CH 11 PRACTICE TEST, WHEN DO YOU EXPECT the company set standard cost table?

Select one:

- a. When the 2017 operation begins.
- b. When the 2017 operation is ended.
- c. When the 2017 operating budgets are prepared.
- d. All the answers are correct.

Question 4

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In producing product ZZ, 14,800 direct labor hours were used at a rate of \$8.00 per hour. The standard was 15,000 hours at \$8.20 per hour. Based on these data, the direct labor quantity [or efficiency] variance is:

Select one:

- a. \$4,600 unfavorable.
- b. None of the listed answers is correct.
- c. \$1,640 unfavorable.
- d. \$1,640 favorable.

Question 5

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] A segment of Hazard Inc. has the following data: Sales \$200,000, Variable expenses 140,000, and Fixed expenses 100,000. If this segment is eliminated, what will be the effect on the company's net income? Assume that 40% of the fixed expenses will be eliminated and the rest will be allocated to the company's remaining segments.

Select one:

- a. \$10,000 decrease.

- b. \$40,000 increase.
- c. \$0 effect.
- d. No correct answer is given.

[FIN] In producing 30,000 units of product ZZ during this period, 14,000 direct labor hours were used at a rate of \$20.20 per hour. The standard labor quantity to use to produce an output unit was 0.5 hour, [with the computed total standard hours allowance [SHA] of 15,000 hours], and the standard rate to pay \$20.00 per hour. Based on these data, the direct labor price [or rate] variance was:

Select one:

- a. \$17,200 favorable.
- b. 1,000 favorable.
- c. \$20,000 favorable.
- d. None of the listed answers is correct.

Question 7

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Which manager or who is most likely responsible for direct material price variances?

Select one:

- a. Marketing.
- b. Purchasing.
- c. Personnel.
- d. Production.

Question 8

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Which manager or who is most likely responsible for production-volume variances?

Select one:

- a. Personnel.
- b. Purchasing.
- c. Marketing.
- d. Production.

Question 9

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Standards differ from budgets in that

Select one:

- a. budgets but not standards may be recorded in the company's information system.
- b. only budgets contribute to management planning and control.
- c. budgets but not standards may be used in valuing inventories.
- d. budgets are a total amount and standards are a unit amount.

Question 10

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Howell Company has prepared a sales budget of 9,000 finished units for a 3-month period, or a quarter. Howell has an inventory of 2,000 units of finished goods on hand at December 31 and has a target finished goods inventory of 3,000 units at the end of the succeeding quarter. How many units of finished goods should Howell produce during the 3 months ending March 31?

Select one:

- a. 10,000.
- b. No correct answer is given.
- c. 8,000.
- d. 9,000.

A truck, costing \$75,000 and uninsured, is wrecked its first day in use. It can be either (a) disposed of for \$23,000 cash and replaced with a similar truck costing \$73,000 or (b) rebuilt for \$55,000 and thus be brand-new as far as operating characteristics and looks are concerned. Which action is less costly and by how much?

Select one:

- a. Replacing is \$25,000 cheaper.
- b. Replacing is \$5,000 cheaper.
- c. Rebuilding is \$20,000 cheaper.
- d. Rebuilding is \$18,000 cheaper.

Question 12

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In producing 1,000 units of product AA during this period, 6,600 kg of direct materials were purchased at a cost of \$1.00 per kilogram, and 6,600 kg were used in Production. The standard quantity to use to produce an output unit was 6 kg [with the computed total standard quantity allowance [SQA] of 6,000 kg] and the standard price to pay \$1.10 per kilogram. The direct materials quantity variance was

Select one:

- a. \$660 favorable.
- b. 600kg unfavorable.
- c. \$0.
- d. None of the listed answers is correct.

Question 13

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] A company incurs \$14 of variable costs and \$6 of fixed costs to produce product A, which sells for \$30. A foreign buyer offers to purchase 3,000 units at \$18 each. If the company accepts and produces the special order with unused capacity, its net income will

Select one:

- a. decrease by \$6,000.
- b. increase by \$6,000.
- c. No correct answer is given.
- d. increase by \$9,000.

Question 14

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In a standard cost system, to apply direct labor costs to production, the journal entry should include:

Select one:

- a. Credit the standard quantity of direct labor allowed for actual production times actual price per hour
- b. Credit the standard quantity of direct labor allowed for actual production times standard price per hour
- c. Debit the standard quantity of direct labor allowed for actual production times actual price per hour
- d. None of the listed answers is correct.

Question 15

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] A company incurs \$14 of variable costs and \$6 of fixed costs to produce product A, which sells for \$30. A foreign buyer offers to purchase 3,000 units at \$19 each. If the company accepts and produces the special order when capacity is already fully used, its net income will

Select one:

- a. increase by \$36,000.
- b. No correct answer is given.
- c. increase by \$6,000.
- d. decrease by \$36,000.

Dalton Computers makes 5,200 units of a circuit board, CB76. The company's variable cost per unit is \$190 and fixed cost per unit is \$100. Peach Electronics offers to supply 5,200 units of CB76 for \$250. If Dalton buys from Peach it will be able to save \$70 per unit in fixed costs but continue to incur the remaining \$30 per unit. If Dalton accepted Peach's offer [which means discontinuing making the product in-house], Dalton's per-unit production cost would:

Select one:

- a. increase by \$30.

- b. increase by \$60.
- c. decrease by \$10.
- d. No correct answer is given.

Question 17

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In producing 1,000 units of product AA during this period, 6,600 kg of direct materials were purchased at a cost of \$1.00 per kilogram, and 6,600 kg were used in Production. The standard quantity to use to produce an output unit was 6 kg [with the computed total standard quantity allowance [SQA] of 6,000 kg] and the standard price to pay \$1.10 per kilogram. The direct materials purchase price variance was

Select one:

- a. \$660 unfavorable.
- b. \$0.
- c. None of the listed answers is correct..
- d. 600kg unfavorable.

Question 18

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Which manager or who is most likely responsible for direct labor price [or rate] variances?

Select one:

- a. Purchasing.
- b. Marketing.
- c. Personnel.
- d. Production.

Question 19

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] XTI production department, a machine-paced manufacturing operation, budgeted for the upcoming January the followings: production of 1,000 units of spectrometer, fixed overhead of \$10,000; and the fixed overhead's standard cost per unit was set at \$10 per unit [= 2 standard machine hours x standard rate \$5]. During January: 1,200 units were produced, incurring fixed overhead cost of \$9,650. What was the \$ amount of the period's fixed-overhead Controllable variance?

Select one:

- a. \$2,350 unfavorable.
- b. None of the listed answers is correct.
- c. \$2,350 favorable.
- d. \$350 favorable.

Question 20

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] The Production volume variance can be calculated by this alternate method: the difference between the actual production and the budgeted production units, multiplied by the fixed production overhead standard rate per unit.

Select one:

- a. True

b. False.

Question 21

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In the case of ROGEN Company in your CH 11 PRACTICE TEST, WHEN DO YOU EXPECT the company prepare flexible budget?

Select one:

- a. When the OCTOBER operating budgets are prepared.
- b. Throughout OCTOBER.
- c. When the OCTOBER operation is ended.
- d. All the answers are correct.

Question 22

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Which of the following formulas is correct?

Select one:

- a. All the answers are correct.
- b. Overhead controllable variance = actual overhead – overhead flexible budget.
- c. Labor price [or rate] variance = (actual hours × actual rate) – (actual hours × standard rate).

Question 23

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In producing product AA, 6,600 kg of direct materials were used at a cost of \$1.10 per kilogram. The standard was 6,000 kg at \$1.00 per kilogram. The direct materials quantity variance is

Select one:

- a. \$600 favorable.

- b. None of the listed answers is correct.
- c. \$1,260 favorable.
- d. \$600 unfavorable.

Question 24

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In the case of ROGEN Company in your CH 11 PRACTICE TEST, WHEN DO YOU EXPECT the company apply standard costs that are specified in the table?

Select one:

- a. Only when the 2017 operation is ended.
- b. Only when the actual costs become known about each period being evaluated.
- c. Only when the 2017 operating budgets are prepared.
- d. Throughout each period being evaluated.

Question 25

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Howell Company has prepared a sales budget of 9,000 finished units for a 3-month period, or a quarter. Howell has an inventory of 2,000 units of finished goods on hand at December 31 and has a target finished goods inventory of 3,000 units at the end of the succeeding quarter. It takes 2 gallons of direct materials to make one unit of finished product. Howell has an inventory of 6,000 gallons of direct materials at December 31 and has a target ending inventory of 16,000 gallons at the end of the succeeding quarter. How many gallons of direct materials should Howell purchase during the 3 months ending March 31?

Select one:

- a. No correct answer is given.
- b. 10,000.
- c. 30,000.
- d. 20,000.

Which of the following is correct about overhead variances?

Select one:

- a. Budgeted overhead and budgeted overhead applied are the same.
- b. None of the listed answers is correct.
- c. Standard hours actually worked are used in computing the variance.
- d. Total actual overhead is composed of variable overhead, fixed overhead, and period costs.

Question 27

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In a standard cost system, to record the direct material use in production process, materials inventory account is credited for:

Select one:

- a. None of the listed answers is correct.
- b. Actual quantity of direct materials put into production times actual price per material unit
- c. Standard quantity of direct materials put into production times actual price per material unit
- d. Standard quantity of direct materials allowed for actual production times standard price per material unit

Question 28

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] The decision rule in a sell-or-process-further decision is to process further as long as the incremental revenue from processing is more than the

Select one:

- a. incremental processing costs.
- b. No correct answer is given.
- c. fixed processing costs.
- d. variable processing costs.

Question 29

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Incremental analysis is the process of identifying the financial data that

Select one:

- a. No correct answer is given.

b. do not change under alternative courses of action.

c. change under alternative courses of action.

d. are mixed under alternative courses of action.

Question 30

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] The Production volume variance is the difference between the total standard fixed-overhead cost applied to budgeted production and the fixed-overhead cost's flexible budget amount for the period.

Select one:

a. False.

b. True

XTI production department, a machine-paced manufacturing operation, budgeted for the upcoming January the followings: production of 1,000 units of spectrometer, fixed overhead of \$10,000; and the fixed overhead's standard cost per unit was set at \$10 per unit [= 2 standard machine hours x standard rate \$5]. During January: 1,200 units were produced, incurring fixed overhead cost of \$9,650. What was the \$ amount of the period's production volume variance?

Select one:

- a. \$200 unfavorable.
- b. None of the listed answers is correct.
- c. \$2,000 favorable.
- d. \$200 favorable.

Question 32

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In producing 30,000 units of product ZZ during this period, 14,000 direct labor hours were used at a rate of \$20.20 per hour. The standard labor quantity to use to produce an output unit was 0.5 hour, [with the computed total standard hours allowance [SHA] of 15,000 hours], and the standard rate to pay \$20.00 per hour. Based on these data, the direct labor quantity variance was:

Select one:

- a. \$2,800 unfavorable.
- b. None of the listed answers is correct.
- c. \$2,800 favorable.
- d. \$17,200 favorable.

Question 33

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] In producing product AA, 6,600 kg of direct materials were used at a cost of \$1.10 per kilogram. The standard was 6,000 kg at \$1.00 per kilogram. The direct materials price variance is

Select one:

- a. None of the listed answers is correct.
- b. \$660 unfavorable.
- c. \$660 favorable.
- d. \$1,260 favorable.

Question 34

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN] Which manager or who is most likely responsible for direct material quantity [or efficiency] variances?

Select one:

- a. Personnel.
- b. Marketing.
- c. Purchasing.
- d. Production.

Question 35

Not yet answered

Points out of 1.00

Flag question

Question text

[FIN]. The formula for calculating the overhead controllable [or budget] variance is

Select one:

- a. The overhead flexible budget less the standard overhead cost applied.
- b. The actual overhead incurred less the overhead originally budgeted.
- c. The actual overhead incurred less the standard overhead cost applied.

d. None of the listed answers is correct.