TT TEXTBOOK TESTBANKS

Test Bank for Managerial Accounting 17th Garrison

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Managerial Accounting 17th Edition by Garrison CH01

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

1) Dobosh Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.65	
Variable manufacturing overhead	$ 1.60	
Fixed manufacturing overhead		$ 113,400
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 36,450

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 9,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 9,000 units?

c. If 10,000 units are sold, what is the variable cost per unit sold?

d. If 10,000 units are sold, what is the total amount of variable costs related to the units sold?

e. If 10,000 units are produced, what is the total amount of manufacturing overhead cost incurred?

f. If the selling price is $21.60 per unit, what is the contribution margin per unit sold?

g. If 8,000 units are produced, what is the total amount of direct manufacturing cost incurred?

h. If 8,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

i. What incremental manufacturing cost will the company incur if it increases production from 9,000 to 9,001 units?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Cost Classifications for Assigning Costs to Cost Objects
Topic : Cost Classifications for Decision Making
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Topic : Cost Classifications for Preparing Financial Statements
Topic : Using Different Cost Classifications for Different Purposes

2) Saxbury Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 4,200 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.60
Direct labor	$ 3.40
Variable manufacturing overhead	$ 1.40
Fixed manufacturing overhead	$ 4.50
Fixed selling expense	$ 0.65
Fixed administrative expense	$ 0.50
Sales commissions	$ 0.40
Variable administrative expense	$ 0.40

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 4,200 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 4,200 units?

c. If 5,200 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

d. If 5,200 units are sold, what is the total amount of variable costs related to the units sold?

e. If 5,200 units are produced, what is the average fixed manufacturing cost per unit produced? **(Round "Per unit" answer to 2 decimal places.)**

f. If 5,200 units are produced, what is the total amount of fixed manufacturing cost incurred?

g. If 5,200 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis? **(Round "Per unit" answer to 2 decimal places.)**

h. If the selling price is $24.10 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

i. If 3,200 units are produced, what is the total amount of direct manufacturing cost incurred?

j. If 3,200 units are produced, what is the total amount of indirect manufacturing cost incurred?

k. What incremental manufacturing cost will the company incur if it increases production from 4,200 to 4,201 units? **(Round "Per unit" answer to 2 decimal places.)**

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
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3) Saxbury Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.30
Direct labor	$ 3.65
Variable manufacturing overhead	$ 1.50
Fixed manufacturing overhead	$ 3.90
Fixed selling expense	$ 0.75
Fixed administrative expense	$ 0.60
Sales commissions	$ 0.50
Variable administrative expense	$ 0.50

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,000 units?

c. If 6,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

d. If 6,000 units are sold, what is the total amount of variable costs related to the units sold?

e. If 6,000 units are produced, what is the average fixed manufacturing cost per unit produced? **(Round "Per unit" answer to 2 decimal places.)**

f. If 6,000 units are produced, what is the total amount of fixed manufacturing cost incurred?

g. If 6,000 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis? **(Round "Per unit" answer to 2 decimal places.)**

h. If the selling price is $22.90 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

i. If 4,000 units are produced, what is the total amount of direct manufacturing cost incurred?

j. If 4,000 units are produced, what is the total amount of indirect manufacturing cost incurred?

k. What incremental manufacturing cost will the company incur if it increases production from 5,000 to 5,001 units? **(Round "Per unit" answer to 2 decimal places.)**

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4) Myklebust Corporation's relevant range of activity is 4,000 units to 8,000 units. When it produces and sells 6,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.40
Direct labor	$ 3.80
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.75
Fixed administrative expense	$ 0.60
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

Required:

a.For financial reporting purposes, what is the total amount of product costs incurred to make 6,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 6,000 units?

c. If the selling price is $20.20 per unit, what is the contribution margin per unit sold?

d. If 7,000 units are produced, what is the total amount of direct manufacturing cost incurred?

e. If 7,000 units are produced, what is the total amount of indirect manufacturing cost incurred?

f. What incremental manufacturing cost will the company incur if it increases production from 6,000 to 6,001 units?

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5) Learned Corporation has provided the following information:

	Cost per Unit	Cost per Period

Direct materials	$ 5.20	
Direct labor	$ 3.85	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 27,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 9,000

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 6,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 6,000 units?

c. If the selling price is $22.40 per unit, what is the contribution margin per unit sold? **(Round your answer to 2 decimal places.)**

d. If 7,000 units are produced, what is the total amount of direct manufacturing cost incurred?

e. If 7,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

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Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Quantitative

6) Learned Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.60	
Direct labor	$ 4.55	
Variable manufacturing overhead	$ 2.15	
Fixed manufacturing overhead		$ 21,000
Sales commissions	$ 0.80	
Variable administrative expense	$ 0.70	
Fixed selling and administrative expense		$ 6,500

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,000 units?

c. If the selling price is $24.40 per unit, what is the contribution margin per unit sold? **(Round your answer to 2 decimal places.)**

d. If 6,000 units are produced, what is the total amount of direct manufacturing cost incurred?

e. If 6,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Type : Algorithmic
Topic : Cost Classifications for Assigning Costs to Cost Objects
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Topic : Cost Classifications for Predicting Cost Behavior
Topic : Cost Classifications for Preparing Financial Statements
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Quantitative

7) Arman Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$6.10

Direct labor	$2.90
Variable manufacturing overhead	$1.25
Fixed manufacturing overhead	$3.00
Fixed selling expense	$1.05
Fixed administrative expense	$0.60
Sales commissions	$1.50
Variable administrative expense	$0.55

Required:

a. If 6,000 units are produced, what is the total amount of fixed manufacturing cost incurred?

b. If 6,000 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis?

c. If 4,000 units are produced, what is the total amount of direct manufacturing cost incurred?

d. If 4,000 units are produced, what is the total amount of indirect manufacturing cost incurred?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Assigning Costs to Cost Objects
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Topic : Cost Classifications for Predicting Cost Behavior

8) Skolnick Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.40	

Direct labor	$ 3.60	
Variable manufacturing overhead	$ 1.70	
Fixed manufacturing overhead		$ 112,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 32,200

Required:

a. If 7,000 units are produced, what is the total amount of direct manufacturing cost incurred? **(Do not round intermediate calculations.)**

b. If 7,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Type : Algorithmic
Topic : Cost Classifications for Assigning Costs to Cost Objects
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Quantitative

9) Skolnick Corporation has provided the following information:

	Cost per Unit	Cost per Period

Direct materials	$ 5.70	
Direct labor	$ 3.60	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 121,500
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 36,450

Required:

a. If 8,000 units are produced, what is the total amount of direct manufacturing cost incurred? **(Do not round intermediate calculations.)**

b. If 8,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Assigning Costs to Cost Objects
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Quantitative

10) Karpowicz Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.25
Direct labor	$ 4.15
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 12.60
Fixed selling expense	$ 3.15
Fixed administrative expense	$ 1.80
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

Required:

a. If the selling price is $21.40 per unit, what is the contribution margin per unit sold?
b. If 8,000 units are produced, what is the total amount of direct manufacturing cost incurred?
c. If 8,000 units are produced, what is the total amount of indirect manufacturing cost incurred?
d. What incremental manufacturing cost will the company incur if it increases production from 9,000 to 9,001 units?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
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11) Parlavecchio Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$5.20
Direct labor	\$3.40
Variable manufacturing overhead	\$1.35
Fixed manufacturing overhead	\$3.00
Fixed selling expense	\$0.70
Fixed administrative expense	\$0.40
Sales commissions	\$1.50
Variable administrative expense	\$0.45

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 4,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 4,000 units?

c. If 5,000 units are sold, what is the variable cost per unit sold?

d. If 5,000 units are sold, what is the total amount of variable costs related to the units sold?

e. If 5,000 units are produced, what is the average fixed manufacturing cost per unit produced?

f. If 5,000 units are produced, what is the total amount of fixed manufacturing cost incurred?

g. If 5,000 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Quantitative

12) Menk Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.25	
Direct labor	$ 3.25	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 18,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 9,000

Required: a. If 5,000 units are sold, what is the variable cost per unit sold?
b. If 5,000 units are sold, what is the total amount of variable costs related to the units sold?
c. If 5,000 units are produced, what is the total amount of manufacturing overhead cost incurred?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Quantitative

13) Mary Tappin, an assistant Vice President at Galaxy Toys, was disturbed to find on her desk a memo from her boss, Gary Resnick, to the controller of the company. The memo appears below:

GALAXY TOYS INTERNAL MEMO

Sept 15

To: Harry Wilson, Controller
Fm: Gary Resnick, Executive Vice President

As you know, we won't start recording many sales until October when stores start accepting shipments from us for the Christmas season. Meanwhile, we are producing flat-out and are building up our finished goods inventories so that we will be ready to ship next month.

Unfortunately, we are in a bind right now since it looks like the net income for the quarter ending on Sept 30 is going to be pretty awful. This may get us in trouble with the bank since they always review the quarterly financial reports and may call in our loan if they don't like what they see. Is there any possibility that we could change the classification of some of our period costs to product costs-such as the rent on the finished goods warehouse?
Please let me know as soon as possible. The President is pushing for results.

Mary didn't know what to do about the memo. It wasn't intended for her, but its contents were alarming.

Required:
a. Why has Gary Resnick suggested reclassifying some period costs as product costs?
b. Why do you think Mary was alarmed about the memo?

Question Details
AICPA : BB Critical Thinking
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Reflective Thinking
Difficulty : 2 Medium
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AICPA : FN Reporting

14) Classify the following costs for an auto manufacturer as either direct materials, direct labor, manufacturing overhead, or period costs.

	Direct Materials	Direct Labor	Manufacturing Overhead	Period Cost
a. Steel used in automobiles				
b. Assembly department employee wages				
c. Utility costs used in executive building				
d. Travel costs of sales personnel				
e. Cost of shipping goods to customers				
f. Property taxes on assembly plant				
g. Glass used in automobiles				
h. Factory maintenance supplies				
i. Depreciation on assembly plant				
j. Plant manager's salary				
k. CEO's salary				
l. Depreciation on executive building				

m. Salary of marketing executive
n. Tires installed on automobiles
o. Advertising

Required:
Complete the answer sheet above by placing an "X" under each heading that identifies the cost involved.

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Reflective Thinking
Difficulty : 2 Medium
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements

15) Asplund Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.25	
Direct labor	$ 2.90	
Variable manufacturing overhead	$ 1.30	
Fixed manufacturing overhead		$ 18,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	

Fixed selling and administrative expense	$ 7,500

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,000 units?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Cost Classifications for Preparing Financial Statements

16) Balerio Corporation's relevant range of activity is 9,000 units to 14,000 units. When it produces and sells 11,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 7.30
Direct labor	$ 3.90
Variable manufacturing overhead	$ 2.20
Fixed manufacturing overhead	$ 14.10
Fixed selling expense	$ 2.65
Fixed administrative expense	$ 1.70
Sales commissions	$ 0.50
Variable administrative expense	$ 0.40

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 11,000 units? **(Do not round intermediate calculations.)**

b. If 13,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

c. If 13,000 units are sold, what is the total amount of variable costs related to the units sold? **(Do not round intermediate calculations. Round "Per unit" answer to 2 decimal places.)**

d. If the selling price is $18.90 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

e. What incremental manufacturing cost will the company incur if it increases production from 11,000 to 11,001 units? **(Round "Per unit" answer to 2 decimal places.)**

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AICPA : FN Measurement
Bloom's : Apply
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Type : Algorithmic
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17) Balerio Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.80
Direct labor	$ 3.20
Variable manufacturing overhead	$ 1.60

Fixed manufacturing overhead	$ 13.50
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 0.50
Variable administrative expense	$ 0.40

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 9,000 units? **(Do not round intermediate calculations.)**

b. If 10,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

c. If 10,000 units are sold, what is the total amount of variable costs related to the units sold? **(Do not round intermediate calculations. Round "Per unit" answer to 2 decimal places.)**

d. If the selling price is $18.20 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

e. What incremental manufacturing cost will the company incur if it increases production from 9,000 to 9,001 units? **(Round "Per unit" answer to 2 decimal places.)**

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AACSB : Analytical Thinking
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AICPA : FN Measurement
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18) Glisan Corporation's relevant range of activity is 4,000 units to 8,000 units. When it produces and sells 6,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.75
Direct labor	$ 3.00
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 4.50
Fixed selling expense	$ 0.75
Fixed administrative expense	$ 0.60
Sales commissions	$ 1.50
Variable administrative expense	$ 0.55

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 6,000 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 6,000 units?

c. If 5,000 units are sold, what is the total amount of variable costs related to the units sold?

d. If the selling price is $19.10 per unit, what is the contribution margin per unit sold?

e. What incremental manufacturing cost will the company incur if it increases production from 6,000 to 6,001 units?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Cost Classifications for Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Cost Classifications for Preparing Financial Statements
Topic : Using Different Cost Classifications for Different Purposes

19) Morrisroe Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.65	
Direct labor	$ 3.30	
Variable manufacturing overhead	$ 1.70	
Fixed manufacturing overhead		$ 10,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 5,000

Required:

a. If the selling price is $25.90 per unit, what is the contribution margin per unit sold?

b. What incremental manufacturing cost will the company incur if it increases production from 5,000 to 5,001 units?

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Cost Classifications for Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Using Different Cost Classifications for Different Purposes

20) In April, Holderness Incorporated, a merchandising company, had sales of $311,000, selling expenses of $23,000, and administrative expenses of $34,000. The cost of merchandise purchased during the month was $173,000. The beginning balance in the merchandise inventory account was $43,000 and the ending balance was $57,000.

Required:

Prepare a traditional format income statement for April.

Question Details

AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Type : Algorithmic
Topic : Using Different Cost Classifications for Different Purposes

21) In April, Holderness Incorporated, a merchandising company, had sales of $221,000, selling expenses of $14,000, and administrative expenses of $25,000. The cost of merchandise purchased during the month was $155,000. The beginning balance in the merchandise inventory account was $34,000 and the ending balance was $48,000.

Required:

Prepare a traditional format income statement for April.

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Using Different Cost Classifications for Different Purposes

22) Fanelli Corporation, a merchandising company, reported the following results for July:

Number of units sold	5,600
Selling price per unit	$ 610
Unit cost of goods sold	$ 408
Variable selling expense per unit	$ 62
Total fixed selling expense	$ 125,100
Variable administrative expense per unit	$ 32
Total fixed administrative expense	$ 207,000

Cost of goods sold is a variable cost in this company.

Required:
a. Prepare a traditional format income statement for July.
b. Prepare a contribution format income statement for July.

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Type : Algorithmic
Topic : Using Different Cost Classifications for Different Purposes

23) Fanelli Corporation, a merchandising company, reported the following results for July:

Number of units sold	5,300
Selling price per unit	$ 590
Unit cost of goods sold	$ 403
Variable selling expense per unit	$ 58
Total fixed selling expense	$ 124,400
Variable administrative expense per unit	$ 22
Total fixed administrative expense	$ 206,300

Cost of goods sold is a variable cost in this company.

Required:
a. Prepare a traditional format income statement for July.
b. Prepare a contribution format income statement for July.

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Using Different Cost Classifications for Different Purposes

24) Weingartner Corporation, a merchandising company, reported sales of 4,800 units for July at a selling price of $269 per unit. The cost of goods sold (all variable) was $114 per unit and the variable selling expense was $6 per unit. The total fixed selling expense was $38,100. The variable administrative expense was $14 per unit and the total fixed administrative expense was $59,900.

Required:

a. Prepare a contribution format income statement for July.
b. Prepare a traditional format income statement for July.

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Using Different Cost Classifications for Different Purposes

25) Wippert Corporation, a merchandising company, reported the following results for December:

Sales	$ 2,296,200
Cost of goods sold (all variable)	$ 997,600
Total variable selling expense	$ 86,000
Total fixed selling expense	$ 57,100
Total variable administrative expense	$ 43,000
Total fixed administrative expense	$ 148,100

Required:

a. Prepare a traditional format income statement for December.
b. Prepare a contribution format income statement for December.

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Using Different Cost Classifications for Different Purposes

26) Bauman Sales Corporation, a merchandising company, reported total sales of $4,069,800 for November. The cost of goods sold (all variable) was $2,351,100, the total variable selling expense was $204,000, the total fixed selling expense was $117,700, the total variable administrative expense was $102,000, and the total fixed administrative expense was $267,000.

Required:

a. Prepare a contribution format income statement for November.
b. Prepare a traditional format income statement for November.

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
Type : Static
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Topic : Using Different Cost Classifications for Different Purposes

Managerial Accounting 17th Edition by Garrison CH01

Answer Key

Test name: CH01

1) a.

Direct materials	$ 7.05
Direct labor	3.65
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	$ 12.30
Total variable manufacturing cost ($12.30 per unit × 9,000 units produced)	$ 110,700
Total fixed manufacturing overhead cost	113,400
Total product (manufacturing) cost	$ 224,100

b.

Sales commissions	$ 1.50
Variable administrative expense	0.55
Variable selling and administrative expense per unit	$ 2.05
Total variable selling and administrative expense ($2.05 per unit × 9,000 units sold)	$ 18,450
Total fixed selling and administrative expense	36,450
Total period (nonmanufacturing) cost	$ 54,900

c.

Direct materials	$ 7.05
Direct labor	3.65
Variable manufacturing overhead	1.60
Sales commissions	1.50
Variable administrative expense	0.55
Variable cost per unit sold	$ 14.35

d.

Variable cost per unit sold (a)	$ 14.35
Number of units sold (b)	10,000
Total variable costs (a) × (b)	$ 143,500

e.

Total variable manufacturing overhead cost ($1.60 per unit × 10,000 units)	$ 16,000
Total fixed manufacturing overhead cost	113,400
Total manufacturing overhead cost (a)	$ 129,400

f.

Selling price per unit		$ 21.60
Direct materials	$ 7.05	
Direct labor	3.65	
Variable manufacturing overhead	1.60	
Sales commissions	1.50	
Variable administrative expense	0.55	
Variable cost per unit sold		14.35
Contribution margin per unit		$ 7.25

g.

Direct materials	$ 7.05
Direct labor	3.65
Direct manufacturing cost per unit (a)	$ 10.70
Number of units produced (b)	8,000
Total direct manufacturing cost (a) × (b)	$ 85,600

h.

Total variable manufacturing overhead cost ($1.60 per unit × 8,000 units)	$ 12,800
Total fixed manufacturing overhead cost	113,400
Total indirect manufacturing cost	$ 126,200

i.

Direct materials	$ 7.05
Direct labor	3.65

Variable manufacturing overhead	1.60
Incremental manufacturing cost	$ 12.30

2) a.

Direct materials	$ 6.60
Direct labor	3.40
Variable manufacturing overhead	1.40
Variable manufacturing cost per unit	$ 11.40
Total variable manufacturing cost ($11.40 per unit × 4,200 units produced)	$ 47,880
Total fixed manufacturing overhead cost ($4.50 per unit × 4,200 units produced)	18,900
Total product (manufacturing) cost	$ 66,780

b.

Sales commissions	$ 0.40
Variable administrative expense	0.40
Variable selling and administrative expense per unit	$ 0.80
Total variable selling and administrative expense ($0.80 per unit × 4,200 units sold)	$ 3,360
Total fixed selling and administrative expense ($0.65 per unit × 4,200 units + $0.50 per unit × 4,200 units)	4,830
Total period (nonmanufacturing) cost	$ 8,190

c.

Direct materials	$ 6.60
Direct labor	3.40
Variable manufacturing overhead	1.40
Sales commissions	0.40
Variable administrative expense	0.40
Variable cost per unit sold	$ 12.20

d.

Variable cost per unit sold (a)	$ 12.20
Number of units sold (b)	5,200
Total variable costs (a) × (b)	$ 63,440

e.

Total fixed manufacturing overhead cost ($4.50 per unit × 4,200 units*) (a)	$ 18,900
Number of units produced (b)	5,200
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 3.63

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,200 units.

f.

Fixed manufacturing overhead per unit	$ 4.50
Number of units produced	4,200
Total fixed manufacturing overhead cost	$ 18,900

g.

Total variable manufacturing overhead cost ($1.40 per unit × 5,200 units)	$ 7,280
Total fixed manufacturing overhead cost ($4.50 per unit × 4,200 units*)	18,900
Total manufacturing overhead cost (a)	$ 26,180
Number of units produced (b)	5,200
Manufacturing overhead per unit (a) ÷ (b)	$ 5.03

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,200 units.

h.

Selling price per unit		$ 24.10
Direct materials	$ 6.60	
Direct labor	3.40	
Variable manufacturing overhead	1.40	
Sales commissions	0.40	
Variable administrative expense	0.40	
Variable cost per unit sold		12.20
Contribution margin per unit		$ 11.90

i.

Direct materials	$ 6.60
Direct labor	3.40
Direct manufacturing cost per unit (a)	$ 10.00

Number of units produced (b)	3,200
Total direct manufacturing cost (a) × (b)	$ 32,000

j.

Total variable manufacturing overhead cost ($1.40 per unit × 3,200 units)	$ 4,480
Total fixed manufacturing overhead cost ($4.50 per unit × 4,200 units*)	18,900
Total indirect manufacturing cost	$ 23,380

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,200 units.

k.

Direct materials	$ 6.60
Direct labor	3.40
Variable manufacturing overhead	1.40
Incremental manufacturing cost	$ 11.40

3) a.

Direct materials	$ 5.30
Direct labor	3.65
Variable manufacturing overhead	1.50
Variable manufacturing cost per unit	$ 10.45
Total variable manufacturing cost ($10.45 per unit × 5,000 units produced)	$ 52,250
Total fixed manufacturing overhead cost ($3.90 per unit × 5,000 units produced)	19,500
Total product (manufacturing) cost	$ 71,750

b.

Sales commissions	$ 0.50
Variable administrative expense	0.50
Variable selling and administrative expense per unit	$ 1.00
Total variable selling and administrative expense ($1.00 per unit × 5,000 units sold)	$ 5,000
Total fixed selling and administrative expense ($0.75 per unit × 5,000 units + $0.60 per unit × 5,000 units)	6,750
Total period (nonmanufacturing) cost	$ 11,750

c.

Direct materials	$ 5.30
Direct labor	3.65
Variable manufacturing overhead	1.50
Sales commissions	0.50
Variable administrative expense	0.50
Variable cost per unit sold	$ 11.45

d.

Variable cost per unit sold (a)	$ 11.45
Number of units sold (b)	6,000
Total variable costs (a) × (b)	$ 68,700

e.

Total fixed manufacturing overhead cost ($3.90 per unit × 5,000 units*) (a)	$ 19,500
Number of units produced (b)	6,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 3.25

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

f.

Fixed manufacturing overhead per unit	$ 3.90
Number of units produced	5,000
Total fixed manufacturing overhead cost	$ 19,500

g.

Total variable manufacturing overhead cost ($1.50 per unit × 6,000 units)	$ 9,000
Total fixed manufacturing overhead cost ($3.90 per unit × 5,000 units*)	19,500
Total manufacturing overhead cost (a)	$ 28,500
Number of units produced (b)	6,000
Manufacturing overhead per unit (a) ÷ (b)	$ 4.75

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

h.

Selling price per unit		$ 22.90
Direct materials	$5.30	
Direct labor	3.65	
Variable manufacturing overhead	1.50	
Sales commissions	0.50	
Variable administrative expense	0.50	
Variable cost per unit sold		11.45
Contribution margin per unit		$ 11.45

i.

Direct materials	$ 5.30
Direct labor	3.65
Direct manufacturing cost per unit (a)	$ 8.95
Number of units produced (b)	4,000
Total direct manufacturing cost (a) × (b)	$ 35,800

j.

Total variable manufacturing overhead cost ($1.50 per unit × 4,000 units)	$ 6,000
Total fixed manufacturing overhead cost ($3.90 per unit × 5,000 units*)	19,500
Total indirect manufacturing cost	$ 25,500

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

k.

Direct materials	$ 5.30
Direct labor	3.65
Variable manufacturing overhead	1.50
Incremental manufacturing cost	$ 10.45

4) a.

Direct materials	$ 6.40
Direct labor	3.80
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	$ 11.80
Total variable manufacturing cost ($11.80 per unit × 6,000 units produced)	$ 70,800
Total fixed manufacturing overhead cost ($3.00 per unit × 6,000 units produced)	18,000
Total product (manufacturing) cost	$ 88,800

b.

Sales commissions	$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	$ 1.95
Total variable selling and administrative expense ($1.95 per unit × 6,000 units sold)	$ 11,700
Total fixed selling and administrative expense ($0.75 per unit × 6,000 units + $0.60 per unit × 6,000 units)	8,100
Total period (nonmanufacturing) cost	$ 19,800

c.

Selling price per unit		$ 20.20
Direct materials	$ 6.40	
Direct labor	3.80	

Variable manufacturing overhead	1.60	
Sales commissions	1.50	
Variable administrative expense	0.45	
Variable cost per unit sold		13.75
Contribution margin per unit		$ 6.45

d.

Direct materials	$ 6.40
Direct labor	3.80
Direct manufacturing cost per unit (a)	$ 10.20
Number of units produced (b)	7,000
Total direct manufacturing cost (a) × (b)	$ 71,400

e.

Total variable manufacturing overhead cost ($1.60 per unit × 7,000 units)	$ 11,200
Total fixed manufacturing overhead cost ($3.00 per unit × 6,000 units*)	18,000
Total indirect manufacturing cost	$ 29,200

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 6,000 units.

f.

Direct materials	$ 6.40
Direct labor	3.80
Variable manufacturing overhead	1.60
Incremental manufacturing cost	$ 11.80

5) a.

Direct materials	$ 5.20
Direct labor	3.85
Variable manufacturing overhead	1.35
Variable manufacturing cost per unit	$ 10.40
Total variable manufacturing cost	$ 62,400

($10.40 per unit × 6,000 units produced)	
Total fixed manufacturing overhead cost	27,000
Total product (manufacturing) cost	$ 89,400

b.

Sales commissions	$ 0.50
Variable administrative expense	0.40
Variable selling and administrative expense per unit	$ 0.90
Total variable selling and administrative expense ($0.90 per unit × 6,000 units sold)	$ 5,400
Total fixed selling and administrative expense	9,000
Total period (nonmanufacturing) cost	$ 14,400

c.

Selling price per unit		$ 22.40
Direct materials	$ 5.20	
Direct labor	3.85	
Variable manufacturing overhead	1.35	
Sales commissions	0.50	
Variable administrative expense	0.40	
Variable cost per unit sold		11.30
Contribution margin per unit		$ 11.10

d.

Direct materials	$ 5.20
Direct labor	3.85
Direct manufacturing cost per unit (a)	$ 9.05
Number of units produced (b)	7,000
Total direct manufacturing cost (a) × (b)	$ 63,350

e.

Total variable manufacturing overhead cost ($1.35 per unit × 7,000 units)	$ 9,450

Total fixed manufacturing overhead cost	27,000
Total indirect manufacturing cost	$ 36,450

6) a.

Direct materials	$ 5.60
Direct labor	4.55
Variable manufacturing overhead	2.15
Variable manufacturing cost per unit	$ 12.30
Total variable manufacturing cost ($12.30 per unit × 5,000 units produced)	$ 61,500
Total fixed manufacturing overhead cost	21,000
Total product (manufacturing) cost	$ 82,500

b.

Sales commissions	$ 0.80
Variable administrative expense	0.70
Variable selling and administrative expense per unit	$ 1.50
Total variable selling and administrative expense ($1.50 per unit × 5,000 units sold)	$ 7,500
Total fixed selling and administrative expense	6,500
Total period (nonmanufacturing) cost	$ 14,000

c.

Selling price per unit		$ 24.40
Direct materials	$ 5.60	
Direct labor	4.55	
Variable manufacturing overhead	2.15	
Sales commissions	0.80	
Variable administrative expense	0.70	
Variable cost per unit sold		13.80
Contribution margin per unit		$ 10.60

d.

Direct materials	$ 5.60
Direct labor	4.55
Direct manufacturing cost per unit (a)	$ 10.15
Number of units produced (b)	6,000
Total direct manufacturing cost (a) × (b)	$ 60,900

e.

Total variable manufacturing overhead cost ($2.15 per unit × 6,000 units)	$ 12,900
Total fixed manufacturing overhead cost	21,000
Total indirect manufacturing cost	$ 33,900

7) a.

Fixed manufacturing overhead per unit	$ 3.00
Number of units produced	5,000
Total fixed manufacturing overhead cost	$ 15,000

b.

Total variable manufacturing overhead cost ($1.25 per unit × 6,000 units)	$ 7,500
Total fixed manufacturing overhead cost ($3.00 per unit × 5,000 units*)	15,000
Total manufacturing overhead cost (a)	$ 22,500
Number of units produced (b)	6,000
Manufacturing overhead per unit (a) ÷ (b)	$ 3.75

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

c.

Direct materials	$ 6.10
Direct labor	2.90
Direct manufacturing cost per unit (a)	$ 9.00
Number of units produced (b)	4,000
Total direct manufacturing cost (a) × (b)	$ 36,000

d.

Total variable manufacturing overhead cost ($1.25 per unit × 4,000 units)	$ 5,000

Total fixed manufacturing overhead cost ($3.00 per unit × 5,000 units*)	15,000
Total indirect manufacturing cost	$ 20,000

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

8) a.

Direct materials	$ 5.40
Direct labor	3.60
Direct manufacturing cost per unit (a)	$ 9.00
Number of units produced (b)	7,000
Total direct manufacturing cost (a) × (b)	$ 63,000

b.

Total variable manufacturing overhead cost ($1.70 per unit × 7,000 units)	$ 11,900
Total fixed manufacturing overhead cost	112,000
Total indirect manufacturing cost	$ 123,900

9) a.

Direct materials	$ 5.70
Direct labor	3.60
Direct manufacturing cost per unit (a)	$ 9.30
Number of units produced (b)	8,000
Total direct manufacturing cost (a) × (b)	$ 74,400

b.

Total variable manufacturing overhead cost ($1.50 per unit × 8,000 units)	$ 12,000
Total fixed manufacturing overhead cost	121,500
Total indirect manufacturing cost	$ 133,500

10) a.

Selling price per unit		$ 21.40
Direct materials	$ 6.25	
Direct labor	4.15	
Variable manufacturing overhead	1.60	
Sales commissions	1.50	

Variable administrative expense	0.45	
Variable cost per unit sold		13.95
Contribution margin per unit		$ 7.45

b.

Direct materials	$ 6.25
Direct labor	4.15
Direct manufacturing cost per unit (a)	$ 10.40
Number of units produced (b)	8,000
Total direct manufacturing cost (a) × (b)	$ 83,200

c.

Total variable manufacturing overhead cost ($1.60 per unit × 8,000 units)	$ 12,800
Total fixed manufacturing overhead cost ($12.60 per unit × 9,000 units*)	113,400
Total indirect manufacturing cost	$ 126,200

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 9,000 units.

d.

Direct materials	$ 6.25
Direct labor	4.15
Variable manufacturing overhead	1.60
Incremental manufacturing cost	$ 12.00

11) a.

Direct materials	$ 5.20
Direct labor	3.40
Variable manufacturing overhead	1.35
Variable manufacturing cost per unit	$ 9.95
Total variable manufacturing cost ($9.95 per unit × 4,000 units produced)	$ 39,800
Total fixed manufacturing overhead cost ($3.00 per unit × 4,000 units produced)	12,000

Total product (manufacturing) cost	$ 51,800

b.

Sales commissions	$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	$ 1.95
Total variable selling and administrative expense ($1.95 per unit × 4,000 units sold)	$ 7,800
Total fixed selling and administrative expense ($0.70 per unit × 4,000 units + $0.40 per unit × 4,000 units)	4,400
Total period (nonmanufacturing) cost	$ 12,200

c.

Direct materials	$ 5.20
Direct labor	3.40
Variable manufacturing overhead	1.35
Sales commissions	1.50
Variable administrative expense	0.45
Variable cost per unit sold	$ 11.90

d.

Variable cost per unit sold (a)	$ 11.90
Number of units sold (b)	5,000
Total variable costs (a) × (b)	$ 59,500

e.

Total fixed manufacturing overhead cost ($3.00 per unit × 4,000 units*) (a)	$ 12,000
Number of units produced (b)	5,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 2.40

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

f.

Fixed manufacturing overhead per unit	$ 3.00

Number of units produced	4,000
Total fixed manufacturing overhead cost	$ 12,000

g.

Total variable manufacturing overhead cost ($1.35 per unit × 5,000 units)	$ 6,750
Total fixed manufacturing overhead cost ($3.00 per unit × 4,000 units*)	12,000
Total manufacturing overhead cost (a)	$ 18,750
Number of units produced (b)	5,000
Manufacturing overhead per unit (a) ÷ (b)	$ 3.75

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

12) a.

Direct materials	$ 6.25
Direct labor	3.25
Variable manufacturing overhead	1.45
Sales commissions	0.50
Variable administrative expense	0.40
Variable cost per unit sold	$ 11.85

b.

Variable cost per unit sold (a)	$ 11.85
Number of units sold (b)	5,000
Total variable costs (a) × (b)	$ 59,250

c.

Total variable manufacturing overhead cost ($1.45 per unit × 5,000 units)	$ 7,250
Total fixed manufacturing overhead cost	18,000
Total manufacturing overhead cost (a)	$ 25,250

13) a. Gary Resnick has suggested reclassifying some period costs as product costs since the company is building up large finished goods inventories in anticipation of the Christmas selling season. Product costs are inventoried and flow through to the income statement only when products are sold. Period expenses, in contrast, flow directly to the income statement. Because most of the finished goods inventories will be held over to the next quarter, reclassifying period costs as product costs will effectively defer recognition of expenses until next quarter and therefore will improve the current quarter's net operating income.

b. Mary Tappin is probably alarmed by both the economic situation the company finds itself in and by the apparent willingness of top management to bend the rules. Improperly reclassifying costs is an indication that top management does not feel like it has to play by the rules or be honest in its dealings with the bank. With such loose ethical standards, Mary may wonder what other unethical things they are doing.
14)

	Direct Materials	Direct Labor	Manufacturing Overhead	Period Cost
a. Steel used in automobiles	X			
b. Assembly department employee wages		X		
c. Utility costs used in executive building				X
d. Travel costs of sales personnel				X
e. Cost of shipping goods to customers				X
f. Property taxes on assembly plant			X	
g. Glass used in automobiles	X			
h. Factory maintenance supplies			X	

i. Depreciation on assembly plant		X	
j. Plant manager's salary		X	
k. CEO's salary			X
l. Depreciation on executive building			X
m. Salary of marketing executive			X
n. Tires installed on automobiles	X		
o. Advertising			X

15) a.

Direct materials	$ 6.25
Direct labor	2.90
Variable manufacturing overhead	1.30
Variable manufacturing cost per unit	$ 10.45
Total variable manufacturing cost ($10.45 per unit × 5,000 units produced)	$ 52,250
Total fixed manufacturing overhead cost	18,000
Total product (manufacturing) cost	$ 70,250

b.

Sales commissions	$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	$ 1.95
Total variable selling and administrative expense ($1.95 per unit × 5,000 units sold)	$ 9,750
Total fixed selling and administrative expense	7,500
Total period (nonmanufacturing) cost	$ 17,250

16) a.

Direct materials	$ 7.30
Direct labor	3.90
Variable manufacturing overhead	2.20
Variable manufacturing cost per unit	$ 13.40
Total variable manufacturing cost ($13.40 per unit × 11,000 units produced)	$ 147,400
Total fixed manufacturing overhead cost	155,100

($14.10 per unit × 11,000 units produced)	
Total product (manufacturing) cost	$ 302,500

b.

Direct materials	$ 7.30
Direct labor	3.90
Variable manufacturing overhead	2.20
Sales commissions	0.50
Variable administrative expense	0.40
Variable cost per unit sold	$ 14.30

c.

Variable cost per unit sold (a)	$ 14.30
Number of units sold (b)	13,000
Total variable costs (a) × (b)	$ 185,900

d.

Selling price per unit		$ 18.90
Direct materials	$ 7.30	
Direct labor	3.90	
Variable manufacturing overhead	2.20	
Sales commissions	0.50	
Variable administrative expense	0.40	
Variable cost per unit sold		14.30
Contribution margin per unit		$ 4.60

e.

Direct materials	$ 7.30
Direct labor	3.90
Variable manufacturing overhead	2.20
Incremental manufacturing cost	$ 13.40

17) a.

Direct materials	$ 6.80
Direct labor	3.20
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	$ 11.60

Total variable manufacturing cost ($11.60 per unit × 9,000 units produced)	$ 104,400
Total fixed manufacturing overhead cost ($13.50 per unit × 9,000 units produced)	121,500
Total product (manufacturing) cost	$ 225,900

b.

Direct materials	$ 6.80
Direct labor	3.20
Variable manufacturing overhead	1.60
Sales commissions	0.50
Variable administrative expense	0.40
Variable cost per unit sold	$ 12.50

c.

Variable cost per unit sold (a)	$ 12.50
Number of units sold (b)	10,000
Total variable costs (a) × (b)	$ 125,000

d.

Selling price per unit		$ 18.20
Direct materials	$ 6.80	
Direct labor	3.20	
Variable manufacturing overhead	1.60	
Sales commissions	0.50	
Variable administrative expense	0.40	
Variable cost per unit sold		12.50
Contribution margin per unit		$ 5.70

e.

Direct materials	$ 6.80
Direct labor	3.20
Variable manufacturing overhead	1.60
Incremental manufacturing cost	$ 11.60

18) a.

Direct materials	$ 5.75

Direct labor	3.00
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	$ 10.35
Total variable manufacturing cost ($10.35 per unit × 6,000 units produced)	$ 62,100
Total fixed manufacturing overhead cost ($4.50 per unit × 6,000 units produced)	27,000
Total product (manufacturing) cost	$ 89,100

b.

Sales commissions	$ 1.50
Variable administrative expense	0.55
Variable selling and administrative expense per unit	$ 2.05
Total variable selling and administrative expense ($2.05 per unit × 6,000 units sold)	$ 12,300
Total fixed selling and administrative expense ($0.75 per unit × 6,000 units + $0.60 per unit × 6,000 units)	8,100
Total period (nonmanufacturing) cost	$ 20,400

c.

Variable cost per unit sold (a)	$ 12.40
Number of units sold (b)	5,000
Total variable costs (a) × (b)	$ 62,000

d.

Selling price per unit		$ 19.10
Direct materials	$ 5.75	
Direct labor	3.00	
Variable manufacturing overhead	1.60	
Sales commissions	1.50	
Variable administrative expense	0.55	
Variable cost per unit sold		12.40

Contribution margin per unit		$ 6.70

e.

Direct materials	$ 5.75
Direct labor	3.00
Variable manufacturing overhead	1.60
Incremental manufacturing cost	$ 10.35

19) a.

Selling price per unit		$ 25.90
Direct materials	$ 6.65	
Direct labor	3.30	
Variable manufacturing overhead	1.70	
Sales commissions	1.00	
Variable administrative expense	0.50	
Variable cost per unit sold		13.15
Contribution margin per unit		$ 12.75

b.

Direct materials	$ 6.65
Direct labor	3.30
Variable manufacturing overhead	1.70
Incremental manufacturing cost	$ 11.65

20)

Traditional Format Income Statement

Sales	$ 311,000
Cost of goods sold*	159,000
Gross margin	152,000
Selling and administrative expenses:	

Selling expenses	$ 23,000	
Administrative expenses	34,000	57,000
Net operating income		$ 95,000

*Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory
Cost of goods sold = $43,000 + $173,000 − $57,000 = $159,000

21)

Traditional Format Income Statement

Sales		$ 221,000
Cost of goods sold*		141,000
Gross margin		80,000
Selling and administrative expenses:		
Selling expenses	$ 14,000	
Administrative expenses	25,000	39,000
Net operating income		$ 41,000

*Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory
Cost of goods sold = $34,000 + $155,000 − $48,000 = $141,000

22) a.

Traditional Format Income Statement

Sales (5,600 units × $610 per unit)	$ 3,416,000
Cost of goods sold (5,600 units × $408 per unit)	2,284,800
Gross margin	1,131,200
Selling and administrative expenses:	

Selling expense ((5,600 units × $62 per unit) + $125,100)	$ 472,300	
Administrative expense ((5,600 units × $32 per unit) + $207,000)	386,200	858,500
Net operating income		$ 272,700

b.

Contribution Format Income Statement

Sales (5,600 units × $610 per unit)		$ 3,416,000
Variable expenses:		
Cost of goods sold (5,600 units × $408 per unit)	$ 2,284,800	
Variable selling expense (5,600 units × $62 per unit)	347,200	
Variable administrative expense (5,600 units × $32 per unit)	179,200	2,811,200
Contribution margin		604,800
Fixed expenses:		
Fixed selling expense	125,100	
Fixed administrative expense	207,000	332,100
Net operating income		$ 272,700

23) a.

Traditional Format Income Statement

Sales (5,300 units × $590 per unit)		$ 3,127,000
Cost of goods sold (5,300 units × $403 per unit)		2,135,900
Gross margin		991,100
Selling and administrative expenses:		
Selling expense ((5,300 units × $58 per unit) + $124,400)	$ 431,800	
Administrative expense ((5,300 units × $22 per unit) + $206,300)	322,900	754,700

Net operating income		$ 236,400

b.

Contribution Format Income Statement

Sales (5,300 units × $590 per unit)		$ 3,127,000
Variable expenses:		
Cost of goods sold (5,300 units × $403 per unit)	$ 2,135,900	
Variable selling expense (5,300 units × $58 per unit)	307,400	
Variable administrative expense (5,300 units × $22 per unit)	116,600	2,559,900
Contribution margin		567,100
Fixed expenses:		
Fixed selling expense	124,400	
Fixed administrative expense	206,300	330,700
Net operating income		$ 236,400

24) a.

Contribution Format Income Statement

Sales (4,800 units × $269 per unit)		$ 1,291,200
Variable expenses:		
Cost of goods sold (4,800 units × $114 per unit)	$ 547,200	
Variable selling expense (4,800 units × $6 per unit)	28,800	
Variable administrative expense (4,800 units × $14 per unit)	67,200	643,200
Contribution margin		648,000
Fixed expenses:		
Fixed selling expense	38,100	
Fixed administrative expense	59,900	98,000

Net operating income		$ 550,000

b.

Traditional Format Income Statement

Sales (4,800 units × $269 per unit)		$ 1,291,200
Cost of goods sold (4,800 units × $114 per unit)		547,200
Gross margin		744,000
Selling and administrative expenses:		
Selling expense ((4,800 units × $6 per unit) + $38,100)	$ 66,900	
Administrative expense ((4,800 units × $14 per unit) + $59,900)	127,100	194,000
Net operating income		$ 550,000

25) a.

Traditional Format Income Statement

Sales		$ 2,296,200
Cost of goods sold		997,600
Gross margin		1,298,600
Selling and administrative expenses:		
Selling expense	$ 143,100	
Administrative expense	191,100	334,200
Net operating income		$ 964,400

b.

Contribution Format Income Statement

Sales		$ 2,296,200
Variable expenses:		

Cost of goods sold	$ 997,600	
Variable selling expense	86,000	
Variable administrative expense	43,000	1,126,600
Contribution margin		1,169,600
Fixed expenses:		
Fixed selling expense	57,100	
Fixed administrative expense	148,100	205,200
Net operating income		$ 964,400

26) a.

Contribution Format Income Statement

Sales		$ 4,069,800
Variable expenses:		
Cost of goods sold	$ 2,351,100	
Variable selling expense	204,000	
Variable administrative expense	102,000	2,657,100
Contribution margin		1,412,700
Fixed expenses:		
Fixed selling expense	117,700	
Fixed administrative expense	267,000	384,700
Net operating income		$ 1,028,000

b.

Traditional Format Income Statement

Sales	$ 4,069,800
Cost of goods sold	2,351,100
Gross margin	1,718,700

Selling and administrative expenses:		
Selling expense	$ 321,700	
Administrative expense	369,000	690,700
Net operating income		$ 1,028,000

Managerial Accounting 17th Edition by Garrison CH01B

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) A factory supervisor's salary would be classified as an indirect cost with respect to a unit of product.

1) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

2) A direct cost is a cost that can be easily traced to the particular cost object under consideration.

2) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

3) A cost can be direct or indirect. The classification can change if the cost object changes.

3) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

4) Wages paid to production supervisors would be classified as manufacturing overhead.

4) ______

◎ true
◎ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

5) Selling costs are indirect costs.

5) ______

⊙ true
⊙ false

Question Details
Difficulty : 2 Medium
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

6) The sum of all manufacturing costs except for direct materials and direct labor is called manufacturing overhead.

6) ______

⊙ true
⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

7) The three cost elements ordinarily included in product costs are direct materials, direct labor, and manufacturing overhead.

7) ______

⊙ true
⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

8) Administrative costs are indirect costs.

8) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

9) Depreciation is always considered a period cost for external financial reporting purposes in a manufacturing company.

9) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

10) Opportunity costs at a manufacturing company are not part of manufacturing overhead.

10) ______

- ⊙ true
- ⊙ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Difficulty : 3 Hard
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

11) Conversion cost is the sum of direct labor cost and manufacturing overhead cost.

11) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

12) In a manufacturing company, all costs are period costs.

12) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

13) Advertising is not considered as a product cost even if it promotes a specific product.

13) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AICPA : FN Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

14) Selling and administrative expenses are period costs under generally accepted accounting principles.

14) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

15) Conversion cost equals product cost less direct materials cost.

15) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
Bloom's : Analyze
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

16) Prime cost is the sum of direct materials cost and direct labor cost.

16) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

17) Product costs are also known as inventoriable costs.

17) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

18) Prime cost equals manufacturing overhead cost.

18) ______

- ⊙ true
- ⊙ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

19) Conversion cost is the same thing as manufacturing overhead.

19) ______

- ⊙ true
- ⊙ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

20) The cost of shipping parts from a supplier is considered a period cost.

20) ______

⊙ true
⊙ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

21) Depreciation on equipment a company uses in its selling and administrative activities would be classified as a period cost.

21) ______

⊙ true
⊙ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

22) Indirect costs, such as manufacturing overhead, are variable costs.

22) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

23) If the activity level increases, then one would expect the fixed cost per unit to increase as well.

23) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

24) A fixed cost is a cost whose cost per unit varies as the activity level rises and falls.

24) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

25) Cost behavior is considered curvilinear whenever a straight line is a reasonable approximation for the relation between cost and activity.

25) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

26) A decrease in production will ordinarily result in a decrease in fixed production costs per unit.

26) ______

⊙ true
⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

27) As activity decreases within the relevant range, fixed costs remain constant on a per unit basis.

27) ______

⊙ true
⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

28) The variable cost per unit depends on how many units are produced.

28) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

29) In account analysis, an account is classified as either variable or fixed based on an analyst's prior knowledge of how the cost in the account behaves.

29) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

30) A step-variable cost is a cost that is obtained in large chunks and that increases or decreases only in response to fairly wide changes in activity.

30) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

31) Committed fixed costs remain largely unchanged in the short run.

31) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

32) Fixed costs expressed on a per unit basis do not change with changes in activity.

32) ______

◎ true
◎ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

33) A fixed cost is constant if expressed on a per unit basis but the total dollar amount changes as the number of units increases or decreases.

33) ______

◎ true
◎ false

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

34) If managers are reluctant to lay off direct labor employees when activity declines leads to a decrease in the ratio of variable to fixed costs.

34) ______

⦾ true
⦾ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

35) Within the relevant range, a change in activity results in a change in variable cost per unit and total fixed cost.

35) ______

⦾ true
⦾ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

36) When operations are interrupted or cut back, committed fixed costs are cut in the short term because the costs of restoring them later are likely to be far less than the short-run savings that are realized.

36) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

37) The concept of the relevant range does not apply to variable costs.

37) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

38) The cost of napkins put on each person's tray at a fast food restaurant is a variable cost with respect to how many persons are served.

38) ______

⦾ true
⦾ false

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

39) A fixed cost fluctuates in total as activity changes but remains constant on a per unit basis over the relevant range.

39) ______

⦾ true
⦾ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

40) The relevant range is the range of activity within which the assumption that cost behavior is strictly linear is reasonably valid.

40) ______

⦾ true
⦾ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

41) Variable costs per unit are not affected by changes in activity.

41) ______

⦾ true
⦾ false

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

42) The relevant range concept is applicable to mixed costs.

42) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

43) A variable cost remains constant if expressed on a unit basis.

43) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

44) Committed fixed costs represent organizational investments with a one-year planning horizon.

44) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

45) The following costs are all examples of committed fixed costs: depreciation on buildings, salaries of highly trained engineers, real estate taxes, and insurance expenses.

45) ______

- ⊙ true
- ⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

46) A fixed cost is not constant per unit of product.

46) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

47) Differential costs can only be variable.

47) ______

◎ true
◎ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

48) The potential benefit that is given up when one alternative is selected over another is called a sunk cost.

48) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

49) The amount that a manufacturing company could earn by renting unused portions of its warehouse is an example of an opportunity cost.

49) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

50) A cost that differs from one month to another is known as a sunk cost.

50) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

51) In a traditional format income statement, the gross margin is sales minus cost of goods sold.

51) ______

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

52) In a traditional format income statement for a merchandising company, cost of goods sold is a variable cost that is included in the "Variable expenses" portion of the income statement.

52) ______

⊙ true
⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

53) In a contribution format income statement for a merchandising company, the cost of goods sold reports the product costs attached to the merchandise sold during the period.

53) ______

⊙ true
⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

54) Contribution format income statements are prepared primarily for external reporting purposes.

54) ______

- ⦾ true
- ⦾ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

55) Contribution margin and gross margin mean the same thing.

55) ______

- ⦾ true
- ⦾ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

56) In a traditional format income statement, the gross margin minus selling and administrative expenses equals net operating income.

56) ______

⊙ true
⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

57) Most companies use the contribution approach in preparing financial statements for external reporting purposes.

57) ______

⊙ true
⊙ false

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

58) Although the traditional format income statement is useful for external reporting purposes, it has serious limitations when used for internal purposes because it does not distinguish between fixed and variable costs.

58) ______

- true
- false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

59) The contribution format income statement is used as an internal planning and decision-making tool. Its emphasis on cost behavior aids cost-volume-profit analysis, management performance appraisals, and budgeting.

59) ______

- true
- false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

60) A contribution format income statement separates costs into fixed and variable categories, first deducting variable expenses from sales to obtain the contribution margin.

60) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

61) Traditional format income statements are widely used for preparing external financial statements.

61) ______

- ⊙ true
- ⊙ false

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

62) Which of the following statements concerning direct and indirect costs is NOT true?

62) ______

A) Whether a particular cost is classified as direct or indirect does not depend on the cost object.
B) A direct cost is one that can be easily traced to the particular cost object.
C) The factory manager’s salary would be classified as an indirect cost of producing one unit of product.
D) A particular cost may be direct or indirect, depending on the cost object.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

63) Direct costs:

63) ______

A) are incurred to benefit a particular accounting period.
B) are incurred due to a specific decision.
C) can be easily traced to a particular cost object.
D) are the variable costs of producing a product.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

64) Which of the following would most likely NOT be included as manufacturing overhead in a furniture factory?

64) ______

A) The cost of the glue in a chair.
B) The amount paid to the individual who stains a chair.
C) The workman's compensation insurance of the supervisor who oversees production.
D) The factory utilities of the department in which production takes place.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

65) Rotonga Manufacturing Company leases a vehicle to deliver its finished products to customers. Which of the following terms correctly describes the monthly lease payments made on the delivery vehicle?

	Direct Cost	Fixed Cost
A)	Yes	Yes
B)	Yes	No
C)	No	Yes
D)	No	No

65) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

66) The costs of direct materials are classified as:

	Conversion cost	Manufacturing cost	Prime cost
A)	Yes	Yes	Yes
B)	No	No	No
C)	Yes	Yes	No
D)	No	Yes	Yes

66) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

67) Manufacturing overhead includes:

67) ______

A) all direct material, direct labor and administrative costs.
B) all manufacturing costs except direct labor.
C) all manufacturing costs except direct labor and direct materials.
D) all selling and administrative costs.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

68) Materials used in a factory that are not an integral part of the final product, such as cleaning supplies, should be classified as:

68) ______

A) direct materials.
B) a period cost.
C) administrative expense.
D) manufacturing overhead.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

69) The salary paid to the president of a company would be classified on the income statement as a(n):

69) ______

A) administrative expense.
B) direct labor cost.
C) manufacturing overhead cost.
D) selling expense.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

70) Which of the following is NOT a period cost?

70) ______

A) Depreciation of factory maintenance equipment.
B) Salary of a clerk who handles customer billing.
C) Insurance on a company showroom where customers can view new products.
D) Cost of a seminar concerning tax law updates that was attended by the company's controller.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

71) The cost of electricity for running production equipment is classified as:

	Conversion cost	Period cost
A)	Yes	No
B)	Yes	Yes
C)	No	Yes
D)	No	No

71) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

72) The cost of lubricants used to grease a production machine in a manufacturing company is an example of a(n):

72) ______

A) period cost.
B) direct material cost.
C) indirect material cost.
D) opportunity cost.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

73) Wages paid to the supervisor of the warehouse where raw materials and parts are temporarily stored before being used in production is considered an example of:

	Direct Labor	**Period Cost**
A)	Yes	Yes
B)	Yes	No
C)	No	Yes
D)	No	No

73) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

74) A factory supervisor's wages are classified as:

	Indirect labor	**Fixed manufacturing overhead**
A)	No	No
B)	Yes	Yes
C)	Yes	No
D)	No	Yes

74) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

75) Product costs that have become expenses can be found in:

75) ______

A) period costs.
B) selling expenses.
C) cost of goods sold.
D) administrative expenses.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

76) The cost of direct materials is classified as a:

	Conversion cost	Prime cost
A)	No	No
B)	Yes	No
C)	No	Yes
D)	Yes	Yes

76) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

77) Which of the following costs is classified as both a prime cost and a conversion cost?

77) ______

A) Direct materials.
B) Direct labor.
C) Variable overhead.
D) Fixed overhead.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

78) Which of the following is an example of a period cost in a company that makes clothing?

78) ______

A) Fabric used to produce men's pants.
B) Advertising cost for a new line of clothing.
C) Factory supervisor's salary.
D) Monthly depreciation on production equipment.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

79) All of the following are examples of product costs except:

79) ______

A) depreciation on the company’s retail outlets.
B) salary of the plant manager.
C) insurance on the factory equipment.
D) rental costs of factory equipment.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

80) Which of the following statements about product costs is true?

80) ______

A) Product costs are deducted from revenue when the production process is completed.

B) Product costs are deducted from revenue as expenditures are made.

C) Product costs associated with unsold finished goods and work in process appear on the balance sheet as assets.

D) Product costs appear on financial statements only when products are sold.

Question Details

Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

81) Which of the following statements is correct in describing manufacturing overhead?

81) ______

A) Manufacturing overhead when combined with direct materials cost forms conversion cost.

B) Manufacturing overhead consists of all manufacturing cost except for prime cost.

C) Manufacturing overhead is a period cost.

D) Manufacturing overhead when combined with direct labor cost forms prime cost.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

82) Direct labor cost is classified as:

	Conversion cost	Prime Cost
A)	Yes	Yes
B)	No	No
C)	No	Yes
D)	Yes	No

82) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

83) The fixed portion of the cost of electricity for a manufacturing facility is classified as a:

	Period cost	Product Cost
A)	Yes	Yes
B)	No	No
C)	No	Yes
D)	Yes	No

83) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

84) Prime cost consists of:

84) ______

A) direct labor and manufacturing overhead.
B) direct materials and manufacturing overhead.
C) direct materials and direct labor.
D) direct materials, direct labor and manufacturing overhead.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

85) Depreciation on a personal computer used in the marketing department of a manufacturing company would be classified as:

85) ______

A) a product cost that is fixed with respect to the company's output.
B) a period cost that is fixed with respect to the company's output.
C) a product cost that is variable with respect to the company's output.
D) a period cost that is variable with respect to the company's output.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

86) Property taxes on a company's factory building would be classified as a(n):

86) ______

A) product cost.
B) opportunity cost.
C) period cost.
D) variable cost.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

87) Factory overhead is typically a(n):

87) ______

A) mixed cost.
B) fixed cost.
C) variable cost.
D) irrelevant cost.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

88) As the level of activity increases, how will a mixed cost in total and per unit behave?

	In Total	Per Unit
A)	Increase	Decrease
B)	Increase	Increase
C)	Increase	No effect
D)	Decrease	Increase
E)	Decrease	No effect

88) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D
E) Choice E

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

89) The following data have been collected for four different cost items.

Cost Item	Cost at 100 units	Cost at 140 units
W	$ 8,000	$ 10,560
X	$ 5,000	$ 5,000
Y	$ 6,500	$ 9,100
Z	$ 6,700	$ 8,580

Which of the following classifications of these cost items by cost behavior is correct?

	Cost W	Cost X	Cost Y	Cost Z
A)	variable	fixed	mixed	variable
B)	mixed	fixed	variable	mixed
C)	variable	fixed	variable	variable
D)	mixed	fixed	mixed	mixed

89) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

90) Within the relevant range, variable costs can be expected to:

90) ______

A) vary in total in direct proportion to changes in the activity level.
B) remain constant in total as the activity level changes.
C) increase on a per unit basis as the activity level increases.
D) increase on a per unit basis as the activity level decreases.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

91) The relative proportion of variable, fixed, and mixed costs in a company is known as the company's:

91) ______

A) contribution margin.
B) cost structure.
C) product mix.
D) relevant range.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

92) An example of a committed fixed cost is:

92) ______

A) management training seminars.
B) a long-term equipment lease.
C) research and development.
D) advertising.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

93) For the past 8 months, Jinan Corporation has experienced a steady increase in its cost per unit even though total costs have remained stable. This cost per unit increase may be due to _____________ costs if the level of activity at Jinan is _______________.

93) ______

A) fixed, decreasing
B) fixed, increasing
C) variable, decreasing
D) variable, increasing

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

94) Which of the following statements is true when referring to fixed costs?

94) ______

A) Committed fixed costs arise from the annual decisions by management.
B) As volume increases, unit fixed cost and total fixed cost will change.
C) Fixed costs increase in total throughout the relevant range.
D) Discretionary fixed costs can often be reduced to zero for short periods of time without seriously impairing the long-run goals of the company.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

95) Which costs will change with a decrease in activity within the relevant range?

95) ______

A) Total fixed costs and total variable cost.
B) Unit fixed costs and total variable cost.
C) Unit variable cost and unit fixed cost.
D) Unit fixed cost and total fixed cost.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

96) Which of the following is correct concerning reactions to INCREASES in activity?

	Total Variable Cost	Variable Cost Per Unit
A)	Increases	Decreases
B)	Constant	Decreases

C)	Decreases	Constant
D)	Increases	Constant

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96) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

97) For an automobile manufacturer, the cost of a driver's side air bag purchased from a supplier and installed in every automobile would best be described as a:

97) ______

A) fixed cost.
B) mixed cost.
C) step-variable cost.
D) variable cost.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

98) Fixed costs expressed on a per unit basis:

98) ______

A) increase with increases in activity.
B) decrease with increases in activity.
C) are not affected by activity.
D) should be ignored in making decisions since they cannot change.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

99) Within the relevant range, a difference between variable costs and fixed costs is:

99) ______

A) variable costs per unit fluctuate and fixed costs per unit remain constant.
B) variable costs per unit are constant and fixed costs per unit fluctuate.
C) both total variable costs and total fixed costs are constant.
D) both total variable costs and total fixed costs fluctuate.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

100) A merchandising company typically will have a high proportion of which type of cost in its cost structure?

100) ______

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

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

101) When the level of activity decreases within the relevant range, the fixed cost per unit will:

101) ______

A) decrease.
B) increase.
C) remain the same.
D) The effect cannot be predicted.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

102) Which of the following production costs, if expressed on a per unit basis, would be most likely to change significantly as the production level varies?

102) ______

A) Direct materials.
B) Direct labor.
C) Fixed manufacturing overhead.
D) Variable costs.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

103) In the standard cost formula Y = a + bX, what does the "Y" represent?

103) ______

A) total cost
B) total fixed cost
C) total variable cost
D) variable cost per unit

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

104) An example of a committed fixed cost would be:

104) ______

A) taxes on real estate.
B) management development programs.
C) public relations costs.
D) advertising programs.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

105) In the standard cost formula Y = a + bX, what does the "X" represent?

105) ______

A) total cost
B) total fixed cost
C) the level of activity
D) variable cost per unit

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

106) One full-time clerical worker is needed for every 750 accounts receivable. The total wages of the accounts receivable clerks is an example of a:

106) ______

A) fixed cost.
B) step-variable cost.
C) mixed cost.
D) curvilinear cost.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

107) Which of the following is unlikely to be classified as a fixed cost with respect to the number of units produced and sold?

107) ______

A) Property taxes on a headquarters building.
B) Legal department salaries.
C) Cost of leasing the company's mainframe computer.
D) Production supplies.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

108) Which of the following costs could contain both variable and fixed cost elements with respect to the total output of the company?

108) ______

A) Sales commissions.
B) Manufacturing overhead.
C) Direct materials.
D) Administrative salaries.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

109) A cost incurred in the past that is not relevant to any current decision is classified as a(n):

109) ______

A) period cost.
B) opportunity cost.
C) sunk cost.
D) differential cost.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
AICPA : FN Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

110) The term that refers to costs incurred in the past that are not relevant to a decision is:

110) ______

A) marginal cost.
B) indirect cost.
C) period cost.
D) sunk cost.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
AICPA : FN Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

111) Differential costs can:

111) ______

A) only be fixed costs.
B) only be variable costs.
C) be either fixed or variable.
D) be sunk costs.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
AICPA : FN Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

112) All of the following can be differential costs except:

112) ______

A) variable costs.
B) sunk costs.
C) opportunity costs.
D) fixed costs.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
AICPA : FN Decision Making
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

113) Contribution margin is:

113) ______

A) Sales less cost of goods sold.
B) Sales less variable production, variable selling, and variable administrative expenses.
C) Sales less variable production expense.
D) Sales less all variable and fixed expenses.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Bloom's : Remember
Difficulty : 1 Easy
Topic : Cost Classifications for Decision Making
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

114) Which of the following approaches to preparing an income statement includes a calculation of the gross margin?

	Traditional Approach	Contribution Approach
A)	Yes	Yes
B)	Yes	No
C)	No	Yes
D)	No	No

114) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

115) Meginnis Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.20
Direct labor	$ 3.75
Variable manufacturing overhead	$ 1.65
Fixed manufacturing overhead	$ 2.60
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.50

If 6,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

115) ______

A) $79,200
B) $63,600
C) $62,700
D) $53,700

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

116) Perkey Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.00	
Direct labor	$ 2.90	
Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 21,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 7,500

If 4,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:
116) ______

A) $53,400
B) $35,600
C) $36,600
D) $31,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

117) Norred Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.70	
Variable manufacturing overhead	$ 1.60	
Fixed manufacturing overhead		$ 121,500
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 44,550

If 8,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:
117) ______

A) $120,800
B) $134,300
C) $12,800
D) $121,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

118) Ouelette Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.25
Direct labor	$ 4.05
Variable manufacturing overhead	$ 1.30
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If 6,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

118) ______

A) $15,000
B) $22,800
C) $7,800
D) $25,800

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

119) The following costs were incurred in May:

Direct materials	$ 42,900
Direct labor	$ 29,500
Manufacturing overhead	$ 30,500
Selling expenses	$ 21,700
Administrative expenses	$ 35,800

Conversion costs during the month totaled:

119) ______

A) $60,000
B) $160,400
C) $72,400
D) $73,400

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

120) The following costs were incurred in May:

Direct materials	$ 41,000
Direct labor	$ 13,000
Manufacturing overhead	$ 46,000
Selling expenses	$ 18,000
Administrative expenses	$ 15,000

Conversion costs during the month totaled:

120) ______

A) $54,000
B) $133,000
C) $59,000
D) $87,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

121) Abburi Company's manufacturing overhead is 40% of its total conversion costs. If direct labor is $88,200 and if direct materials are $27,800, the manufacturing overhead is:

121) ______

A) $58,800
B) $132,300
C) $18,533
D) $77,333

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

122) Abburi Company's manufacturing overhead is 60% of its total conversion costs. If direct labor is $52,000 and if direct materials are $28,000, the manufacturing overhead is:

122) ______

A) $34,667
B) $78,000
C) $42,000
D) $120,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

123) During the month of May, direct labor cost totaled $14,985 and direct labor cost was 45% of prime cost. If total manufacturing costs during May were $75,000, the manufacturing overhead was:

123) ______

A) $18,315
B) $33,300
C) $60,015
D) $41,700

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

124) During the month of May, direct labor cost totaled $10,000 and direct labor cost was 40% of prime cost. If total manufacturing costs during May were $86,000, the manufacturing overhead was:

124) ______

A) $76,000
B) $25,000
C) $61,000
D) $15,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

125) In May direct labor was 25% of conversion cost. If the manufacturing overhead for the month was $108,750 and the direct materials cost was $25,800, the direct labor cost was:

125) ______

A) $326,250
B) $36,250
C) $77,400
D) $8,600

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

126) In May direct labor was 60% of conversion cost. If the manufacturing overhead for the month was $54,000 and the direct materials cost was $30,000, the direct labor cost was:

126) ______

A) $36,000
B) $20,000
C) $81,000
D) $45,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

127) The following costs were incurred in May:

Direct materials	$ 45,300
Direct labor	$ 26,600
Manufacturing overhead	$ 19,100
Selling expenses	$ 23,400
Administrative expense	$ 30,800

Prime costs during the month totaled:

127) ______

A) $91,000
B) $145,200
C) $71,900
D) $45,700

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

128) The following costs were incurred in May:

Direct materials	$ 33,000
Direct labor	$ 13,000
Manufacturing overhead	$ 23,000
Selling expenses	$ 16,000
Administrative expense	$ 34,000

Prime costs during the month totaled:

128) ______

A) $36,000
B) $119,000
C) $69,000
D) $46,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

129) Kneeland Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.80	
Direct labor	$ 4.15	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 121,500
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 40,500

If 10,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

129) ______

A) $186,000
B) $138,000
C) $162,000
D) $150,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

130) Perteet Corporation's relevant range of activity is 8,400 units to 16,000 units. When it produces and sells 12,200 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 7.80
Direct labor	$ 4.00
Variable manufacturing overhead	$ 1.80
Fixed manufacturing overhead	$ 3.60
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 0.50
Variable administrative expense	$ 0.55

If 9,800 units are produced, the total amount of manufacturing overhead cost is closest to:

Garrison 17e Rechecks 2021-10-22

130) ______

A) $41,040
B) $74,320
C) $61,560
D) $32,680

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

131) Perteet Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.70
Direct labor	$ 3.25
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 0.50
Variable administrative expense	$ 0.55

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

131) ______

A) $18,100
B) $28,000
C) $21,400
D) $14,800

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

132) A manufacturing company prepays its insurance coverage for a three-year period. The premium for the three years is $3,120 and is paid at the beginning of the first year. Ninety percent of the premium applies to manufacturing operations and ten percent applies to selling and administrative activities. What amounts should be considered product and period costs respectively for the first year of coverage?

	Product	**Period**
A)	$ 104	$ 936
B)	$ 1,040	$ 0
C)	$ 0	$ 1,040
D)	$ 936	$ 104

132) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

133) A manufacturing company prepays its insurance coverage for a three-year period. The premium for the three years is $2,100 and is paid at the beginning of the first year. Sixty percent of the premium applies to manufacturing operations and forty percent applies to selling and administrative activities. What amounts should be considered product and period costs respectively for the first year of coverage?

	Product	Period
A)	$ 280	$ 420
B)	$ 420	$ 280
C)	$ 700	$ 0
D)	$ 0	$ 700

133) ______

A) Choice A
B) Choice B
C) Choice C
D) Choice D

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

134) Shelp Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.15	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.40	
Fixed manufacturing overhead		$ 81,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 40,500

For financial reporting purposes, the total amount of period costs incurred to sell 9,000 units is closest to:

134) ______

A) $33,000
B) $9,000
C) $40,500
D) $49,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

135) Phaup Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 4.85
Direct labor	$ 4.00
Variable manufacturing overhead	$ 1.75
Fixed manufacturing overhead	$ 3.90
Fixed selling expense	$ 0.90
Fixed administrative expense	$ 0.60
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

For financial reporting purposes, the total amount of period costs incurred to sell 5,000 units is closest to:

135) ______

A) $8,200
B) $12,250
C) $7,500
D) $4,750

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

136) Bressette Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 3.70	
Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 10,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 5,000

For financial reporting purposes, the total amount of product costs incurred to make 5,000 units is closest to:

136) ______

A) $55,750
B) $65,750
C) $10,000
D) $70,750

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

137) Landmann Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.35
Direct labor	$ 4.10
Variable manufacturing overhead	$ 1.35
Fixed manufacturing overhead	$ 13.50
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 1.00
Variable administrative expense	$ 0.45

For financial reporting purposes, the total amount of product costs incurred to make 9,000 units is closest to:

137) ______

A) $106,200
B) $236,700
C) $121,500
D) $227,700

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

138) Timchak Corporation reports that at an activity level of 9,900 units, its total variable cost is $919,116 and its total fixed cost is $259,974. What would be the total cost, both fixed and variable, at an activity level of 10,100 units? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

138) ______

A) $1,197,658
B) $1,191,000
C) $1,179,090
D) $1,202,910

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

139) Wofril Corporation uses the cost formula Y = \$5,300 + \$0.60X for the maintenance cost, where X is machine-hours. The August budget is based on 8,000 hours of planned machine time. Maintenance cost expected to be incurred during August is:

139) ______

A) \$10,100
B) \$4,800
C) \$500
D) \$5,300

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

140) At an activity level of 9,900 machine-hours in a month, Falks Corporation's total variable production engineering cost is \$882,090 and its total fixed production engineering cost is \$196,000. What would be the total production engineering cost per machine-hour, both fixed and variable, at an activity level of 10,000 machine-hours in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

140) ______

A) \$107.81
B) \$108.90
C) \$108.70
D) \$108.82

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

141) At an activity level of 7,200 machine-hours in a month, Falks Corporation's total variable production engineering cost is $556,416 and its total fixed production engineering cost is $226,008. What would be the total production engineering cost per machine-hour, both fixed and variable, at an activity level of 7,300 machine-hours in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

141) ______

A) $107.93
B) $107.18
C) $108.67
D) $108.24

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

142) Mullennex Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.55
Direct labor	$ 3.50
Variable manufacturing overhead	$ 1.25
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.40

If 5,000 units are produced, the average fixed manufacturing cost per unit produced is closest to:

142) ______

A) $2.40
B) $2.70
C) $3.00
D) $3.75

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

143) Brault Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.85	
Direct labor	$ 3.85	

Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 97,200
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 40,500

If 10,000 units are sold, the variable cost per unit sold is closest to:

143) ______

A) $22.75
B) $11.95
C) $13.50
D) $28.80

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

144) Given the cost formula, Y = $16,000 + $3.40X, total cost for an activity level of 4,000 units would be:

144) ______

A) $13,600
B) $3,600
C) $29,600
D) $16,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

145) Sparacino Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.90	
Direct labor	$ 3.90	
Variable manufacturing overhead	$ 1.70	
Fixed manufacturing overhead		$ 25,200
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 8,100

If 5,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

145) ______

A) $24,750
B) $42,650
C) $33,700
D) $29,225

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

146) Given the cost formula Y = $23,000 + $8X, total cost at an activity level of 7,000 units would be:

146) ______

A) $33,000
B) $79,000
C) $23,000
D) $56,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

147) At an activity level of 8,400 units in a month, Braughton Corporation's total variable maintenance and repair cost is $697,284 and its total fixed maintenance and repair cost is $464,100. What would be the total maintenance and repair cost, both fixed and variable, at an activity level of 8,500 units in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

147) ______

A) $1,175,210
B) $1,169,685
C) $1,161,384
D) $1,168,297

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

148) The following data pertains to activity and costs for two months:

	June	July
Activity level in units	10,000	11,000
Direct materials	$ 17,000	$?
Fixed factory rent	21,000	?
Other production costs	20,000	?
Total cost	$ 58,000	$ 61,300

Assuming that these activity levels are within the relevant range, the other production costs for July were: **(Round intermediate calculations to 2 decimal places.)**

148) ______

A) $21,600
B) $20,000
C) $22,000
D) $19,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

149) Paolucci Corporation's relevant range of activity is 4,500 units to 10,500 units. When it produces and sells 7,500 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.45
Direct labor	$ 3.35
Variable manufacturing overhead	$ 1.35
Fixed manufacturing overhead	$ 3.80

Fixed selling expense	$ 1.30
Fixed administrative expense	$ 0.85
Sales commissions	$ 1.25
Variable administrative expense	$ 0.75

If 6,500 units are sold, the variable cost per unit sold is closest to:

149) ______

A) $19.10
B) $11.15
C) $14.95
D) $13.15

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

150) Paolucci Corporation's relevant range of activity is 4,000 units to 8,000 units. When it produces and sells 6,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.45
Direct labor	$ 3.30
Variable manufacturing overhead	$ 1.25
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 1.05
Fixed administrative expense	$ 0.60
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

If 5,000 units are sold, the variable cost per unit sold is closest to:

150) ______

A) $17.15
B) $11.00
C) $14.00
D) $12.50

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

151) Schonhardt Corporation's relevant range of activity is 2,600 units to 7,000 units. When it produces and sells 4,800 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 7.15
Direct labor	$ 3.30
Variable manufacturing overhead	$ 1.20
Fixed manufacturing overhead	$ 2.50
Fixed selling expense	$ 0.80
Fixed administrative expense	$ 0.50
Sales commissions	$ 0.60
Variable administrative expense	$ 0.50

If 6,000 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

151) ______

A) $20,640
B) $15,840
C) $16,320
D) $12,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

152) Schonhardt Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 7.15
Direct labor	$ 3.40
Variable manufacturing overhead	$ 1.35
Fixed manufacturing overhead	$ 2.80
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 0.50
Variable administrative expense	$ 0.40

If 5,000 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

152) ______

A) $16,800
B) $14,000
C) $12,600
D) $11,200

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

153) At a volume of 5,000 units, Pwerson Company incurred $32,000 in factory overhead costs, including $14,000 in fixed costs. If volume increases to 6,000 units and both 5,000 units and 6,000 units are within the relevant range, then the company would expect to incur total factory overhead costs of: **(Round intermediate calculations to 2 decimal places.)**

153) ______

A) $35,600
B) $21,600
C) $32,000
D) $18,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

154) Waldhauser Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.10
Direct labor	$ 3.45
Variable manufacturing overhead	$ 1.75
Fixed manufacturing overhead	$ 3.30
Fixed selling expense	$ 0.75
Fixed administrative expense	$ 0.60
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

If 6,000 units are sold, the total variable cost is closest to:

154) ______

A) $79,500
B) $107,400
C) $67,800
D) $87,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

155) Comparative income statements for Boggs Sports Equipment Company for the last two months are presented below:

	July	August
Sales in units	11,000	10,000
Sales	$ 165,000	$ 150,000
Cost of goods sold	72,600	66,000
Gross margin	92,400	84,000

Selling and administrative expenses:		
Rent	$ 12,000	$ 12,000
Sales commissions	$ 13,200	$ 12,000
Maintenance expenses	$ 13,500	$ 13,000
Clerical expense	$ 16,000	$ 15,000
Total selling and administrative expenses	$ 54,700	$ 52,000
Net operating income	$ 37,700	$ 32,000

All of the company's costs are either fixed, variable, or a mixture of the two (i.e., mixed). Assume that the relevant range includes all of the activity levels mentioned in this problem.
Which of the selling and administrative expenses of the company is variable?

155) ______

A) Rent
B) Sales Commissions
C) Maintenance Expense
D) Clerical Expense

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

156) Tirri Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.60	
Direct labor	$ 3.30	
Variable manufacturing overhead	$ 1.10	

Fixed manufacturing overhead		$ 22,600
Sales commissions	$ 1.05	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 7,000

If the selling price is $26.30 per unit, the contribution margin per unit sold is closest to:

156) ______

A) $13.85
B) $5.92
C) $16.40
D) $9.08

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

157) Tirri Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.85	
Direct labor	$ 3.90	
Variable manufacturing overhead	$ 1.25	

Fixed manufacturing overhead		$ 22,500
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 7,500

If the selling price is $26.20 per unit, the contribution margin per unit sold is closest to:

157) ______

A) $12.65
B) $6.65
C) $15.45
D) $9.70

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

158) Macy Corporation's relevant range of activity is 9,000 units to 18,000 units. When it produces and sells 13,500 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.65
Direct labor	$ 4.10
Variable manufacturing overhead	$ 2.10
Fixed manufacturing overhead	$ 3.90
Fixed selling expense	$ 1.40
Fixed administrative expense	$ 0.70

Sales commissions	$ 1.35
Variable administrative expense	$ 0.60

If the selling price is $33.50 per unit, the contribution margin per unit sold is closest to:

158) ______

A) $11.85
B) $7.65
C) $23.75
D) $19.70

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

159) Macy Corporation's relevant range of activity is 4,000 units to 8,000 units. When it produces and sells 6,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 4.95
Direct labor	$ 3.25
Variable manufacturing overhead	$ 1.45
Fixed manufacturing overhead	$ 4.20
Fixed selling expense	$ 1.05
Fixed administrative expense	$ 0.60
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

If the selling price is $23.50 per unit, the contribution margin per unit sold is closest to:

159) ______

A) $9.65
B) $6.50
C) $15.30
D) $12.35

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

160) Bellucci Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 4.20	
Variable manufacturing overhead	$ 1.55	
Fixed manufacturing overhead		$ 124,000
Sales commissions	$ 1.15	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 45,500

The incremental manufacturing cost that the company will incur if it increases production from 10,000 to 10,001 units is closest to (assume that the increase is within the relevant range):

160) ______

A) $27.15
B) $12.80
C) $31.30
D) $25.20

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

161) Bellucci Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.10	
Direct labor	$ 3.95	
Variable manufacturing overhead	$ 1.75	
Fixed manufacturing overhead		$ 105,300
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 36,450

The incremental manufacturing cost that the company will incur if it increases production from 9,000 to 9,001 units is closest to (assume that the increase is within the relevant range):

161) ______

A) $26.75
B) $12.80
C) $30.05
D) $24.50

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

162) Fiori Corporation's relevant range of activity is 3,800 units to 10,000 units. When it produces and sells 6,900 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.35
Direct labor	$ 3.60
Variable manufacturing overhead	$ 2.05
Fixed manufacturing overhead	$ 3.50
Fixed selling expense	$ 0.80
Fixed administrative expense	$ 0.70
Sales commissions	$ 1.05
Variable administrative expense	$ 0.55

The incremental manufacturing cost that the company will incur if it increases production from 9,000 to 9,001 units is closest to:

162) ______

A) $18.60
B) $12.00
C) $15.50
D) $16.30

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

163) Fiori Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.05
Direct labor	$ 3.05
Variable manufacturing overhead	$ 1.70
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

The incremental manufacturing cost that the company will incur if it increases production from 5,000 to 5,001 units is closest to:

163) ______

A) $16.20
B) $10.80
C) $13.80
D) $14.30

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

164) Haack Incorporated is a merchandising company. Last month the company's cost of goods sold was $61,200. The company's beginning merchandise inventory was $12,400 and its ending merchandise inventory was $22,000. What was the total amount of the company's merchandise purchases for the month?

164) ______

A) $61,200
B) $51,600
C) $70,800
D) $95,600

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

165) Haack Incorporated is a merchandising company. Last month the company's cost of goods sold was $84,000. The company's beginning merchandise inventory was $20,000 and its ending merchandise inventory was $18,000. What was the total amount of the company's merchandise purchases for the month?

165) ______

A) $86,000
B) $82,000
C) $84,000
D) $122,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

166) Gabel Incorporated is a merchandising company. Last month the company's merchandise purchases totaled $63,000. The company's beginning merchandise inventory was $13,000 and its ending merchandise inventory was $15,000. What was the company's cost of goods sold for the month?

166) ______

A) $91,000
B) $63,000
C) $65,000
D) $61,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

167) The following cost data pertain to the operations of Quinonez Department Stores, Incorporated, for the month of September.

Corporate headquarters building lease	$ 87,100
Cosmetics Department sales commissions-Northridge Store	$ 5,870
Corporate legal office salaries	$ 63,700
Store manager's salary-Northridge Store	$ 14,900
Heating-Northridge Store	$ 12,800
Cosmetics Department cost of sales-Northridge Store	$ 38,800
Central warehouse lease cost	$ 14,100
Store security-Northridge Store	$ 19,700
Cosmetics Department manager's salary-Northridge Store	$ 4,970

The Northridge Store is just one of many stores owned and operated by the company. The Cosmetics Department is one of many departments at the Northridge Store. The central warehouse serves all of the company's stores.

What is the total amount of the costs listed above that are direct costs of the Cosmetics Department?

167) ______

A) $97,040
B) $49,640
C) $44,670
D) $38,800

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

168) The following cost data pertain to the operations of Quinonez Department Stores, Incorporated, for the month of September.

Corporate headquarters building lease	$ 77,000
Cosmetics Department sales commissions-Northridge Store	$ 4,000
Corporate legal office salaries	$ 59,000
Store manager's salary-Northridge Store	$ 11,000
Heating-Northridge Store	$ 10,000
Cosmetics Department cost of sales-Northridge Store	$ 37,000
Central warehouse lease cost	$ 16,000
Store security-Northridge Store	$ 12,000
Cosmetics Department manager's salary-Northridge Store	$ 4,000

The Northridge Store is just one of many stores owned and operated by the company. The Cosmetics Department is one of many departments at the Northridge Store. The central warehouse serves all of the company's stores.

What is the total amount of the costs listed above that are direct costs of the Cosmetics Department?

168) ______

A) $78,000
B) $45,000
C) $41,000
D) $37,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

169) The following cost data pertain to the operations of Quinonez Department Stores, Incorporated, for the month of September.

Corporate headquarters building lease	$ 78,200
Cosmetics Department sales commissions-Northridge Store	$ 5,830
Corporate legal office salaries	$ 58,200
Store manager's salary-Northridge Store	$ 19,600
Heating-Northridge Store	$ 19,200
Cosmetics Department cost of sales-Northridge Store	$ 40,800
Central warehouse lease cost	$ 12,300
Store security-Northridge Store	$ 14,800
Cosmetics Department manager's salary-Northridge Store	$ 4,240

The Northridge Store is just one of many stores owned and operated by the company. The Cosmetics Department is one of many departments at the Northridge Store. The central warehouse serves all of the company's stores.

What is the total amount of the costs listed above that are NOT direct costs of the Northridge Store?

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169) ______

A) $148,700
B) $53,600
C) $50,870
D) $78,200

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

170) The following cost data pertain to the operations of Quinonez Department Stores, Incorporated, for the month of September.

Corporate headquarters building lease	$ 77,000
Cosmetics Department sales commissions-Northridge Store	$ 4,000
Corporate legal office salaries	$ 59,000
Store manager's salary-Northridge Store	$ 11,000
Heating-Northridge Store	$ 10,000
Cosmetics Department cost of sales-Northridge Store	$ 37,000
Central warehouse lease cost	$ 16,000
Store security-Northridge Store	$ 12,000
Cosmetics Department manager's salary-Northridge Store	$ 4,000

The Northridge Store is just one of many stores owned and operated by the company. The Cosmetics Department is one of many departments at the Northridge Store. The central warehouse serves all of the company's stores.

What is the total amount of the costs listed above that are NOT direct costs of the Northridge Store?

170) ______

A) $152,000
B) $33,000
C) $45,000
D) $77,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

171) The following cost data pertain to the operations of Ladwig Department Stores, Incorporated, for the month of December.

Corporate legal office salaries	$ 68,000
Shoe Department cost of sales-Brentwood Store	$ 66,000
Corporate headquarters building lease	$ 86,000
Store manager's salary-Brentwood Store	$ 10,000
Shoe Department sales commissions-Brentwood Store	$ 5,000
Store utilities-Brentwood Store	$ 11,000
Shoe Department manager's salary-Brentwood Store	$ 3,000
Central warehouse lease cost	$ 3,000
Janitorial costs-Brentwood Store	$ 11,000

The Brentwood Store is just one of many stores owned and operated by the company. The Shoe Department is one of many departments at the Brentwood Store. The central warehouse serves all of the company's stores.

What is the total amount of the costs listed above that are direct costs of the Shoe Department?

171) ______

A) $66,000
B) $74,000
C) $106,000
D) $71,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

172) The following cost data pertain to the operations of Ladwig Department Stores, Incorporated, for the month of December.

Corporate legal office salaries	$ 68,000
Shoe Department cost of sales-Brentwood Store	$ 66,000
Corporate headquarters building lease	$ 86,000
Store manager's salary-Brentwood Store	$ 10,000
Shoe Department sales commissions-Brentwood Store	$ 5,000
Store utilities-Brentwood Store	$ 11,000
Shoe Department manager's salary-Brentwood Store	$ 3,000
Central warehouse lease cost	$ 3,000
Janitorial costs-Brentwood Store	$ 11,000

The Brentwood Store is just one of many stores owned and operated by the company. The Shoe Department is one of many departments at the Brentwood Store. The central warehouse serves all of the company's stores.

What is the total amount of the costs listed above that are NOT direct costs of the Brentwood Store?

172) ______

A) $74,000
B) $32,000
C) $157,000
D) $86,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

173) Dake Corporation's relevant range of activity is 3,500 units to 8,500 units. When it produces and sells 6,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.60
Direct labor	$ 3.60
Variable manufacturing overhead	$ 1.35
Fixed manufacturing overhead	$ 3.30
Fixed selling expense	$ 0.95
Fixed administrative expense	$ 0.65
Sales commissions	$ 0.75
Variable administrative expense	$ 0.65

For financial reporting purposes, the total amount of product costs incurred to make 6,000 units is closest to:

173) ______

A) $89,100
B) $69,300
C) $95,100
D) $19,800

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

174) Dake Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.55
Direct labor	$ 3.50
Variable manufacturing overhead	$ 1.40
Fixed manufacturing overhead	$ 2.60
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

174) ______

A) $56,200
B) $45,800
C) $60,200
D) $10,400

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

175) Dake Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.55
Direct labor	$ 3.50
Variable manufacturing overhead	$ 1.40
Fixed manufacturing overhead	$ 2.60
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

175) ______

A) $7,800
B) $8,100
C) $4,400
D) $12,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

176) Dake Corporation's relevant range of activity is 2,500 units to 5,500 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.90
Direct labor	$ 2.90
Variable manufacturing overhead	$ 1.65
Fixed manufacturing overhead	$ 2.90
Fixed selling expense	$ 0.95
Fixed administrative expense	$ 0.65
Sales commissions	$ 0.75
Variable administrative expense	$ 0.65

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

176) ______

A) $29,400
B) $34,350
C) $43,050
D) $36,450

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

177) Dake Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.55
Direct labor	$ 3.50
Variable manufacturing overhead	$ 1.40
Fixed manufacturing overhead	$ 2.60
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

177) ______

A) $30,150
B) $34,350
C) $42,150
D) $34,650

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

178) Dake Corporation's relevant range of activity is 3,100 units to 6,500 units. When it produces and sells 4,800 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 7.00
Direct labor	$ 3.10
Variable manufacturing overhead	$ 1.75
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 1.05
Fixed administrative expense	$ 0.75
Sales commissions	$ 0.85
Variable administrative expense	$ 0.75

If 3,800 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

178) ______

A) $6,650
B) $14,400
C) $21,050
D) $18,050

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

179) Dake Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.55
Direct labor	$ 3.50
Variable manufacturing overhead	$ 1.40
Fixed manufacturing overhead	$ 2.60
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45

If 3,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

179) ______

A) $4,200
B) $10,400
C) $14,600
D) $12,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

180) Glew Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.00	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.75	
Fixed manufacturing overhead		$ 8,800
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,000

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

180) ______

A) $57,200
B) $8,800
C) $44,400
D) $53,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

181) Glew Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.00	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.75	
Fixed manufacturing overhead		$ 8,800
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,000

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

181) ______

A) $6,400
B) $9,600
C) $4,000
D) $5,600

Managerial Accounting 17th Edition by Garrison CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

182) Glew Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.00	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.75	
Fixed manufacturing overhead		$ 8,800
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,000

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:
182) ______

A) $33,300
B) $31,050
C) $28,050
D) $39,900

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

183) Glew Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.00	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.75	
Fixed manufacturing overhead		$ 8,800
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,000

If 3,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

183) ______

A) $5,250
B) $11,850
C) $8,800
D) $14,050

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

184) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

For financial reporting purposes, the total amount of product costs incurred to make 5,000 units is closest to:

184) ______

A) $72,000
B) $77,000
C) $11,000
D) $61,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

185) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

For financial reporting purposes, the total amount of period costs incurred to sell 5,000 units is closest to:

185) ______

A) $12,500
B) $8,300
C) $7,000
D) $5,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

186) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

If 4,000 units are sold, the variable cost per unit sold is closest to:

186) ______

A) $13.60
B) $12.20
C) $14.40
D) $16.90

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

187) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

If 4,000 units are sold, the total variable cost is closest to:

187) ______

A) $54,400
B) $48,800
C) $57,600
D) $67,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

188) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.60	
Direct labor	$ 3.40	
Variable manufacturing overhead	$ 2.00	
Fixed manufacturing overhead		$ 20,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.30	
Fixed selling and administrative expense		$ 6,000

If 9,500 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

188) ______

A) $38,000
B) $39,000
C) $37,000
D) $52,300

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

189) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

189) ______

A) $14,600
B) $17,600
C) $11,600
D) $23,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

190) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

If the selling price is $18.70 per unit, the contribution margin per unit sold is closest to:
190) ______

A) $5.10
B) $1.80
C) $4.30
D) $8.15

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

191) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

If 6,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:
191) ______

A) $73,200
B) $69,300
C) $86,400
D) $63,300

Managerial Accounting 17th Edition by Garrison CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

192) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.65	
Fixed manufacturing overhead		$ 11,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,500

If 6,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:
192) ______

A) $23,100
B) $9,900
C) $11,000
D) $20,900

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

193) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 7.05	
Direct labor	\$ 3.50	
Variable manufacturing overhead	\$ 1.65	
Fixed manufacturing overhead		\$ 11,000
Sales commissions	\$ 1.00	
Variable administrative expense	\$ 0.40	
Fixed selling and administrative expense		\$ 5,500

The incremental manufacturing cost that the company will incur if it increases production from 5,000 to 5,001 units is closest to:
Garrison 17e Rechecks 2020-09-09

193) ______

A) $14.40
B) $15.10
C) $16.90
D) $12.20

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

194) Lambeth Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.90	
Direct labor	$ 2.95	
Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 8,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,000

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

194) ______

A) $26,550
B) $23,550
C) $33,300
D) $27,300

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

195) Lambeth Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.90	
Direct labor	$ 2.95	
Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 8,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,000

If 3,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:
195) ______

A) $8,000
B) $11,750
C) $9,750
D) $3,750

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

196) Mccaskell Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.30
Direct labor	$ 3.65
Variable manufacturing overhead	$ 1.75
Fixed manufacturing overhead	$ 9.90
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

If 8,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

196) ______

A) $79,600
B) $93,600
C) $87,600
D) $172,800

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

197) Mccaskell Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.30
Direct labor	$ 3.65
Variable manufacturing overhead	$ 1.75
Fixed manufacturing overhead	$ 9.90
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

If 8,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

197) ______

A) $14,000
B) $93,200
C) $89,100
D) $103,100

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

198) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 3.10	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 14,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,500

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

198) ______

A) $16,300
B) $25,600
C) $19,400
D) $13,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

199) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 3.10	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 14,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,500

If the selling price is $21.90 per unit, the contribution margin per unit sold is closest to:

199) ______

A) $9.35
B) $12.60
C) $8.45
D) $5.65

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

200) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 3.10	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 14,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,500

If 6,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:
200) ______

A) $55,800
B) $63,900
C) $80,700
D) $64,800

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

201) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.10	
Direct labor	$ 4.10	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 16,900
Sales commissions	$ 2.00	
Variable administrative expense	$ 0.30	
Fixed selling and administrative expense		$ 3,900

If 6,500 units are produced, the total amount of indirect manufacturing cost incurred is closest to:
201) ______

A) $9,750
B) $26,910
C) $26,650
D) $16,900

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

202) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 3.10	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 14,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,500

If 6,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:
202) ______

A) $8,100
B) $24,900
C) $22,100
D) $14,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

203) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.90	
Direct labor	$ 3.70	
Variable manufacturing overhead	$ 1.30	
Fixed manufacturing overhead		$ 9,900
Sales commissions	$ 1.60	
Variable administrative expense	$ 0.60	
Fixed selling and administrative expense		$ 3,600

The incremental manufacturing cost that the company will incur if it increases production from 4,500 to 4,501 units is closest to:

203) ______

A) $11.90
B) $15.00
C) $17.10
D) $15.20

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

204) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 3.10	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 14,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,500

The incremental manufacturing cost that the company will incur if it increases production from 5,000 to 5,001 units is closest to:

204) ______

A) $10.65
B) $13.45
C) $16.25
D) $13.95

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

205) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

Cost of clay used in production	$ 65,000
Wages paid to the workers who paint the figurines	$ 81,000
Wages paid to the sales manager's secretary	$ 33,000
Cost of junk mail advertising	$ 50,000

What is the total of the direct costs above?

205) ______

A) $65,000
B) $114,000
C) $146,000
D) $196,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

206) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

Cost of clay used in production	$ 65,000
Wages paid to the workers who paint the figurines	$ 90,000
Wages paid to the sales manager's secretary	$ 22,000
Cost of junk mail advertising	$ 47,000

What is the total of the direct costs above?

206) ______

A) $65,000
B) $112,000
C) $155,000
D) $202,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

207) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

Cost of clay used in production	$ 74,000
Wages paid to the workers who paint the figurines	$ 98,000
Wages paid to the sales manager's secretary	$ 30,000
Cost of junk mail advertising	$ 47,000

What is the total of the product costs above?

207) ______

A) $0
B) $77,000
C) $172,000
D) $175,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

208) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

Cost of clay used in production	$ 65,000
Wages paid to the workers who paint the figurines	$ 90,000
Wages paid to the sales manager's secretary	$ 22,000
Cost of junk mail advertising	$ 47,000

What is the total of the product costs above?

208) ______

A) $0
B) $69,000
C) $155,000
D) $159,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

209) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

Cost of clay used in production	$ 60,000
Wages paid to the workers who paint the figurines	$ 91,000
Wages paid to the sales manager's secretary	$ 23,000
Cost of junk mail advertising	$ 40,000

What is the total of the conversion costs above?

209) ______

A) $60,000
B) $63,000
C) $91,000
D) $151,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

210) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

Cost of clay used in production	$ 65,000
Wages paid to the workers who paint the figurines	$ 90,000
Wages paid to the sales manager's secretary	$ 22,000
Cost of junk mail advertising	$ 47,000

What is the total of the conversion costs above?

210) ______

A) $65,000
B) $69,000
C) $90,000
D) $155,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

211) A partial listing of costs incurred at Archut Corporation during September appears below:

Direct materials	$ 113,000
Utilities, factory	$ 5,000
Administrative salaries	$ 81,000
Indirect labor	$ 25,000
Sales commissions	$ 48,000
Depreciation of production equipment	$ 20,000
Depreciation of administrative equipment	$ 30,000
Direct labor	$ 129,000
Advertising	$ 135,000

The total of the manufacturing overhead costs listed above for September is:

211) ______

A) $586,000
B) $50,000
C) $292,000
D) $30,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

212) A partial listing of costs incurred at Archut Corporation during September appears below:

Direct materials	$ 113,000
Utilities, factory	$ 5,000
Administrative salaries	$ 81,000
Indirect labor	$ 25,000
Sales commissions	$ 48,000

Depreciation of production equipment	$ 20,000
Depreciation of administrative equipment	$ 30,000
Direct labor	$ 129,000
Advertising	$ 135,000

The total of the product costs listed above for September is:

212) ______

A) $292,000
B) $294,000
C) $50,000
D) $586,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

213) A partial listing of costs incurred at Archut Corporation during September appears below:

Direct materials	$ 113,000
Utilities, factory	$ 5,000
Administrative salaries	$ 81,000
Indirect labor	$ 25,000
Sales commissions	$ 48,000
Depreciation of production equipment	$ 20,000
Depreciation of administrative equipment	$ 30,000
Direct labor	$ 129,000
Advertising	$ 135,000

The total of the period costs listed above for September is:

213) ______

A) $294,000
B) $344,000
C) $292,000
D) $50,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

214) A partial listing of costs incurred during March at Febbo Corporation appears below:

Factory supplies	$ 9,000
Administrative wages and salaries	$ 85,000
Direct materials	$ 126,000
Sales staff salaries	$ 30,000
Factory depreciation	$ 33,000
Corporate headquarters building rent	$ 43,000
Indirect labor	$ 26,000
Marketing	$ 65,000
Direct labor	$ 99,000

The total of the period costs listed above for March is:

214) ______

A) $68,000
B) $293,000
C) $291,000
D) $223,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

215) A partial listing of costs incurred during March at Febbo Corporation appears below:

Factory supplies	$ 9,000
Administrative wages and salaries	$ 85,000
Direct materials	$ 126,000
Sales staff salaries	$ 30,000
Factory depreciation	$ 33,000
Corporate headquarters building rent	$ 43,000
Indirect labor	$ 26,000
Marketing	$ 65,000
Direct labor	$ 99,000

The total of the manufacturing overhead costs listed above for March is:

215) ______

A) $68,000
B) $35,000
C) $516,000
D) $293,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

216) A partial listing of costs incurred during March at Febbo Corporation appears below:

Factory supplies	$ 9,000
Administrative wages and salaries	$ 85,000
Direct materials	$ 126,000
Sales staff salaries	$ 30,000
Factory depreciation	$ 33,000
Corporate headquarters building rent	$ 43,000
Indirect labor	$ 26,000
Marketing	$ 65,000
Direct labor	$ 99,000

The total of the product costs listed above for March is:

216) ______

A) $516,000
B) $68,000
C) $293,000
D) $223,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

217) Fasheh Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.50
Direct labor	$ 3.90
Variable manufacturing overhead	$ 1.30
Fixed manufacturing overhead	$ 13.50
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If 10,000 units are produced, the average fixed manufacturing cost per unit produced is closest to:

217) ______

A) $15.00
B) $12.83
C) $13.50
D) $12.15

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

218) Fasheh Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.50
Direct labor	$ 3.90
Variable manufacturing overhead	$ 1.30
Fixed manufacturing overhead	$ 13.50
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If 10,000 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

218) ______

A) $128,250
B) $121,500
C) $148,500
D) $135,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

219) Fasheh Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.50
Direct labor	$ 3.90
Variable manufacturing overhead	$ 1.30
Fixed manufacturing overhead	$ 13.50
Fixed selling expense	$ 2.25
Fixed administrative expense	$ 1.80
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If 10,000 units are produced, the total amount of manufacturing overhead cost is closest to:

219) ______

A) $180,500
B) $134,500
C) $157,500
D) $146,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

220) Rhome Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.40
Direct labor	$ 3.55
Variable manufacturing overhead	$ 1.70
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.60
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.40

If 5,000 units are sold, the variable cost per unit sold is closest to:

220) ______

A) $13.65
B) $10.65
C) $16.05
D) $12.05

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

221) Rhome Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.40
Direct labor	$ 3.55
Variable manufacturing overhead	$ 1.70
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.60
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.40

If 5,000 units are sold, the total variable cost is closest to:

221) ______

A) $53,250
B) $68,250
C) $80,250
D) $60,250

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

222) Rhome Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.40
Direct labor	$ 3.55
Variable manufacturing overhead	$ 1.70
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.60
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.40

If 5,000 units are produced, the average fixed manufacturing cost per unit produced is closest to:

222) ______

A) $3.75
B) $2.40
C) $2.70
D) $3.00

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

223) Rhome Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.40
Direct labor	$ 3.55
Variable manufacturing overhead	$ 1.70
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.60
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.40

If 5,000 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

223) ______

A) $13,500
B) $18,000
C) $12,000
D) $15,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

224) Rhome Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.40
Direct labor	$ 3.55
Variable manufacturing overhead	$ 1.70
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.60
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.40

If 5,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

224) ______

A) $20,500
B) $23,000
C) $18,000
D) $19,250

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

225) Wessner Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 2.80	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 12,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 4,000

If 5,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

225) ______

A) $18,000
B) $19,250
C) $18,625
D) $20,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

226) Wessner Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 2.80	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 12,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 4,000

If the selling price is $25.00 per unit, the contribution margin per unit sold is closest to:

226) ______

A) $9.00
B) $16.00
C) $11.55
D) $13.00

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

227) Wessner Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.20	
Direct labor	$ 2.80	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 12,000
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 4,000

The incremental manufacturing cost that the company will incur if it increases production from 4,000 to 4,001 units is closest to:

227) ______

A) $16.00
B) $14.05
C) $10.45
D) $13.45

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

228) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.35	
Direct labor	$ 3.75	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 15,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 4,500

If 4,000 units are sold, the variable cost per unit sold is closest to:

228) ______

A) $16.55
B) $11.60
C) $12.65
D) $14.60

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

229) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.60	
Direct labor	$ 3.60	
Variable manufacturing overhead	$ 1.40	
Fixed manufacturing overhead		$ 23,400
Sales commissions	$ 0.60	
Variable administrative expense	$ 0.65	
Fixed selling and administrative expense		$ 3,000

If 6,500 units are sold, the total variable cost is closest to:

229) ______

A) $93,600
B) $112,450
C) $83,525
D) $75,400

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

230) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.35	
Direct labor	\$ 3.75	
Variable manufacturing overhead	\$ 1.50	
Fixed manufacturing overhead		\$ 15,000
Sales commissions	\$ 0.50	
Variable administrative expense	\$ 0.55	
Fixed selling and administrative expense		\$ 4,500

If 4,000 units are sold, the total variable cost is closest to:

230) ______

A) $58,400
B) $66,200
C) $50,600
D) $46,400

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

231) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.00	
Direct labor	$ 3.60	
Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 10,800
Sales commissions	$ 0.45	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 3,200

If 3,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

231) ______

A) $14,550
B) $8,850
C) $12,650
D) $20,250

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

232) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.35	
Direct labor	$ 3.75	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 15,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 4,500

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Garrison 17e Rechecks 2021-10-22

232) ______

A) $21,000
B) $14,000
C) $28,000
D) $17,500

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Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

233) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.00	
Direct labor	$ 3.60	
Variable manufacturing overhead	$ 1.25	
Fixed manufacturing overhead		$ 10,800
Sales commissions	$ 0.45	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 3,200

If the selling price is $21.40 per unit, the contribution margin per unit sold is closest to:
233) ______

A) $3.50
B) $5.10
C) $8.55
D) $10.80

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

234) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.35	
Direct labor	$ 3.75	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 15,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.55	
Fixed selling and administrative expense		$ 4,500

If the selling price is $20.60 per unit, the contribution margin per unit sold is closest to:
234) ______

A) $4.05
B) $6.00
C) $7.95
D) $10.50

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

235) Fassino Corporation reported the following data for the month of November:

Direct materials	$ 51,000
Direct labor cost	$ 54,000
Manufacturing overhead	$ 82,000
Selling expense	$ 18,000
Administrative expense	$ 42,000

The conversion cost for November was:

235) ______

A) $187,000
B) $112,000
C) $136,000
D) $140,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

236) Fassino Corporation reported the following data for the month of November:

Direct materials	$ 51,000
Direct labor cost	$ 54,000
Manufacturing overhead	$ 82,000
Selling expense	$ 18,000
Administrative expense	$ 42,000

The prime cost for November was:

236) ______

A) $136,000
B) $60,000
C) $105,000
D) $112,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

237) Management of Mcgibboney Corporation has asked your help as an intern in preparing some key reports for November. Direct materials cost was $42,000, direct labor cost was $25,000, and manufacturing overhead was $62,000. Selling expense was $21,000 and administrative expense was $38,000. The conversion cost for November was:

237) ______

A) $116,000
B) $79,000
C) $87,000
D) $129,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

238) Management of Mcgibboney Corporation has asked your help as an intern in preparing some key reports for November. Direct materials cost was $42,000, direct labor cost was $25,000, and manufacturing overhead was $62,000. Selling expense was $21,000 and administrative expense was $38,000.

The prime cost for November was:

238) ______

A) $79,000
B) $59,000
C) $67,000
D) $87,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

239) Barredo Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.60
Direct labor	$ 3.65
Variable manufacturing overhead	$ 1.65
Fixed manufacturing overhead	$ 2.80
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If 4,000 units are sold, the variable cost per unit sold is closest to:

239) ______

A) $16.75
B) $12.85
C) $11.90
D) $14.70

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

240) Barredo Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.60
Direct labor	$ 3.65
Variable manufacturing overhead	$ 1.65
Fixed manufacturing overhead	$ 2.80
Fixed selling expense	$ 0.70
Fixed administrative expense	$ 0.40
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If 4,000 units are sold, the total variable cost is closest to:

240) ______

A) $67,000
B) $47,600
C) $51,400
D) $58,800

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

241) Varela Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.95
Direct labor	$ 3.30
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.50

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

241) ______

A) $43,400
B) $55,400
C) $59,400
D) $12,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

242) Varela Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.95
Direct labor	$ 3.30
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.50
Variable administrative expense	$ 0.50

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

242) ______

A) $7,700
B) $11,600
C) $3,600
D) $8,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

243) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.85	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 8,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 4,400

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

243) ______

A) $46,200
B) $38,200
C) $8,000
D) $50,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

244) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.05	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.75	
Fixed manufacturing overhead		$ 7,200
Sales commissions	$ 1.40	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 7,700

For financial reporting purposes, the total amount of period costs incurred to sell 4,500 units is closest to:
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244) ______

A) $16,250
B) $8,550
C) $7,700
D) $7,200

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

245) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.85	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 8,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 4,400

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

245) ______

A) $12,200
B) $7,800
C) $4,400
D) $8,100

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

246) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.00	
Direct labor	$ 3.40	
Variable manufacturing overhead	$ 1.70	
Fixed manufacturing overhead		$ 6,000
Sales commissions	$ 1.30	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 6,300

If 4,000 units are sold, the variable cost per unit sold is closest to:

246) ______

A) $14.65
B) $11.85
C) $10.10
D) $11.80

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Qualitative
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

247) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.85	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 8,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 4,400

If 5,000 units are sold, the variable cost per unit sold is closest to:

247) ______

A) $14.60
B) $11.50
C) $9.55
D) $11.55

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Qualitative
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

248) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.60	
Direct labor	$ 3.40	
Variable manufacturing overhead	$ 1.30	
Fixed manufacturing overhead		$ 13,200
Sales commissions	$ 1.40	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 5,200

If 6,500 units are sold, the total variable cost is closest to:
Garrison 17e Rechecks 2020-09-09

248) ______

A) $60,450
B) $94,450
C) $72,150
D) $72,475

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

249) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.85	
Direct labor	$ 3.35	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 8,000
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 4,400

If 5,000 units are sold, the total variable cost is closest to:

249) ______

A) $47,750
B) $73,000
C) $57,500
D) $57,750

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

250) Bowering Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.60	
Direct labor	$ 3.85	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 81,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 44,550

For financial reporting purposes, the total amount of product costs incurred to make 9,000 units is closest to:

250) ______

A) $81,000
B) $188,550
C) $107,550
D) $197,550

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

251) Bowering Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.60	
Direct labor	$ 3.85	
Variable manufacturing overhead	$ 1.50	
Fixed manufacturing overhead		$ 81,000
Sales commissions	$ 0.50	
Variable administrative expense	$ 0.50	
Fixed selling and administrative expense		$ 44,550

For financial reporting purposes, the total amount of period costs incurred to sell 9,000 units is closest to:

251) ______

A) $35,700
B) $9,000
C) $53,550
D) $44,550

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

252) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

The salary that Mark earns at his present employ is:

252) ______

A) a variable cost
B) a fixed cost
C) a product cost
D) an opportunity cost

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

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253) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

Mark purchased a machine two years ago to make experimental boards. The machine will be used to manufacture the new board. The cost of this machine is:

253) ______

A) an opportunity cost
B) a sunk cost
C) a differential cost
D) a period cost

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

254) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

The cost of the raw materials that will be used in manufacturing the computer board is:

254) ______

A) a sunk cost
B) a fixed cost
C) a period cost
D) a variable cost

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Qualitative
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

255) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.
Rent on the administrative office space is:

255) ______

A) a variable cost
B) an opportunity cost
C) a period cost
D) a product cost

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Bloom's : Apply
null : Question Focus: Qualitative
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

256) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

Property taxes on the building that will be purchased to house the manufacturing facility are:

256) ______

A) a product cost
B) a variable cost
C) an opportunity cost
D) a period cost

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

257) At a sales volume of 38,000 units, Tirri Corporation's property taxes (a cost that is fixed with respect to sales volume) total $733,400.

To the nearest whole dollar, what should be the total property taxes at a sales volume of 37,200 units? (Assume that this sales volume is within the relevant range.)

257) ______

A) $725,680
B) $733,400
C) $749,172
D) $717,960

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Qualitative
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

258) At a sales volume of 38,000 units, Tirri Corporation's property taxes (a cost that is fixed with respect to sales volume) total $733,400.

To the nearest whole cent, what should be the average property tax per unit at a sales volume of 37,300 units? (Assume that this sales volume is within the relevant range.)

258) ______

A) $19.30
B) $19.66
C) $19.72
D) $19.48

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Qualitative
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

259) Leas Corporation staffs a helpline to answer questions from customers. The costs of operating the helpline are variable with respect to the number of calls in a month. At a volume of 25,000 calls in a month, the costs of operating the helpline total $452,500.

To the nearest whole dollar, what should be the total cost of operating the helpline costs at a volume of 23,900 calls in a month? (Assume that this call volume is within the relevant range.) **(Round intermediate calculations to 2 decimal places.)**

259) ______

A) $442,545
B) $452,500
C) $473,326
D) $432,590

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

260) Leas Corporation staffs a helpline to answer questions from customers. The costs of operating the helpline are variable with respect to the number of calls in a month. At a volume of 25,000 calls in a month, the costs of operating the helpline total $452,500.

To the nearest whole cent, what should be the average cost of operating the helpline per call at a volume of 25,300 calls in a month? (Assume that this call volume is within the relevant range.)

260) ______

A) $18.93
B) $18.00
C) $17.89
D) $18.10

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

261) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

Dizzy gives out a free T-shirt to every 100th customer entering the park. The cost of this T-shirt would best be described as a:

261) ______

A) fixed cost
B) mixed cost
C) step-variable cost
D) true variable cost

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

262) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

For liability insurance, Dizzy pays a set monthly fee plus a small additional amount for every patron entering the park. The cost of liability insurance would best be described as a:

262) ______

A) fixed cost
B) mixed cost
C) step-variable cost
D) true variable cost

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

263) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

Dizzy employees a certified operator for each of its 35 rides. Each operator is paid $20 per hour. The cost of the certified operators would best be described as a:

263) ______

A) fixed cost
B) mixed cost
C) step-variable cost
D) true variable cost

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

264) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

Dizzy donates $2 of every entrance fee to a local homeless shelter. This charitable contribution would best be described as a:

264) ______

A) fixed cost
B) mixed cost
C) step-variable cost
D) true variable cost

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

265) At a sales volume of 40,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $492,000.
To the nearest whole dollar, what should be the total sales commissions at a sales volume of 39,100 units? (Assume that this sales volume is within the relevant range.) **(Round intermediate calculations to 2 decimal places.)**

265) ______

A) $486,465
B) $492,000
C) $480,930
D) $503,325

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

266) At a sales volume of 20,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $132,000.
To the nearest whole dollar, what should be the total sales commissions at a sales volume of 18,400 units? (Assume that this sales volume is within the relevant range.) **(Round intermediate calculations to 2 decimal places.)**

266) ______

A) $126,720
B) $132,000
C) $121,440
D) $143,478

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

267) At a sales volume of 38,500 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $646,800.

To the nearest whole cent, what should be the average sales commission per unit at a sales volume of 41,000 units? (Assume that this sales volume is within the relevant range.)

267) ______

A) $16.80
B) $16.78
C) $17.97
D) $15.78

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

268) At a sales volume of 20,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $132,000.

To the nearest whole cent, what should be the average sales commission per unit at a sales volume of 18,500 units? (Assume that this sales volume is within the relevant range.)

268) ______

A) $6.60
B) $6.87
C) $7.17
D) $7.14

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

269) Adens Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.25
Direct labor	$ 2.80
Variable manufacturing overhead	$ 1.55
Fixed manufacturing overhead	$ 2.40
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

If 5,000 units are sold, the variable cost per unit sold is closest to:

269) ______

A) $13.00
B) $10.60
C) $12.10
D) $15.40

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

270) Adens Corporation's relevant range of activity is 2,000 units to 6,000 units. When it produces and sells 4,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.25
Direct labor	$ 2.80
Variable manufacturing overhead	$ 1.55
Fixed manufacturing overhead	$ 2.40
Fixed selling expense	$ 0.50
Fixed administrative expense	$ 0.40
Sales commissions	$ 1.00
Variable administrative expense	$ 0.50

If 5,000 units are sold, the total variable cost is closest to:

270) ______

A) $53,000
B) $65,000
C) $60,500
D) $77,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

271) Batterson Corporation leases its corporate headquarters building. This lease cost is fixed with respect to the company's sales volume. In a recent month in which the sales volume was 28,000 units, the lease cost was $697,200.

To the nearest whole dollar, what should be the total lease cost at a sales volume of 29,200 units in a month? (Assume that this sales volume is within the relevant range.)

271) ______

A) $712,140
B) $697,200
C) $727,080
D) $668,548

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

272) Batterson Corporation leases its corporate headquarters building. This lease cost is fixed with respect to the company's sales volume. In a recent month in which the sales volume was 28,000 units, the lease cost was $697,200.

To the nearest whole cent, what should be the average lease cost per unit at a sales volume of 26,400 units in a month? (Assume that this sales volume is within the relevant range.)

272) ______

A) $25.66
B) $24.90
C) $23.88
D) $26.41

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

273) Oerther Corporation reports that at an activity level of 5,000 units, its total variable cost is $131,750 and its total fixed cost is $31,200.

What would be the total variable cost at an activity level of 5,200 units? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

273) ______

A) $137,020
B) $131,750
C) $162,950
D) $32,448

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

274) Oerther Corporation reports that at an activity level of 5,000 units, its total variable cost is $131,750 and its total fixed cost is $31,200.

What would be the average fixed cost per unit at an activity level of 5,200 units? Assume that this level of activity is within the relevant range.

274) ______

A) $6.24
B) $6.00
C) $14.94
D) $32.59

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

275) At an activity level of 9,000 machine-hours in a month, Moffatt Corporation's total variable maintenance cost is $390,240 and its total fixed maintenance cost is $368,280.

What would be the total variable maintenance cost at an activity level of 9,300 machine-hours in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

275) ______

A) $758,520
B) $403,248
C) $390,240
D) $380,556

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

276) At an activity level of 9,000 machine-hours in a month, Moffatt Corporation's total variable maintenance cost is $390,240 and its total fixed maintenance cost is $368,280.

What would be the average fixed maintenance cost per unit at an activity level of 9,300 machine-hours in a month? Assume that this level of activity is within the relevant range.

276) ______

A) $40.92
B) $84.28
C) $39.60
D) $54.93

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

277) At a sales volume of 40,000 units, Lonnie Company's total fixed costs are $40,000 and total variable costs are $60,000. The relevant range is 30,000 to 50,000 units.
If Lonnie were to sell 42,000 units, the total expected cost would be:
277) ______

A) $105,000
B) $100,000
C) $103,000
D) $102,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

278) At a sales volume of 40,000 units, Lonnie Company's total fixed costs are $40,000 and total variable costs are $60,000. The relevant range is 30,000 to 50,000 units.
If Lonnie were to sell 50,000 units, the total expected cost per unit would be: **(Round intermediate calculations to 2 decimal places.)**

278) ______

A) $2.20
B) $2.30
C) $2.50
D) $2.00

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

279) Erkkila Incorporated reports that at an activity level of 6,300 machine-hours in a month, its total variable inspection cost is $425,780 and its total fixed inspection cost is $175,164. What would be the average fixed inspection cost per unit at an activity level of 6,600 machine-hours in a month? Assume that this level of activity is within the relevant range.

279) ______

A) $95.39
B) $27.80
C) $41.04
D) $26.54

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

280) ErkkilaIncorporated reports that at an activity level of 2,100 machine-hours in a month, its total variable inspection cost is $69,846 and its total fixed inspection cost is $9,072.
What would be the average fixed inspection cost per unit at an activity level of 2,400 machine-hours in a month? Assume that this level of activity is within the relevant range.

280) ______

A) $37.58
B) $4.32
C) $15.23
D) $3.78

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

Managerial Accounting 17th Edition by Garrison CH01B

281) ErkkilaIncorporated reports that at an activity level of 2,100 machine-hours in a month, its total variable inspection cost is $69,846 and its total fixed inspection cost is $9,072.

What would be the total variable inspection cost at an activity level of 2,400 machine-hours in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

281) ______

A) $78,918
B) $69,846
C) $79,824
D) $10,368

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

282) Kogler Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 5.05
Direct labor	$ 5.10
Variable manufacturing overhead	$ 1.85
Fixed manufacturing overhead	$ 10.00
Fixed selling expense	$ 3.65
Fixed administrative expense	$ 1.90
Sales commissions	$ 0.40
Variable administrative expense	$ 0.35

If the selling price is $28.00 per unit, the contribution margin per unit sold is closest to:

282) ______

A) $15.25
B) ($0.30)
C) $6.00
D) $17.85

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

283) Kogler Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 4.85
Direct labor	$ 4.20
Variable manufacturing overhead	$ 1.55
Fixed manufacturing overhead	$ 9.00
Fixed selling expense	$ 3.15
Fixed administrative expense	$ 1.80
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

If the selling price is $25.00 per unit, the contribution margin per unit sold is closest to:

283) ______

A) $13.45
B) ($0.50)
C) $5.40
D) $15.95

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

284) Kogler Corporation's relevant range of activity is 7,000 units to 11,000 units. When it produces and sells 9,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 4.85
Direct labor	$ 4.20
Variable manufacturing overhead	$ 1.55
Fixed manufacturing overhead	$ 9.00
Fixed selling expense	$ 3.15
Fixed administrative expense	$ 1.80
Sales commissions	$ 0.50
Variable administrative expense	$ 0.45

The incremental manufacturing cost that the company will incur if it increases production from 9,000 to 9,001 units is closest to:

284) ______

A) $10.60
B) $22.75
C) $19.60
D) $25.50

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

285) The University Store, Incorporated is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

University Store, Incorporated
Income Statement
For the Quarter Ended March 31

Sales		$ 800,000
Cost of goods sold		560,000
Gross margin		240,000
Selling and administrative expenses:		
Selling	$ 100,000	
Administrative	110,000	210,000
Net operating income		$ 30,000

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

The contribution margin for the University Store for the first quarter is:

285) ______

A) $660,000
B) $700,000
C) $180,000
D) $140,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

286) The University Store, Incorporated is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

University Store, Incorporated
Income Statement
For the Quarter Ended March 31

Sales		$ 800,000
Cost of goods sold		560,000
Gross margin		240,000
Selling and administrative expenses		
Selling	$ 100,000	
Administrative	110,000	210,000
Net operating income		$ 30,000

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

The net operating income computed using the contribution approach for the first quarter is:

286) ______

A) $30,000
B) $180,000
C) $140,000
D) $0

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

287) The University Store, Incorporated is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

University Store, Incorporated
Income Statement
For the Quarter Ended March 31

Sales		$ 800,000
Cost of goods sold		560,000
Gross margin		240,000
Selling and administrative expenses		
Selling	$ 100,000	
Administrative	110,000	210,000
Net operating income		$ 30,000

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

The cost formula for selling and administrative expenses with "X" equal to the number of books sold is:

287) ______

A) Y = $105,000 + $3X
B) Y = $105,000 + $5X
C) Y = $110,000 + $5X
D) Y = $110,000 + $33X

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

288) The University Store,Incorporated is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

University Store, Incorporated
Income Statement
For the Quarter Ended March 31

Sales	$ 800,000
Cost of goods sold	560,000
Gross margin	240,000
Selling and administrative expenses	

Selling	$ 100,000	
Administrative	110,000	210,000
Net operating income		$ 30,000

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

If 25,000 books are sold during the second quarter and this activity is within the relevant range, the company's expected contribution margin would be:

288) ______

A) $875,000
B) $300,000
C) $175,000
D) $65,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

289) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore
Income Statement
For Quarter Ended March 31

Sales	$ 960,000

Cost of goods sold		670,000
Gross margin		290,000
Selling and administrative expenses		
Selling	$ 108,000	
Administrative	120,000	228,000
Net operating income		$ 62,000

On average, a book sells for $60. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.
The contribution margin for Sam's Bookstore for the first quarter is: Garrison 17e Rechecks 2020-09-09

289) ______

A) $210,000
B) $841,600
C) $171,600
D) $788,400

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

290) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore

Income Statement
For Quarter Ended March 31

Sales		$ 900,000
Cost of goods sold		630,000
Gross margin		270,000
Selling and administrative expenses		
Selling	$ 100,000	
Administrative	104,000	204,000
Net operating income		$ 66,000

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

The contribution margin for Sam's Bookstore for the first quarter is:

290) ______

A) $180,000
B) $774,000
C) $144,000
D) $756,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

291) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore
Income Statement
For Quarter Ended March 31

Sales		$ 910,000
Cost of goods sold		565,000
Gross margin		345,000
Selling and administrative expenses		
Selling	$ 120,000	
Administrative	144,000	264,000
Net operating income		$ 81,000

On average, a book sells for $70. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.
The net operating income using the contribution approach for the first quarter is:

291) ______

A) $345,000
B) $280,000
C) $243,600
D) $81,000

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

292) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore
Income Statement
For Quarter Ended March 31

Sales		$ 900,000
Cost of goods sold		630,000
Gross margin		270,000
Selling and administrative expenses		
Selling	$ 100,000	
Administrative	104,000	204,000
Net operating income		$ 66,000

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

The net operating income using the contribution approach for the first quarter is:

292) ______

A) $270,000
B) $180,000
C) $144,000
D) $66,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

293) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore
Income Statement
For Quarter Ended March 31

Sales		$ 910,000
Cost of goods sold		560,000
Gross margin		350,000
Selling and administrative expenses		
Selling	$ 119,000	
Administrative	142,000	261,000
Net operating income		$ 89,000

On average, a book sells for $65. Variable selling expenses are $4 per book with the remaining selling expenses being fixed. The variable administrative expenses are 3% of sales with the remainder being fixed.
The cost formula for selling and administrative expenses with "X" equal to the number of books sold is:

293) ______

A) Y = $116,300 + $4.00X
B) Y = $116,300 + $5.95X
C) Y = $177,700 + $5.95X
D) Y = $177,700 + $7.90X

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

294) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore
Income Statement
For Quarter Ended March 31

Sales		$ 900,000
Cost of goods sold		630,000
Gross margin		270,000
Selling and administrative expenses		
Selling	$ 100,000	

Administrative	104,000	204,000
Net operating income		$ 66,000

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

The cost formula for selling and administrative expenses with "X" equal to the number of books sold is:

294) ______

A) Y = $102,000 + $5X
B) Y = $102,000 + $7X
C) Y = $78,000 + $7X
D) Y = $78,000 + $9X

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

295) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

Sam's Bookstore
Income Statement
For Quarter Ended March 31

Sales	$ 900,000
Cost of goods sold	630,000
Gross margin	270,000

Selling and administrative expenses		
Selling	$ 100,000	
Administrative	104,000	204,000
Net operating income		$ 66,000

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

If 20,000 books are sold during the second quarter and this activity is within the relevant range, the company's expected contribution margin would be:

295) ______

A) $300,000
B) $160,000
C) $860,000
D) $58,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

Managerial Accounting 17th Edition by Garrison CH01B

296) Dominik Corporation purchased a machine 5 years ago for $527,000 when it launched product M08Y. Unfortunately, this machine has broken down and cannot be repaired. The machine could be replaced by a new model 310 machine costing $545,000 or by a new model 240 machine costing $450,000. Management has decided to buy the model 240 machine. It has less capacity than the model 310 machine, but its capacity is sufficient to continue making product M08Y. Management also considered, but rejected, the alternative of dropping product M08Y and not replacing the old machine. If that were done, the $450,000 invested in the new machine could instead have been invested in a project that would have returned a total of $532,000.

In making the decision to buy the model 240 machine rather than the model 310 machine, the differential cost was:

296) ______

A) $95,000
B) $5,000
C) $77,000
D) $18,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

297) Dominik Corporation purchased a machine 5 years ago for $527,000 when it launched product M08Y. Unfortunately, this machine has broken down and cannot be repaired. The machine could be replaced by a new model 310 machine costing $545,000 or by a new model 240 machine costing $450,000. Management has decided to buy the model 240 machine. It has less capacity than the model 310 machine, but its capacity is sufficient to continue making product M08Y. Management also considered, but rejected, the alternative of dropping product M08Y and not replacing the old machine. If that were done, the $450,000 invested in the new machine could instead have been invested in a project that would have returned a total of $532,000.

In making the decision to buy the model 240 machine rather than the model 310 machine, the sunk cost was:

297) ______

A) $545,000
B) $450,000
C) $527,000
D) $532,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

298) Dominik Corporation purchased a machine 5 years ago for $527,000 when it launched product M08Y. Unfortunately, this machine has broken down and cannot be repaired. The machine could be replaced by a new model 310 machine costing $545,000 or by a new model 240 machine costing $450,000. Management has decided to buy the model 240 machine. It has less capacity than the model 310 machine, but its capacity is sufficient to continue making product M08Y. Management also considered, but rejected, the alternative of dropping product M08Y and not replacing the old machine. If that were done, the $450,000 invested in the new machine could instead have been invested in a project that would have returned a total of $532,000.

In making the decision to invest in the model 240 machine, the opportunity cost was:

298) ______

A) $545,000
B) $450,000
C) $532,000
D) $527,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

299) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $511,000 or a new model 220 machine costing $471,000 to replace a machine that was purchased 7 years ago for $503,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $471,000 in the new machine, the money could be invested in a project that would return a total of $479,000.

In making the decision to buy the model 220 machine rather than the model 370 machine, the sunk cost was:

299) ______

A) $503,000
B) $471,000
C) $511,000
D) $479,000

Question Details
AICPA : BB Critical Thinking
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

300) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $360,000 or a new model 220 machine costing $340,000 to replace a machine that was purchased 7 years ago for $348,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $340,000 in the new machine, the money could be invested in a project that would return a total of $411,000.

In making the decision to buy the model 220 machine rather than the model 370 machine, the sunk cost was:

300) ______

A) $348,000
B) $340,000
C) $360,000
D) $411,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

301) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $443,000 or a new model 220 machine costing $404,000 to replace a machine that was purchased 12 years ago for $411,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $404,000 in the new machine, the money could be invested in a project that would return a total of $32,000.

In making the decision to buy the model 220 machine rather than the model 370 machine, the differential cost was:

301) ______

A) $39,000
B) $7,000
C) $32,000
D) $21,000

Question Details
AICPA : BB Critical Thinking
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

302) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $360,000 or a new model 220 machine costing $340,000 to replace a machine that was purchased 7 years ago for $348,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $340,000 in the new machine, the money could be invested in a project that would return a total of $411,000.

In making the decision to buy the model 220 machine rather than the model 370 machine, the differential cost was:

302) ______

A) $20,000
B) $8,000
C) $12,000
D) $63,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

303) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $536,000 or a new model 220 machine costing $463,000 to replace a machine that was purchased 9 years ago for $484,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $463,000 in the new machine, the money could be invested in a project that would return a total of $488,000.

In making the decision to invest in the model 220 machine, the opportunity cost was:

303) ______

A) $484,000
B) $463,000
C) $536,000
D) $488,000

Question Details
AICPA : BB Critical Thinking
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Algorithmic

304) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $360,000 or a new model 220 machine costing $340,000 to replace a machine that was purchased 7 years ago for $348,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $340,000 in the new machine, the money could be invested in a project that would return a total of $411,000.

In making the decision to invest in the model 220 machine, the opportunity cost was:

304) ______

A) $348,000
B) $340,000
C) $360,000
D) $411,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Difficulty : 1 Easy
Learning Objective : 01-05 Understand cost classifications used in making decisions: relevant costs a
Topic : Cost Classifications for Decision Making
AACSB : Analytical Thinking
AICPA : FN Decision Making
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

305) Bolka Corporation, a merchandising company, reported the following results for October:

Sales	$ 453,000
Cost of goods sold (all variable)	$ 169,700
Total variable selling expense	$ 21,400
Total fixed selling expense	$ 17,600
Total variable administrative expense	$ 10,700
Total fixed administrative expense	$ 32,100

The gross margin for October is:

305) ______

A) $251,200
B) $283,300
C) $201,500
D) $403,300

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

306) Bolka Corporation, a merchandising company, reported the following results for October:

Sales	$ 4,096,400
Cost of goods sold (all variable)	$ 2,194,500
Total variable selling expense	$ 238,700
Total fixed selling expense	$ 144,700
Total variable administrative expense	$ 238,700
Total fixed administrative expense	$ 282,900

The gross margin for October is:

306) ______

A) $1,424,500
B) $1,901,900
C) $996,900
D) $3,668,800

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

307) Bolka Corporation, a merchandising company, reported the following results for October:

Sales	$ 418,000
Cost of goods sold (all variable)	$ 175,500
Total variable selling expense	$ 23,700
Total fixed selling expense	$ 21,800
Total variable administrative expense	$ 16,200
Total fixed administrative expense	$ 34,300

The contribution margin for October is:

307) ______

A) $202,600
B) $361,900
C) $242,500
D) $146,500

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible
Type : Algorithmic

308) Bolka Corporation, a merchandising company, reported the following results for October:

Sales	$ 4,096,400
Cost of goods sold (all variable)	$ 2,194,500
Total variable selling expense	$ 238,700
Total fixed selling expense	$ 144,700
Total variable administrative expense	$ 238,700
Total fixed administrative expense	$ 282,900

The contribution margin for October is:

308) ______

A) $1,424,500
B) $3,191,400
C) $1,901,900
D) $996,900

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

309) Streif Incorporated, a local retailer, has provided the following data for the month of June:

Merchandise inventory, beginning balance	$ 46,000
Merchandise inventory, ending balance	$ 52,000
Sales	$ 260,000
Purchases of merchandise inventory	$ 128,000
Selling expense	$ 13,000
Administrative expense	$ 40,000

The cost of goods sold for June was:
Garrison 17e Rechecks 2020-09-09

309) ______

A) $128,000
B) $181,000
C) $122,000
D) $134,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

310) Streif Incorporated, a local retailer, has provided the following data for the month of June:

Merchandise inventory, beginning balance	$ 46,000
Merchandise inventory, ending balance	$ 52,000
Sales	$ 260,000
Purchases of merchandise inventory	$ 128,000
Selling expense	$ 13,000
Administrative expense	$ 40,000

The net operating income for June was:
Garrison 17e Rechecks 2020-09-09

310) ______

A) $132,000
B) $126,000
C) $85,000
D) $79,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

311) Boersma Sales, Incorporated, a merchandising company, reported sales of 7,100 units in September at a selling price of $682 per unit. Cost of goods sold, which is a variable cost, was $317 per unit. Variable selling expenses were $44 per unit and variable administrative expenses were $22 per unit. The total fixed selling expenses were $157,200 and the total administrative expenses were $338,000.

The contribution margin for September was:

Garrison 17e Rechecks 2020-09-09

311) ______

A) $3,878,400
B) $2,122,900
C) $2,591,500
D) $1,627,700

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

312) Boersma Sales, Incorporated, a merchandising company, reported sales of 7,100 units in September at a selling price of $682 per unit. Cost of goods sold, which is a variable cost, was $317 per unit. Variable selling expenses were $44 per unit and variable administrative expenses were $22 per unit. The total fixed selling expenses were $157,200 and the total administrative expenses were $338,000.

The gross margin for September was:

Garrison 17e Rechecks 2020-09-09

312) ______

A) $2,122,900
B) $2,591,500
C) $1,627,700
D) $4,347,000

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

313) Delongis Corporation, a merchandising company, reported the following results for June:

Number of units sold		1,200 units
Selling price per unit		$ 221 per unit
Unit cost of goods sold		$ 97 per unit
Variable selling expense per unit		$ 12 per unit
Total fixed selling expense	$ 7,300	
Variable administrative expense per unit		$ 8 per unit
Total fixed administrative expense	$ 15,300	

Cost of goods sold is a variable cost in this company.
The gross margin for June is:
Garrison 17e Rechecks 2020-09-09

313) ______

A) $242,600
B) $148,800
C) $124,800
D) $102,200

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

314) Delongis Corporation, a merchandising company, reported the following results for June:

Number of units sold	1,200 units	
Selling price per unit		$ 221 per unit
Unit cost of goods sold		$ 97 per unit
Variable selling expense per unit		$ 12 per unit
Total fixed selling expense	$ 7,300	
Variable administrative expense per unit		$ 8 per unit
Total fixed administrative expense	$ 15,300	

Cost of goods sold is a variable cost in this company.
The contribution margin for June is:
Garrison 17e Rechecks 2020-09-09

314) ______

A) $148,800
B) $102,200
C) $218,600
D) $124,800

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

315) Salomon Marketing, Incorporated, a merchandising company, reported sales of $1,555,500 and cost of goods sold of $1,025,100 for December. The company's total variable selling expense was $96,900; its total fixed selling expense was $34,300; its total variable administrative expense was $71,400; and its total fixed administrative expense was $100,100. The cost of goods sold in this company is a variable cost.
The contribution margin for December is:
Garrison 17e Rechecks 2020-09-09

315) ______

A) $530,400
B) $227,700
C) $1,252,800
D) $362,100

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

316) Salomon Marketing, Incorporated a merchandising company, reported sales of $1,555,500 and cost of goods sold of $1,025,100 for December. The company's total variable selling expense was $96,900; its total fixed selling expense was $34,300; its total variable administrative expense was $71,400; and its total fixed administrative expense was $100,100. The cost of goods sold in this company is a variable cost.
The gross margin for December is:

316) ______

A) $530,400
B) $227,700
C) $362,100
D) $1,421,100

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Accessibility : Screen Reader Compatible

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ESSAY. Write your answer in the space provided or on a separate sheet of paper.

317) A number of costs are listed below.

Cost Description	Cost Object
1. Wages of carpenters on a home building site	A particular home
2. Cost of wiring used in making a personal computer	A particular personal computer
3. Manager's salary at a hotel run by a chain of hotels	A particular hotel guest
4. Manager's salary at a hotel run by a chain of hotels	The particular hotel
5. Cost of aluminum mast installed in a yacht at a yacht manufacturer	A particular yacht
6. Monthly lease cost of X-ray equipment at a hospital	The Radiology (X-Ray) Department
7. Cost of screws used to secure wood trim in a yacht at a yacht manufacturer	A particular yacht
8. Cost of electronic navigation system installed in a yacht at a yacht manufacturer	A particular yacht
9. Cost of a replacement battery installed in a car at the auto repair shop of an automobile dealer	The auto repair shop
10. Cost of a measles vaccine administered at an outpatient clinic at a hospital	A particular patient

Required:

For each item above, indicate whether the cost is direct or indirect with respect to the cost object listed next to it.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-01 Understand cost classifications used for assigning costs to cost objects:
Topic : Cost Classifications for Assigning Costs to Cost Objects
Difficulty : 1 Easy
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

318) A partial listing of costs incurred at Boylen Corporation during March appears below:

Direct materials	$ 181,000
Utilities, factory	$ 10,000
Sales commissions	$ 69,000
Administrative salaries	$ 99,000
Indirect labor	$ 32,000
Advertising	$ 75,000
Depreciation of production equipment	$ 28,000
Direct labor	$ 120,000
Depreciation of administrative equipment	$ 49,000

Required:

a. What is the total amount of product cost listed above?
b. What is the total amount of period cost listed above?
Garrison 17e Rechecks 2021-10-23

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

319) Marquess Corporation has provided the following partial listing of costs incurred during May:

Marketing salaries	$ 39,000
Property taxes, factory	$ 8,000
Administrative travel	$ 102,000
Sales commissions	$ 73,000
Indirect labor	$ 31,000
Direct materials	$ 197,000
Advertising	$ 145,000
Depreciation of production equipment	$ 39,000
Direct labor	$ 78,000

Required:
a. What is the total amount of product cost listed above?
b. What is the total amount of period cost listed above?
Garrison 17e Rechecks 2020-09-09
Garrison 17e Rechecks 2021-10-23

Managerial Accounting 17th Edition by Garrison CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

320) A number of costs and measures of activity are listed below.

Cost Description	Possible Measure of Activity
1. Salary of production manager at a surfboard manufacturer	Surfboards produced
2. Cost of solder used in making computers	Computers produced
3. Cost of dough used at a pizza shop	Pizzas cooked
4. Janitorial wages at a surfboard manufacturer	Surfboards produced
5. Salary of the controller at a hospital	Number of patients
6. Cost of sales at an electronics store	Dollar sales
7. Cost of testing materials used in a medical lab	Tests run
8. Cost of heating an electronics store	Dollar sales
9. Cost of electricity for production equipment at a surfboard manufacturer	Surfboards produced
10. Depreciation on shelving at a book store	Dollar sales

Required:

For each item above, indicate whether the cost is MAINLY fixed or variable with respect to the possible measure of activity listed next to it.

Question Details
Difficulty : 2 Medium
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

321) At an activity level of 6,800 units, Henkes Corporation's total variable cost is $125,188 and its total fixed cost is $164,152.

Required:

For the activity level of 7,100 units, compute: (a) the total variable cost; (b) the total fixed cost; (c) the total cost; (d) the average variable cost per unit; (e) the average fixed cost per unit; and (f) the average total cost per unit. Assume that this activity level is within the relevant range.

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

322) Hinrichs Corporation reports that at an activity level of 2,400 units, its total variable cost is $174,504 and its total fixed cost is $55,080.

Required:

For the activity level of 2,700 units, compute: (a) the total variable cost; (b) the total fixed cost; (c) the total cost; (d) the average variable cost per unit; (e) the average fixed cost per unit; and (f) the average total cost per unit. Assume that this activity level is within the relevant range.

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

323) A number of costs and measures of activity are listed below.

Cost Description	Possible Measure of Activity
1. Cost of vaccine used at a clinic	Vaccines administered
2. Building rent at a taco shop	Dollar sales
3. Salary of production manager at a snowboard manufacturer	Snowboards produced
4. Cost of electricity for production equipment at a snowboard manufacturer	Snowboards produced
5. Ferry captain's salary on a regularly scheduled passenger ferry	Number of passengers
6. Cost of glue used in furniture production	Units produced
7. Janitorial wages at a snowboard manufacturer	Snowboards produced
8. Depreciation on factory building at a snowboard manufacturer	Snowboards produced
9. Cost of advertising at a snowboard company	Snowboards sold
10. Cost of shipping bags of fertilizer to a	Bags shipped

`customer at a chemical plant`

Required:

For each item above, indicate whether the cost is MAINLY fixed or variable with respect to the possible measure of activity listed next to it.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Bloom's : Apply
null : Question Focus: Quantitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible

Managerial Accounting 17th Edition by Garrison CH01B

Answer Key

Test name: CH01B

1) TRUE
2) TRUE
3) TRUE
4) TRUE
5) FALSE
6) TRUE
7) TRUE
8) FALSE
9) FALSE
10) TRUE
11) TRUE
12) FALSE
13) TRUE
14) TRUE
15) TRUE
16) TRUE
17) TRUE
18) FALSE
19) FALSE
20) FALSE
21) TRUE
22) FALSE
23) FALSE
24) TRUE
25) FALSE
26) FALSE

27) FALSE
28) FALSE
29) TRUE
30) TRUE
31) TRUE
32) FALSE
33) FALSE
34) TRUE
35) FALSE
36) FALSE
37) FALSE
38) TRUE
39) FALSE
40) TRUE
41) TRUE
42) TRUE
43) TRUE
44) FALSE
45) TRUE
46) TRUE
47) FALSE
48) FALSE
49) TRUE
50) FALSE
51) TRUE
52) FALSE
53) FALSE
54) FALSE
55) FALSE
56) TRUE

57) FALSE
58) TRUE
59) TRUE
60) TRUE
61) TRUE
62) A
63) C
64) B
65) C
66) D
67) C
68) D
69) A
70) A
71) A
72) C
73) D
74) B
75) C
76) C
77) B
78) B
79) A
80) C
81) B
82) A
83) C
84) C
85) B
86) A

87) A
88) A
89) B
90) A
91) B
92) B
93) A
94) D
95) B
96) D
97) D
98) B
99) B
100) A
101) B
102) C
103) A
104) A
105) C
106) B
107) D
108) B
109) C
110) D
111) C
112) B
113) B
114) B
115) D

Direct materials	$ 5.20
Direct labor	3.75

Direct manufacturing cost per unit (a)	$ 8.95
Number of units produced (b)	6,000
Total direct manufacturing cost (a) × (b)	$ 53,700

116) D

Direct materials	$ 5.00
Direct labor	2.90
Direct manufacturing cost per unit (a)	$ 7.90
Number of units produced (b)	4,000
Total direct manufacturing cost (a) × (b)	$ 31,600

117) B

Total variable manufacturing overhead cost ($1.60 per unit × 8,000 units)	$ 12,800
Total fixed manufacturing overhead cost	121,500
Total indirect manufacturing cost	$ 134,300

118) B

Total variable manufacturing overhead cost ($1.30 per unit × 6,000 units)	$ 7,800
Total fixed manufacturing overhead cost ($3.00 per unit × 5,000 units*)	15,000
Total indirect manufacturing cost	$ 22,800

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

119) A

Conversion cost = Direct labor + Manufacturing overhead = $29,500 + $30,500 = $60,000

120) C

Conversion cost = Direct labor + Manufacturing overhead = $13,000 + $46,000 = $59,000

121) A

Manufacturing overhead = 0.40 × Conversion cost
Direct labor = $88,200
Conversion cost = Direct labor + Manufacturing overhead
Conversion cost = $88,200 + Manufacturing overhead
Conversion cost = $88,200 + (0.40 × Conversion cost)
0.60 × Conversion cost = $88,200
Conversion cost = $88,200 ÷ 0.60 = $147,000
Manufacturing overhead = 0.40 × Conversion cost
Manufacturing overhead = 0.40 × $147,000 = $58,800

122) B

Manufacturing overhead = 0.60 × Conversion cost
Direct labor = $52,000
Conversion cost = Direct labor + Manufacturing overhead
Conversion cost = $52,000 + Manufacturing overhead
Conversion cost = $52,000 + (0.60 × Conversion cost)
0.40 × Conversion cost = $52,000
Conversion cost = $52,000 ÷ 0.40 = $130,000
Manufacturing overhead = 0.60 × Conversion cost
Manufacturing overhead = 0.60 × $130,000 = $78,000

123) D

Direct labor cost = $14,985
Direct labor cost = 0.45 × Prime cost
Total manufacturing cost = $75,000
Direct labor cost = 0.45 × Prime cost
Prime cost = Direct labor cost ÷ 0.45
Prime cost = $14,985 ÷ 0.45 = $33,300
Total manufacturing cost = Prime cost + Manufacturing overhead cost
$75,000 = $33,300 + Manufacturing overhead cost
Manufacturing overhead cost = $41,700

124) C

Direct labor cost = \$10,000
Direct labor cost = 0.40 × Prime cost
Total manufacturing cost = \$86,000
Direct labor cost = 0.40 × Prime cost
Prime cost = Direct labor cost ÷ 0.40
Prime cost = \$10,000 ÷ 0.40 = \$25,000
Total manufacturing cost = Prime cost + Manufacturing overhead cost
\$86,000 = \$25,000 + Manufacturing overhead cost
Manufacturing overhead cost = \$61,000

125) B

Direct labor = 0.25 × Conversion cost
Manufacturing overhead = \$108,750
Conversion cost = Direct labor + Manufacturing overhead
Conversion cost = Direct labor + \$108,750
Conversion cost = (0.25 × Conversion cost) + \$108,750
0.75 × Conversion cost = \$108,750
Conversion cost = \$108,750 ÷ 0.75
Conversion cost = \$145,000
Direct labor = 0.25 × Conversion cost = 0.25 × \$145,000 = \$36,250

126) C

Direct labor = 0.60 × Conversion cost
Manufacturing overhead = \$54,000
Conversion cost = Direct labor + Manufacturing overhead
Conversion cost = Direct labor + \$54,000
Conversion cost = (0.60 × Conversion cost) + \$54,000
0.40 × Conversion cost = \$54,000
Conversion cost = \$54,000 ÷ 0.40
Conversion cost = \$135,000
Direct labor = 0.60 × Conversion cost = 0.60 × \$135,000 = \$81,000

127) C

Prime cost = Direct materials + Direct labor
= $45,300 + $26,600 = $71,900

128) D

Prime cost = Direct materials + Direct labor
= $33,000 + $13,000 = $46,000

129) B

Total variable manufacturing overhead cost ($1.65 per unit × 10,000 units)	$ 16,500
Total fixed manufacturing overhead cost	121,500
Total manufacturing overhead cost	$ 138,000

130) C

Total variable manufacturing overhead cost ($1.80 per unit × 9,800 units)	$ 17,640
Total fixed manufacturing overhead cost ($3.60 per unit × 12,200 units*)	43,920
Total manufacturing overhead cost	$ 61,560

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 12,200 units.

131) C

Total variable manufacturing overhead cost ($1.60 per unit × 4,000 units)	$ 6,400
Total fixed manufacturing overhead cost ($3.00 per unit × 5,000 units*)	15,000
Total manufacturing overhead cost	$ 21,400

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

132) D

Annual insurance expense = $3,120 ÷ 3 = $1,040
Portion applicable to product cost = 0.90 × $1,040 = $936
Portion applicable to period cost = 0.10 × $1,040 = $104

133) B

Annual insurance expense = $2,100 ÷ 3 = $700

Portion applicable to product cost = 0.60 × $700 = $420

Portion applicable to period cost = 0.40 × $700 = $280

134) D

Sales commissions	$ 0.50
Variable administrative expense	0.50
Variable selling and administrative expense per unit	$ 1.00
Total variable selling and administrative expense ($1.00 per unit × 9,000 units sold)	$ 9,000
Total fixed selling and administrative expense	40,500
Total period (nonmanufacturing) cost	$ 49,500

135) B

Sales commissions	$ 0.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	$ 0.95
Total variable selling and administrative expense ($0.95 per unit × 5,000 units sold)	$ 4,750
Total fixed selling and administrative expense ($0.90 per unit × 5,000 units + $0.60 per unit × 5,000 units)	7,500
Total period (nonmanufacturing) cost	$ 12,250

136) B

Direct materials	$ 6.20
Direct labor	3.70
Variable manufacturing overhead	1.25
Variable manufacturing cost per unit	$ 11.15
Total variable manufacturing cost ($11.15 per unit × 5,000 units produced)	$ 55,750
Total fixed manufacturing overhead cost	10,000
Total product (manufacturing) cost	$ 65,750

137) D

Direct materials	$ 6.35
Direct labor	4.10
Variable manufacturing overhead	1.35
Variable manufacturing cost per unit	$ 11.80
Total variable manufacturing cost ($11.80 per unit × 9,000 units produced)	$ 106,200
Total fixed manufacturing overhead cost	121,500

($13.50 per unit × 9,000 units produced)	
Total product (manufacturing) cost	$ 227,700

138) A

Variable cost per unit = $919,116 ÷ 9,900 units = $92.84 per unit

Total cost = Total fixed cost + Total variable cost

= $259,974 + ($92.84 per unit × 10,100 units)

= $259,974 + $937,684

= $1,197,658

139) A

Y = $5,300 + ($0.60 per unit × X)

= $5,300 + ($0.60 per unit × 8,000 hours)

= $5,300 + $4,800

= $10,100

140) C

Variable cost per machine-hour = $882,090 ÷ 9,900 machine-hours = $89.10 per machine-hour

Fixed cost per machine-hour at 10,000 machine-hours = $196,000 ÷ 10,000 machine-hours = $19.60 per machine-hour

Total cost = Variable cost + Fixed cost

= $89.10 per machine-hour + $19.60 per machine-hour

= $108.70 per machine-hour

141) D

Variable cost per machine-hour = $556,416 ÷ 7,200 machine-hours = $77.28 per machine-hour

Fixed cost per machine-hour at 7,300 machine-hours = $226,008 ÷ 7,300 machine-hours = $30.96 per machine-hour

Total cost = Variable cost + Fixed cost

= $77.28 per machine-hour + $30.96 per machine-hour

= $108.24 per machine-hour

142) A

Total fixed manufacturing overhead cost	$ 12,000

($3.00 per unit × 4,000 units*) (a)	
Number of units produced (b)	5,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 2.40

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

143) C

Direct materials	$ 6.85
Direct labor	3.85
Variable manufacturing overhead	1.25
Sales commissions	1.00
Variable administrative expense	0.55
Variable cost per unit sold	$ 13.50

144) C

Y = $16,000 + ($3.40 per unit × X)

= $16,000 + ($3.40 per unit × 4,000 units)

= $16,000 + $13,600

= $29,600

145) C

Total variable manufacturing overhead cost ($1.70 per unit × 5,000 units)	$ 8,500
Total fixed manufacturing overhead cost	25,200
Total manufacturing overhead cost	$ 33,700

146) B

Y = $23,000 + ($8 per unit × 7,000 units)

Y = $23,000 + $56,000

Y = $79,000

147) B

Variable cost per unit = $697,284 ÷ 8,400 units = $83.01 per unit Total cost = Total fixed cost + Total variable cost

= $464,100 + ($83.01 per unit × 8,500 units)

= $464,100 + $705,585

= $1,169,685

148) A

Direct materials per unit = $17,000 ÷ 10,000 units = $1.70 per unit

Total direct materials cost in July = $1.70 per unit × 11,000 units = $18,700

Fixed factory rent = $21,000 (given)

Total cost = Direct materials + Fixed factory rent + Other production costs

$61,300 = $18,700 + $21,000 + Other production costs

Other production costs = $61,300 − ($18,700 + $21,000)

= $61,300 − $39,700

= $21,600

149) D

Direct materials	$ 6.45
Direct labor	3.35
Variable manufacturing overhead	1.35
Sales commissions	1.25
Variable administrative expense	0.75
Variable cost per unit sold	$ 13.15

150) D

Direct materials	$ 6.45
Direct labor	3.30
Variable manufacturing overhead	1.25
Sales commissions	1.00
Variable administrative expense	0.50
Variable cost per unit sold	$ 12.50

151) D

Fixed manufacturing overhead per unit	$ 2.50
Number of units produced*	4,800
Total fixed manufacturing overhead cost	$ 12,000

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,800 units.

152) D

Fixed manufacturing overhead per unit	$ 2.80

Number of units produced*	4,000
Total fixed manufacturing overhead cost	$ 11,200

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

153) A

Total cost = Total fixed cost + Total variable cost

$32,000 = $14,000 + Total variable cost

Total variable cost = $32,000 − $14,000 = $18,000

Variable cost per unit = $18,000 ÷ 5,000 units = $3.60 per unit

Total cost = Total fixed cost + Total variable cost

= $14,000 + ($3.60 per unit × 6,000 units)

= $14,000 + $21,600 = $35,600

154) A

Direct materials	$ 6.10
Direct labor	$ 3.45
Variable manufacturing overhead	$ 1.75
Sales commissions	$ 1.50
Variable administrative expense	$ 0.45
Variable cost per unit sold	$ 13.25
Variable cost per unit sold (a)	$ 13.25
Number of units sold (b)	6,000
Total variable costs (a) × (b)	$ 79,500

155) B

	July	August	Percentage Change
Sales in units	11,000	10,000	-9.09%
Selling and administrative expenses:			
Rent	12,000	12,000	0.00%
Sales commissions	13,200	12,000	-9.09%
Maintenance expenses	13,500	13,000	-3.70%
Clerical expense	16,000	15,000	-6.25%

Variable expenses are proportional to activity. In this case, sales commissions are the only selling and administrative expense that is proportional to unit sales.

156) A

Selling price per unit		$ 26.30
Direct materials	$ 6.60	
Direct labor	3.30	
Variable manufacturing overhead	1.10	
Sales commissions	1.05	
Variable administrative expense	0.40	
Variable cost per unit sold		12.45
Contribution margin per unit		$ 13.85

157) A

Selling price per unit		$ 26.20
Direct materials	$ 6.85	
Direct labor	3.90	
Variable manufacturing overhead	1.25	
Sales commissions	1.00	
Variable administrative expense	0.55	
Variable cost per unit sold		13.55
Contribution margin per unit		$ 12.65

158) D

Selling price per unit		$ 33.50
Direct materials	$ 5.65	
Direct labor	4.10	

Variable manufacturing overhead	2.10	
Sales commissions	1.35	
Variable administrative expense	0.60	
Variable cost per unit sold		13.80
Contribution margin per unit		$ 19.70

159) D

Selling price per unit		$ 23.50
Direct materials	$ 4.95	
Direct labor	3.25	
Variable manufacturing overhead	1.45	
Sales commissions	1.00	
Variable administrative expense	0.50	
Variable cost per unit sold		11.15
Contribution margin per unit		$ 12.35

160) B

Direct materials	$ 7.05
Direct labor	4.20
Variable manufacturing overhead	1.55
Incremental manufacturing cost	$ 12.80

161) B

Direct materials	$ 7.10
Direct labor	3.95
Variable manufacturing overhead	1.75
Incremental manufacturing cost	$ 12.80

162) B

Direct materials	$ 6.35
Direct labor	3.60
Variable manufacturing overhead	2.05

Incremental manufacturing overhead	$ 12.00

163) B

Direct materials	$ 6.05
Direct labor	3.05
Variable manufacturing overhead	1.70
Incremental manufacturing cost	$ 10.80

164) C

Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory

$61,200 = $12,400 + Purchases − $22,000

Purchases = $61,200 − $12,400 + $22,000 = $70,800

165) B

Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory

$84,000 = $20,000 + Purchases − $18,000

Purchases = $84,000 − $20,000 + $18,000 = $82,000

166) D

Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory = $13,000 + $63,000 − $15,000 = $61,000

167) B

Direct costs of the Cosmetics Department = Cosmetics Department sales commissions + Cosmetics Department cost of sales + Cosmetics Department manager's salary = $5,870 + $38,800 + $4,970 = $49,640

168) B

Direct costs of the Cosmetics Department = Cosmetics Department sales commissions + Cosmetics Department cost of sales + Cosmetics Department manager's salary = $4,000 + $37,000 + $4,000 = $45,000

169) A

Costs that are not direct costs of the Northridge Store = Corporate headquarters building lease + Corporate legal office salaries + Central warehouse lease cost = $78,200 + $58,200 + $12,300 = $148,700

170) A
Costs that are not direct costs of the Northridge Store = Corporate headquarters building lease + Corporate legal office salaries + Central warehouse lease cost = $77,000 + $59,000 + $16,000 = $152,000

171) B
Direct costs of the Shoe Department = Shoe Department cost of sales + Shoe Department sales commissions + Shoe Department manager's salary = $66,000 + $5,000 + $3,000 = $74,000

172) C
Costs that are not direct costs of the Brentwood Store = Corporate legal office salaries + Corporate headquarters building lease + Central warehouse lease cost = $68,000 + $86,000 + $3,000 = $157,000

173) A

Direct materials		$ 6.60
Direct labor		3.60
Variable manufacturing overhead		1.35
Variable manufacturing cost per unit		$ 11.55
Total variable manufacturing cost ($11.55 per unit × 6,000 units produced)	$ 69,300	
Total fixed manufacturing overhead cost ($3.30 per unit × 6,000 units produced)	19,800	
Total product (manufacturing) cost	$ 89,100	

174) A

Direct materials		$ 6.55
Direct labor		3.50
Variable manufacturing overhead		1.40
Variable manufacturing cost per unit		$ 11.45
Total variable manufacturing cost ($11.45 per unit × 4,000 units produced)	$ 45,800	

Total fixed manufacturing overhead cost ($2.60 per unit × 4,000 units produced)	10,400
Total product (manufacturing) cost	$ 56,200

175) D

Sales commissions	$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	$ 1.95
Total variable selling and administrative expense ($1.95 per unit × 4,000 units sold)	$ 7,800
Total fixed selling and administrative expense ($0.70 per unit × 4,000 units + $0.40 per unit × 4,000 units)	4,400
Total period (nonmanufacturing) cost	$ 12,200

176) A

Direct materials	$ 6.90
Direct labor	2.90
Direct manufacturing cost per unit (a)	$ 9.80
Number of units produced (b)	3,000
Total direct manufacturing cost (a) × (b)	$ 29,400

177) A

Direct materials	$ 6.55
Direct labor	3.50
Direct manufacturing cost per unit (a)	$ 10.05
Number of units produced (b)	3,000
Total direct manufacturing cost (a) × (b)	$ 30,150

178) C

Total variable manufacturing overhead cost ($1.75 per unit × 3,800 units)	$ 6,650
Total fixed manufacturing overhead cost ($3.00 per unit × 4,800 units*)	14,400
Total indirect manufacturing cost	$ 21,050

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,800 units.

179) C

Total variable manufacturing overhead cost ($1.40 per unit × 3,000 units)	$ 4,200

Total fixed manufacturing overhead cost ($2.60 per unit × 4,000 units*)	10,400
Total indirect manufacturing cost	$ 14,600

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

180) D

Direct materials		$ 6.00
Direct labor		3.35
Variable manufacturing overhead		1.75
Variable manufacturing cost per unit		$ 11.10
Total variable manufacturing cost ($11.10 per unit × 4,000 units produced)	$ 44,400	
Total fixed manufacturing overhead cost	8,800	
Total product (manufacturing) cost	$ 53,200	

181) B

Sales commissions	$ 1.00	
Variable administrative expense	0.40	
Variable selling and administrative expense per unit	$ 1.40	
Total variable selling and administrative expense ($1.40 per unit × 4,000 units sold)		$ 5,600
Total fixed selling and administrative expense		4,000
Total period (nonmanufacturing) cost		$ 9,600

182) C

Direct materials	$ 6.00
Direct labor	3.35
Direct manufacturing cost per unit (a)	$ 9.35
Number of units produced (b)	3,000
Total direct manufacturing cost (a) × (b)	$ 28,050

183) D

Total variable manufacturing overhead cost ($1.75 per unit × 3,000 units)	$ 5,250
Total fixed manufacturing overhead cost	8,800
Total indirect manufacturing cost	$ 14,050

184) A

Direct materials	$ 7.05
Direct labor	3.50
Variable manufacturing overhead	1.65
Variable manufacturing cost per unit	$ 12. 20
Total variable manufacturing cost ($12.20 per unit × 5,000 units produced)	$ 61,000
Total fixed manufacturing overhead cost	11,000
Total product (manufacturing) cost	$ 72,000

185) A

Sales commissions	$ 1.00
Variable administrative expense	0.40
Variable selling and administrative expense per unit	$ 1.40
Total variable selling and administrative expense ($1.40 per unit × 5,000 units sold)	$ 7,000
Total fixed selling and administrative expense	5,500
Total period (nonmanufacturing) cost	$ 12,500

186) A

Direct materials	$ 7.05
Direct labor	3.50
Variable manufacturing overhead	1.65
Sales commissions	1.00
Variable administrative expense	0.40
Variable cost per unit sold	$ 13.60

187) A

Direct materials	$ 7.05
Direct labor	3.50
Variable manufacturing overhead	1.65
Sales commissions	1.00
Variable administrative expense	0.40
Variable cost per unit sold	$ 13.60
Variable cost per unit sold (a)	$ 13.60
Number of units sold (b)	4,000
Total variable costs (a) × (b)	$ 54,400

188) B

Total variable manufacturing overhead cost ($2.00 per unit ×9,500 units)	$ 19,000
Total fixed manufacturing overhead cost	20,000

Total manufacturing overhead cost	$ 39,000

189) B

Total variable manufacturing overhead cost ($1.65 per unit × 4,000 units)	$ 6,600
Total fixed manufacturing overhead cost	11,000
Total manufacturing overhead cost	$ 17,600

190) A

Selling price per unit		$ 18.70
Direct materials	$ 7.05	
Direct labor	3.50	
Variable manufacturing overhead	1.65	
Sales commissions	1.00	
Variable administrative expense	0.40	
Variable cost per unit sold		13.60
Contribution margin per unit		$ 5.10

191) D

Direct materials	$ 7.05
Direct labor	3.50
Direct manufacturing cost per unit (a)	$ 10.55
Number of units produced (b)	6,000
Total direct manufacturing cost (a) × (b)	$ 63,300

192) D

Total variable manufacturing overhead cost ($1.65 per unit × 6,000 units)	$ 9,900
Total fixed manufacturing overhead cost	11,000
Total indirect manufacturing cost	$ 20,900

193) D

Direct materials	$ 7.05
Direct labor	3.50
Variable manufacturing overhead	1.65
Incremental manufacturing cost	$ 12.20

194) B

Direct materials		$ 4.90
Direct labor		2.95
Direct manufacturing cost per unit (a)		$ 7.85
Number of units produced (b)		3,000
Total direct manufacturing cost (a) × (b)		$ 23,550

195) B

Total variable manufacturing overhead cost ($1.25 per unit × 3,000 units)	$ 3,750
Total fixed manufacturing overhead cost	8,000
Total indirect manufacturing cost	$ 11,750

196) A

Direct materials	$ 6.30
Direct labor	3.65
Direct manufacturing cost per unit (a)	$ 9.95
Number of units produced (b)	8,000
Total direct manufacturing cost (a) × (b)	$ 79,600

197) D

Total variable manufacturing overhead cost ($1.75 per unit × 8,000 units)	$ 14,000
Total fixed manufacturing overhead cost ($9.90 per unit × 9,000 units*)	89,100
Total indirect manufacturing cost	$103,100

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 9,000 units.

198) C

Total variable manufacturing overhead cost ($1.35 per unit × 4,000 units)	$ 5,400
Total fixed manufacturing overhead cost	14,000
Total manufacturing overhead cost	$ 19,400

199) A

Selling price per unit		$ 21.90
Direct materials	$ 6.20	

Direct labor	3.10	
Variable manufacturing overhead	1.35	
Sales commissions	1.50	
Variable administrative expense	0.40	
Variable cost per unit sold		12.55
Contribution margin per unit		$ 9.35

200) A

Direct materials	$ 6.20
Direct labor	3.10
Direct manufacturing cost per unit (a)	$ 9.30
Number of units produced (b)	6,000
Total direct manufacturing cost (a) × (b)	$ 55,800

201) C

Total variable manufacturing overhead cost ($1.50 per unit × 6,500 units)	$ 9,750
Total fixed manufacturing overhead cost	16,900
Total indirect manufacturing cost	$ 26,650

202) C

Total variable manufacturing overhead cost ($1.35 per unit × 6,000 units)	$ 8,100
Total fixed manufacturing overhead cost	14,000
Total indirect manufacturing cost	$ 22,100

203) A

Direct materials	$ 6.90
Direct labor	3.70
Variable manufacturing overhead	1.30
Incremental manufacturing cost	$ 11.90

204) A

Direct materials	$ 6.20
Direct labor	3.10
Variable manufacturing overhead	1.35
Incremental manufacturing cost	$ 10.65

205) C

Direct costs include the cost of clay used in production and the wages paid to the workers who paint the figurines. $65,000 + $81,000 = $146,000

206) C

Direct costs include the cost of clay used in production and the wages paid to the workers who paint the figurines.

$65,000 + $90,000 = $155,000

207) C

Product costs include the cost of clay used in production and the wages paid to the workers who paint the figurines. $74,000 + $98,000 = $172,000

208) C

Product costs include the cost of clay used in production and the wages paid to the workers who paint the figurines. $65,000 + $90,000 = $155,000

209) C

Conversion costs include only the wages paid to the workers who paint the figurines.

210) C

Conversion costs include only the wages paid to the workers who paint the figurines.

211) B

Manufacturing overhead includes: Utilities, factory; Indirect labor; and Depreciation of production equipment. $5,000 + $25,000 + $20,000 = $50,000

212) A

Product costs include: Direct materials; Utilities, factory; Indirect labor; Depreciation of production equipment; and Direct labor. $113,000 + $5,000 + $25,000 + $20,000 + $129,000 = $292,000

213) A
Period costs include: Administrative salaries; Sales commissions; Depreciation of administrative equipment; and Advertising. $81,000 + $48,000 + $30,000 + $135,000 = $294,000

214) D
Period costs include administrative wages and salaries, sales staff salaries, corporate headquarters building rent, and marketing. $85,000 + $30,000 + $43,000 + $65,000 = $223,000

215) A
Manufacturing overhead costs include factory supplies, factory depreciation, and indirect labor. $9,000 + $33,000 + $26,000 = $68,000

216) C
Product costs include factory supplies, direct materials, factory depreciation, indirect labor, and direct labor. $9,000 + $126,000 + $33,000 + $26,000 + $99,000 = $293,000

217) D

Total fixed manufacturing overhead cost ($13.50 per unit × 9,000 units*) (a)	$ 121,500
Number of units produced (b)	10,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 12.15

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 9,000 units.

218) B

Fixed manufacturing overhead per unit	$ 13.50
Number of units produced*	9,000

Total fixed manufacturing overhead cost	$ 121,500

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 9,000 units.

219) B

Total variable manufacturing overhead cost ($1.30 per unit × 10,000 units)	$ 13,000
Total fixed manufacturing overhead cost ($13.50 per unit × 9,000 units*)	121,500
Total manufacturing overhead cost	$ 134,500

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 9,000 units.

220) D

Direct materials	$ 5.40
Direct labor	3.55
Variable manufacturing overhead	1.70
Sales commissions	1.00
Variable administrative expense	0.40
Variable cost per unit sold	$ 12.05

221) D

Direct materials	$ 5.40
Direct labor	3.55
Variable manufacturing overhead	1.70
Sales commissions	1.00
Variable administrative expense	0.40
Variable cost per unit sold	$ 12.05

Variable cost per unit sold (a)	$ 12.05
Number of units sold (b)	5,000
Total variable costs (a) × (b)	$ 60,250

222) B

Total fixed manufacturing overhead cost ($3.00 per unit × 4,000 units*) (a)	$ 12,000
Number of units produced (b)	5,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 2.40

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

223) C

Fixed manufacturing overhead per unit	$ 3.00
Number of units produced*	4,000
Total fixed manufacturing overhead cost	$ 12,000

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

224) A

Total variable manufacturing overhead cost ($1.70 per unit × 5,000 units)	$ 8,500
Total fixed manufacturing overhead cost ($3.00 per unit × 4,000 units*)	12,000
Total manufacturing overhead cost	$ 20,500

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

225) B

Total variable manufacturing overhead cost ($1.45 per unit × 5,000 units)	$ 7,250
Total fixed manufacturing overhead cost	12,000
Total manufacturing overhead cost	$ 19,250

226) D

Selling price per unit		$ 25.00
Direct materials	$ 6.20	
Direct labor	2.80	
Variable manufacturing overhead	1.45	
Sales commissions	1.00	
Variable administrative expense	0.55	

Variable cost per unit sold	12.00
Contribution margin per unit	$ 13.00

227) C

Direct materials	$ 6.20
Direct labor	2.80
Variable manufacturing overhead	1.45
Incremental manufacturing cost	$ 10.45

228) C

Direct materials	$ 6.35
Direct labor	3.75
Variable manufacturing overhead	1.50
Sales commissions	0.50
Variable administrative expense	0.55
Variable cost per unit sold	$ 12.65

229) C

Direct materials	$ 6.60
Direct labor	3.60
Variable manufacturing overhead	1.40
Sales commissions	0.60
Variable administrative expense	0.65
Variable cost per unit sold	$ 12.85
Variable cost per unit sold (a)	$ 12.85
Number of units sold (b)	6,500
Total variable costs (a) × (b)	$ 83,525

230) C

Direct materials	$ 6.35
Direct labor	3.75
Variable manufacturing overhead	1.50
Sales commissions	0.50
Variable administrative expense	0.55
Variable cost per unit sold	$ 12.65
Variable cost per unit sold (a)	$ 12.65
Number of units sold (b)	4,000
Total variable costs (a) × (b)	$ 50,600

231) A

Total variable manufacturing overhead cost	$ 3,750

($1.25 per unit × 3,000 units)		
Total fixed manufacturing overhead cost		10,800
Total manufacturing overhead cost		$14,550

232) A

Total variable manufacturing overhead cost ($1.50 per unit × 4,000 units)		$ 6,000
Total fixed manufacturing overhead cost		15,000
Total manufacturing overhead cost		$ 21,000

233) C

Selling price per unit		$ 21.40
Direct materials	$ 7.00	
Direct labor	3.60	
Variable manufacturing overhead	1.25	
Sales commissions	0.45	
Variable administrative expense	0.55	
Variable cost per unit sold		12.85
Contribution margin per unit		$ 8.55

234) C

Selling price per unit		$ 20.60
Direct materials	$ 6.35	
Direct labor	3.75	
Variable manufacturing overhead	1.50	
Sales commissions	0.50	
Variable administrative expense	0.55	
Variable cost per unit sold		12.65
Contribution margin per unit		$ 7.95

235) C

Conversion cost = Direct labor + Manufacturing overhead = $54,000 + $82,000 = $136,000

236) C

Prime cost = Direct materials + Direct labor = $51,000 + $54,000 = $105,000

237) C

Conversion cost = Direct labor + Manufacturing overhead = $25,000 + $62,000 = $87,000

238) C

Prime cost = Direct materials + Direct labor = $42,000 + $25,000 = $67,000

239) B

Direct materials	$ 6.60
Direct labor	3.65
Variable manufacturing overhead	1.65
Sales commissions	0.50
Variable administrative expense	0.45
Variable cost per unit sold	$ 12.85

240) C

Direct materials	$ 6.60
Direct labor	3.65
Variable manufacturing overhead	1.65
Sales commissions	0.50
Variable administrative expense	0.45
Variable cost per unit sold	$ 12.85
Variable cost per unit sold (a)	$ 12.85
Number of units sold (b)	4,000
Total variable costs (a) × (b)	$ 51,400

241) B

Direct materials	$ 5.95
Direct labor	3.30
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	$ 10.85

Total variable manufacturing cost ($10.85 per unit × 4,000 units produced)	$ 43,400
Total fixed manufacturing overhead cost ($3.00 per unit × 4,000 units produced)	12,000
Total product (manufacturing) cost	$ 55,400

242) B

Sales commissions	$ 1.50
Variable administrative expense	0.50
Variable selling and administrative expense per unit	$ 2.00
Total variable selling and administrative expense ($2.00 per unit × 4,000 units sold)	$ 8,000
Total fixed selling and administrative expense ($0.50 per unit × 4,000 units + $0.40 per unit × 4,000 units)	3,600
Total period (nonmanufacturing) cost	$ 11,600

243) A

Direct materials	$ 4.85
Direct labor	3.35
Variable manufacturing overhead	1.35
Variable manufacturing cost per unit	$ 9.55
Total variable manufacturing cost ($9.55 per unit × 4,000 units produced)	$ 38,200
Total fixed manufacturing overhead cost	8,000
Total product (manufacturing) cost	$ 46,200

244) A

Sales commissions	$ 1.40
Variable administrative expense	0.50
Variable selling and administrative expense per unit	$ 1.90
Total variable selling and administrative expense ($1.90 per unit × 4,500 units sold)	$ 8,550
Total fixed selling and administrative expense	7,700
Total period (nonmanufacturing) cost	$ 16,250

245) A

Sales commissions	$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	$ 1.95
Total variable selling and administrative expense ($1.95 per unit × 4,000 units sold)	$ 7,800

Total fixed selling and administrative expense	4,400
Total period (nonmanufacturing) cost	$ 12,200

246) B

Direct materials	$ 5.00
Direct labor	3.40
Variable manufacturing overhead	1.70
Sales commissions	1.30
Variable administrative expense	0.45
Variable cost per unit sold	$ 11.85

247) B

Direct materials	$ 4.85
Direct labor	3.35
Variable manufacturing overhead	1.35
Sales commissions	1.50
Variable administrative expense	0.45
Variable cost per unit sold	$ 11.50

248) C

Direct materials	$ 4.60
Direct labor	3.40
Variable manufacturing overhead	1.30
Sales commissions	1.40
Variable administrative expense	0.40
Variable cost per unit sold	$ 11.10
Variable cost per unit sold (a)	$ 11.10
Number of units sold (b)	6,500
Total variable costs (a) × (b)	$ 72,150

249) C

Direct materials	$ 4.85
Direct labor	3.35
Variable manufacturing overhead	1.35
Sales commissions	1.50
Variable administrative expense	0.45
Variable cost per unit sold	$ 11.50
Variable cost per unit sold (a)	$ 11.50
Number of units sold (b)	5,000
Total variable costs (a) × (b)	$ 57,500

250) B

Direct materials	$ 6.60
Direct labor	3.85
Variable manufacturing overhead	1.50
Variable manufacturing cost per unit	$ 11.95
Total variable manufacturing cost ($11.95 per unit × 9,000 units produced)	$ 107,550
Total fixed manufacturing overhead cost	81,000
Total product (manufacturing) cost	$ 188,550

251) C

Sales commissions	$ 0.50
Variable administrative expense	0.50
Variable selling and administrative expense per unit	$ 1.00
Total variable selling and administrative expense ($1.00 per unit × 9,000 units produced)	$ 9,000
Total fixed selling and administrative expense	44,550
Total period (nonmanufacturing) cost	$ 53,550

252) D

253) B

254) D

255) C

256) A

257) B

$733,400; A fixed cost is constant in total within the relevant range.

258) B

Average property tax per unit = Total property tax ÷ Unit sales = $733,400 ÷ 37,300 units = $19.66 per unit.

259) D

Helpline cost per unit = Total helpline costs ÷ Number of calls

= $452,500 ÷ 25,000 calls

= $18.10 per call

Total helpline cost = Helpline cost per unit × Number of calls

= $18.10 per call × 23,900 calls = $432,590

260) D
Helpline cost per unit = Total helpline costs ÷ Number of calls
= $452,500 ÷ 25,000 calls = $18.10 per call
The average helpline cost per call is constant within the relevant range.
261) C
262) B
263) A
264) D
265) C
Sales commission per unit = Total sales commissions ÷ Unit sales = $492,000 ÷ 40,000 = $12.30
Total sales commission = Sales commission per unit × Unit sales = $12.30 × 39,100 = $480,930
266) C
Sales commission per unit = Total sales commissions ÷ Unit sales = $132,000 ÷ 20,000 = $6.60
Total sales commission = Sales commission per unit × Unit sales = $6.60 × 18,400 = $121,440
267) A
Sales commission per unit = Total sales commissions ÷ Unit sales = $646,800 ÷ 38,500 = $16.80
The average sales commission per unit is constant within the relevant range.
268) A
Sales commission per unit = Total sales commissions ÷ Unit sales = $132,000 ÷ 20,000 = $6.60
The average sales commission per unit is constant within the relevant range.
269) C

Direct materials	$ 6.25
Direct labor	2.80

Variable manufacturing overhead	1.55
Sales commissions	1.00
Variable administrative expense	0.50
Variable cost per unit sold	$ 12.10

270) C

Direct materials	$ 6.25
Direct labor	2.80
Variable manufacturing overhead	1.55
Sales commissions	1.00
Variable administrative expense	0.50
Variable cost per unit sold	$ 12.10
Variable cost per unit sold (a)	$ 12.10
Number of units sold (b)	5,000
Total variable costs (a) × (b)	$ 60,500

271) B

$697,200; A fixed cost is constant in total within the relevant range.

272) D

Average lease cost per unit = Total lease cost ÷ Unit sales

= $697,200 ÷ 26,400 units

= $26.41 per unit

273) A

Variable cost per unit = Total variable cost ÷ Total activity

= $131,750 ÷ 5,000 units

= $26.35 per unit

Total variable cost = Variable cost per unit × Total activity

= $26.35 per unit × 5,200 units

= $137,020

274) B

Average fixed cost per unit = Total fixed cost ÷ Total activity

= $31,200 ÷ 5,200 units

= $6.00 per unit

275) B

Variable maintenance cost per unit = Total variable maintenance cost ÷ Total activity
= $390,240 ÷ 9,000 machine-hours
Total variable maintenance cost = Variable maintenance cost per unit × Total activity
= $43.36 per machine-hour × 9,300 machine-hours
= $403,248

276) C
Average fixed maintenance cost = Total fixed maintenance cost ÷ Total activity = $368,280 ÷ 9,300 machine-hours = $39.60 per machine-hour

277) C
Variable cost per unit = Total variable cost ÷ Units = $60,000 ÷ 40,000 = $1.50 per unit
Total cost = Fixed cost + (Variable cost per unit × Units) = $40,000 + ($1.50 per unit × 42,000 units) = $103,000
278) B
Variable cost per unit = Total variable cost ÷ Units = $60,000 ÷ 40,000 = $1.50 per unit
Total cost = Fixed cost + (Variable cost per unit × Units) = $40,000 + ($1.50 per unit × 50,000 units) = $115,000
Cost per unit = $115,000 ÷ 50,000 units = $2.30 per unit
279) D
Average fixed inspection cost = Total fixed inspection cost ÷ Total activity
= $175,164 ÷ 6,600 machine-hours
= $26.54 per machine-hour
280) D

Average fixed inspection cost = Total fixed inspection cost ÷ Total activity
= \$9,072 ÷ 2,400 machine-hours
= \$3.78 per machine-hour

281) C

Variable inspection cost per unit = Total variable inspection cost ÷ Total activity
= \$69,846 ÷ 2,100 machine-hours
= \$33.26 per machine-hour

Total variable inspection cost = Variable inspection cost per unit × Total activity
= \$33.26 per machine-hour × 2,400 machine-hours
= \$79,824

282) A

Selling price per unit		\$ 28.00
Direct materials	\$ 5.05	
Direct labor	5.10	
Variable manufacturing overhead	1.85	
Sales commissions	0.40	
Variable administrative expense	0.35	
Variable cost per unit sold		12.75
Contribution margin per unit		\$ 15.25

283) A

Selling price per unit		\$ 25.00
Direct materials	\$ 4.85	
Direct labor	4.20	
Variable manufacturing overhead	1.55	

Sales commissions	0.50	
Variable administrative expense	0.45	
Variable cost per unit sold		11.55
Contribution margin per unit		$ 13.45

284) A

Direct materials	$ 4.85
Direct labor	4.20
Variable manufacturing overhead	1.55
Incremental manufacturing cost	$ 10.60

285) D

Unit sales = $800,000 ÷ $40 per book = 20,000 books

Sales		$ 800,000
Variable expenses:		
Cost of goods sold	$ 560,000	
Variable selling ($3 per book × 20,000 books)	60,000	
Variable administrative (5% of $800,000)	40,000	660,000
Contribution margin		$ 140,000

286) A

Unit sales = $800,000 ÷ $40 per book = 20,000 books

Fixed selling expense = $100,000 − $3 per book× 20,000 books = $40,000

Fixed administrative expense = $110,000 − 0.05 × $800,000 = $70,000

Sales		$ 800,000
Variable expenses:		
Cost of goods sold	$ 560,000	
Variable selling ($3 per book × 20,000 books)	60,000	
Variable administrative (5% of $800,000)	40,000	660,000

Contribution margin		$ 140,000
Fixed expenses:		
Fixed selling	40,000	
Fixed administrative	70,000	110,000
Net operating income		$ 30,000

287) C

Unit sales = $800,000 ÷ $40 per book = 20,000 books

Fixed selling expense = $100,000 − $3 per book × 20,000 books = $40,000

Fixed administrative expense = $110,000 − 0.05 × $800,000 = $70,000

Y = ($40,000 + $70,000) + ($3 per book + 0.05 × $40 per book) X

Y = $110,000 + $5X

288) C

Unit sales = $800,000 ÷ $40 per book = 20,000 books

Cost per book = $560,000 ÷ 20,000 books = $28 per book

Sales ($40 per book × 25,000 books)		$ 1,000,000
Variable expenses:		
Cost of goods sold ($28 per book × 25,000 books)	$ 700,000	
Variable selling ($3 per book × 25,000 books)	75,000	
Variable administrative (5% of $1,000,000)	50,000	825,000
Contribution margin		$ 175,000

289) C

Unit sales = $960,000 ÷ $60 per book = 16,000 books

Sales		$ 960,000
Variable expenses:		
Cost of goods sold	$ 670,000	

Variable selling ($5 per book × 16,000 books)	80,000	
Variable administrative (4% of $960,000)	38,400	788,400
Contribution margin		$ 171,600

290) C

Unit sales = $900,000 ÷ $50 per book = 18,000 books

Sales		$ 900,000
Variable expenses:		
Cost of goods sold	$ 630,000	
Variable selling ($5 per book × 18,000 books)	90,000	
Variable administrative (4% of $900,000)	36,000	756,000
Contribution margin		$ 144,000

291) D

Unit sales = $910,000 ÷ $70 per book = 13,000 books

Selling expenses = Fixed selling expenses + ($5 per book × 13,000 books)

$120,000 = Fixed selling expenses + $65,000

Fixed selling expenses = $120,000 − $65,000 = $55,000

Administrative expenses = Fixed administrative expenses + (4% of $910,000)

$144,000 = Fixed administrative expenses + $36,400

Fixed administrative expenses = $144,000 − $36,400 = $107,600

Sales		$ 910,000
Variable expenses:		
Cost of goods sold	$ 565,000	
Variable selling ($5 per book × 13,000 books)	65,000	
Variable administrative (4% of $910,000)	36,400	666,400
Contribution margin		$ 243,600

Fixed expenses:		
Fixed selling	55,000	
Fixed administrative	107,600	162,600
Net operating income		$ 81,000

292) D

Unit sales = $900,000 ÷ $50 per book = 18,000 books

Selling expenses = Fixed selling expenses + ($5 per book × 18,000 books)

$100,000 = Fixed selling expenses + $90,000

Fixed selling expenses = $100,000 − $90,000 = $10,000

Administrative expenses = Fixed administrative expenses + (4% of $900,000)

$104,000 = Fixed administrative expenses + $36,000

Fixed administrative expenses = $104,000 − $36,000 = $68,000

Sales		$ 900,000
Variable expenses:		
Cost of goods sold	$ 630,000	
Variable selling ($5 per book × 18,000 books)	90,000	
Variable administrative (4% of $900,000)	36,000	756,000
Contribution margin		$ 144,000
Fixed expenses:		
Fixed selling	10,000	
Fixed administrative	68,000	78,000
Net operating income		$ 66,000

293) C

Unit sales = $910,000 ÷ $65 per book = 14,000 books
Selling expenses = Fixed selling expenses + ($4 per book × 14,000 books)
$119,000 = Fixed selling expenses + $56,000
Fixed selling expenses = $119,000 − $56,000 = $63,000
Administrative expenses = Fixed administrative expenses + (0.03 × $910,000)
$142,000 = Fixed administrative expenses + $27,300
Fixed administrative expenses = $142,000 − $27,300 = $114,700
Variable administrative expense per unit = 0.03 × $65 per book = $1.95 per book
Y = ($63,000 + $114,700) + ($4 + $1.95) X
Y = $177,700 + $5.95X

294) C

Unit sales = $900,000 ÷ $50 per book = 18,000 books
Selling expenses = Fixed selling expenses + ($5 per book × 18,000 books)
$100,000 = Fixed selling expenses + $90,000
Fixed selling expenses = $100,000 − $90,000 = $10,000
Administrative expenses = Fixed administrative expenses + (0.04 × $900,000)
$104,000 = Fixed administrative expenses + $36,000
Fixed administrative expenses = $104,000 − $36,000 = $68,000
Variable administrative expense per unit = 0.04 × $50 per book = $2 per book
Y = ($10,000 + $68,000) + ($5 + $2) X
Y = $78,000 + $7X

295) B

Unit sales = $900,000 ÷ $50 per book = 18,000 books
Unit cost of goods sold = $630,000 ÷ 18,000 books = $35 per book

Sales ($50 per book× 20,000 books)		$ 1,000,000
Variable expenses:		
Cost of goods sold ($35 per book × 20,000 books)	$ 700,000	
Variable selling ($5 per book × 20,000 books)	100,000	
Variable administrative (4% of $1,000,000)	40,000	840,000
Contribution margin		$ 160,000

296) A

Differential cost = $545,000 − $450,000 = $95,000

297) C

Sunk cost = Cost of old machine = $527,000

298) C

Opportunity cost = Return from alternative investment = $532,000

299) A

Sunk cost = Cost of old machine = $503,000

300) A

Sunk cost = Cost of old machine = $348,000

301) A

Differential cost = $443,000 − $404,000 = $39,000

302) A

Differential cost = $360,000 − $340,000 = $20,000

303) D

Opportunity cost = Return from alternative investment = $488,000

304) D

Opportunity cost = Return from alternative investment = $411,000

305) B

Sales	$ 453,000
Cost of goods sold	169,700
Gross margin	$ 283,300

306) B

Sales	$ 4,096,400
Cost of goods sold	2,194,500
Gross margin	$ 1,901,900

307) A

Sales		$ 418,000
Variable expenses:		
Cost of goods sold	$ 175,500	
Variable selling expense	23,700	
Variable administrative expense	16,200	215,400
Contribution margin		$ 202,600

308) A

Sales		$ 4,096,400
Variable expenses:		
Cost of goods sold	$ 2,194,500	
Variable selling expense	238,700	
Variable administrative expense	238,700	2,671,900
Contribution margin		$ 1,424,500

309) C

Cost of goods sold = Beginning merchandise inventory + Purchases of merchandise inventory − Ending merchandise inventory

= $46,000 + $128,000 − $52,000

= $122,000

310) C

Net operating income = Sales − Cost of goods sold − Selling and administrative expenses

= \$260,000 − \$122,000 − (\$13,000 + \$40,000)

= \$85,000

311) B

Sales (7,100 units × \$682 per unit)		\$ 4,842,200
Variable expenses:		
Cost of goods sold (7,100 units × \$317 per unit)	\$ 2,250,700	
Variable selling expense (7,100 units × \$44 per unit)	312,400	
Variable administrative expense (7,100 units × \$22 per unit)	156,200	2,719,300
Contribution margin		\$ 2,122,900

312) B

Sales (7,100 units × \$682 per unit)	\$ 4,842,200
Cost of goods sold (7,100 units × \$317 per unit)	2,250,700
Gross margin	\$ 2,591,500

313) B

Sales (1,200 units × \$221 per unit)	\$ 265,200
Cost of goods sold (1,200 units × \$97 per unit)	116,400
Gross margin	\$ 148,800

314) D

Sales (1,200 units × \$221 per unit)		\$ 265,200
Variable expenses:		
Cost of goods sold (1,200 units × \$97 per unit)	\$ 116,400	
Variable selling expense (1,200 units × \$12 per unit)	14,400	
Variable administrative expense (1,200 units × \$8 per unit)	9,600	140,400
Contribution margin		\$ 124,800

315) D

Sales		$ 1,555,500
Variable expenses:		
Cost of goods sold	$ 1,025,100	
Variable selling expense	96,900	
Variable administrative expense	71,400	1,193,400
Contribution margin		$ 362,100

316) A

Sales	$ 1,555,500
Cost of goods sold	1,025,100
Gross margin	$ 530,400

317) 1. Wages of carpenters on a home building site; A particular home; Direct
2. Cost of wiring used in making a personal computer; A particular personal computer; Indirect
3. Manager's salary at a hotel run by a chain of hotels; A particular hotel guest; Indirect
4. Manager's salary at a hotel run by a chain of hotels; The particular hotel; Direct
5. Cost of aluminum mast installed in a yacht at a yacht manufacturer; A particular yacht; Direct
6. Monthly lease cost of X-ray equipment at a hospital; The Radiology (X-Ray) Department; Direct
7. Cost of screws used to secure wood trim in a yacht at a yacht manufacturer; A particular yacht; Indirect
8. Cost of electronic navigation system installed in a yacht at a yacht manufacturer; A particular yacht; Direct
9. Cost of a replacement battery installed in a car at the auto repair shop of an automobile dealer; The auto repair shop; Direct
10. Cost of a measles vaccine administered at an outpatient clinic at a hospital; A particular patient; Direct

318) a.
Product costs consist of direct materials, direct labor, and manufacturing overhead:

Direct materials		$ 181,000
Direct labor		120,000
Manufacturing overhead:		
Utilities, factory	$ 10,000	
Indirect labor	32,000	

Depreciation of production equipment	28,000	70,000
Total product cost		$ 371,000

b. Period costs consist of all costs other than product costs:

Sales commissions	$ 69,000
Administrative salaries	99,000
Advertising	75,000
Depreciation of administrative equipment	49,000
Total period cost	$ 292,000

319) a.

Product costs consist of direct materials, direct labor, and manufacturing overhead:

Direct materials		$ 197,000
Direct labor		78,000
Manufacturing overhead:		
Property taxes, factory	$ 8,000	
Indirect labor	31,000	
Depreciation of production equipment	39,000	78,000
Total product cost		$ 353,000

b.

Period costs consist of all costs other than product costs:

Marketing salaries	$ 39,000
Administrative travel	102,000
Sales commissions	73,000
Advertising	145,000
Total period cost	$ 359,000

320) 1. Salary of production manager at a surfboard manufacturer; Surfboards produced; Fixed
2. Cost of solder used in making computers; Computers produced; Variable
3. Cost of dough used at a pizza shop; Pizzas cooked; Variable
4. Janitorial wages at a surfboard manufacturer; Surfboards produced; Fixed
5. Salary of the controller at a hospital; Number of patients; Fixed
6. Cost of sales at an electronics store; Dollar sales; Variable
7. Cost of testing materials used in a medical lab; Tests run; Variable
8. Cost of heating an electronics store; Dollar sales; Fixed
9. Cost of electricity for production equipment at a surfboard manufacturer; Surfboards produced; Variable
10. Depreciation on shelving at a book store; Dollar sales; Fixed

321) Variable cost = $125,188 ÷ 6,800 units = $18.41 per unit

Activity level	7,100
Total cost:	
Variable cost (a) [7,100 units × $18.41 per unit]	$ 130,711
Fixed cost (b)	164,152
Total (c)	$ 294,863
Cost per unit:	
Variable cost (d)	$ 18.41
Fixed cost (e) [$164,152 ÷ 7,100 units]	23.12
Total (f)	$ 41.53

322) Variable cost = $174,504 ÷ 2,400 units = $72.71 per unit

Activity level	2,700
Total cost:	
Variable cost (a) [2,700 units × $72.71 per unit]	$ 196,317
Fixed cost (b)	55,080
Total (c)	$ 251,397
Cost per unit:	

Variable cost (d)	$ 72.71
Fixed cost (e) [$55,080 ÷ 2,700 units]	20.40
Total (f)	$ 93.11

323) 1. Cost of vaccine used at a clinic; Vaccines administered; Variable
2. Building rent at a taco shop; Dollar sales; Fixed
3. Salary of production manager at a snowboard manufacturer; Snowboards produced; Fixed
4. Cost of electricity for production equipment at a snowboard manufacturer; Snowboards produced; Variable
5. Ferry captain's salary on a regularly scheduled passenger ferry; Number of passengers; Fixed
6. Cost of glue used in furniture production; Units produced; Variable
7. Janitorial wages at a snowboard manufacturer; Snowboards produced; Fixed
8. Depreciation on factory building at a snowboard manufacturer; Snowboards produced; Fixed
9. Cost of advertising at a snowboard company; Snowboards sold; Fixed
10. Cost of shipping bags of fertilizer to a customer at a chemical plant; Bags shipped; Variable