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TEXTBOOK TESTBANKS

Test Bank for Introduction to Managerial Accounting 9th Brewer

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Introduction to Managerial Accounting 9th Edition by Brewer CH01

CORRECT ANSWERS ARE LOCATED AT 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
Topic : Cost Classifications for Manufacturing Companies
Topic : Cost Classifications for Predicting Cost Behavior
Topic : Cost Classifications for Preparing Financial Statements
Topic : Using Different Cost Classifications for Different Purposes
Gradable : manual

2) Saxbury Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,900 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$5.80
Direct labor	$3.80
Variable manufacturing overhead	$1.40
Fixed manufacturing overhead	$4.20
Fixed selling expense	$0.60
Fixed administrative expense	$0.45
Sales commissions	$0.35
Variable administrative expense	$0.35

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,900 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,900 units?

c. If 6,900 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

d. If 6,900 units are sold, what is the total amount of variable costs related to the units sold?

e. If 6,900 units are produced, what is the average fixed manufacturing cost per unit produced? **(Round "Per unit" answer to 2 decimal places.)**

f. If 6,900 units are produced, what is the total amount of fixed manufacturing cost incurred?

g. If 6,900 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 $23.30 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

i. If 4,900 units are produced, what is the total amount of direct manufacturing cost incurred?

j. If 4,900 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 5,900 to 5,901 units? **(Round "Per unit" answer to 2 decimal places.)**

Introduction to Managerial Accounting 9th Edition by Brewer CH01

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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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
Topic : Cost Classifications for Decision Making
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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
Gradable : manual

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.)**

Question Details
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Accessibility : Screen Reader Compatible
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Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Quantitative
Gradable : manual

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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Topic : Cost Classifications for Preparing Financial Statements
Topic : Using Different Cost Classifications for Different Purposes
Gradable : manual

5) Learned Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.40	
Direct labor	$ 3.80	
Variable manufacturing overhead	$ 1.40	
Fixed manufacturing overhead		$ 38,250
Sales commissions	$ 0.80	
Variable administrative expense	$ 0.70	
Fixed selling and administrative expense		$ 12,750

Required:

a. For financial reporting purposes, what is the total amount of product costs incurred to make 8,500 units?

b. For financial reporting purposes, what is the total amount of period costs incurred to sell 8,500 units?

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

d. If 9,500 units are produced, what is the total amount of direct manufacturing cost incurred?

e. If 9,500 units are produced, what is the total amount of indirect manufacturing costs incurred?

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AICPA : FN Measurement
Bloom's : Apply
Difficulty : 1 Easy
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Type : Algorithmic
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Topic : Cost Classifications for Preparing Financial Statements
Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Quantitative
Gradable : manual

6) 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?

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

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
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Topic : Cost Classifications for Predicting Cost Behavior
Gradable : manual

8) Skolnick Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.90	
Direct labor	$ 4.10	
Variable manufacturing overhead	$ 2.20	
Fixed manufacturing overhead		$ 152,000
Sales commissions	$ 1.40	
Variable administrative expense	$ 0.30	
Fixed selling and administrative expense		$ 43,700

Required:

a. If 9,500 units are produced, what is the total amount of direct manufacturing cost incurred? **(Do not round intermediate calculations.)**

b. If 9,500 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
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Type : Algorithmic
Topic : Cost Classifications for Assigning Costs to Cost Objects
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Topic : Cost Classifications for Predicting Cost Behavior
null : Question Focus: Quantitative
Gradable : manual

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:
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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
Gradable : manual

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?

Introduction to Managerial Accounting 9th Edition by Brewer CH01

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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Topic : Using Different Cost Classifications for Different Purposes
Gradable : manual

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
Gradable : manual

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
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null : Question Focus: Quantitative
Gradable : manual

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

September 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 September 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?

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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
Gradable : manual

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
Gradable : manual

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
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Bloom's : Apply
Type : Static
Difficulty : 1 Easy
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Topic : Cost Classifications for Predicting Cost Behavior
Topic : Cost Classifications for Preparing Financial Statements
Gradable : manual

16) Balerio Corporation's relevant range of activity is 9,000 units to 13,000 units. When it produces and sells 11,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.70
Direct labor	$ 3.30
Variable manufacturing overhead	$ 1.60
Fixed manufacturing overhead	$ 13.50
Fixed selling expense	$ 2.35
Fixed administrative expense	$ 1.90
Sales commissions	$ 0.40
Variable administrative expense	$ 0.30

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 12,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**

c. If 12,000 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 $18.30 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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Bloom's : Apply
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Topic : Using Different Cost Classifications for Different Purposes
null : Question Focus: Quantitative
Gradable : manual

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.)**

Question Details
AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Bloom's : Apply
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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
null : Question Focus: Quantitative
Gradable : manual

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
Gradable : manual

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
Gradable : manual

20) In April, Holderness Incorporated, a merchandising company, had sales of $236,000, selling expenses of $15,500, and administrative expenses of $26,500. The cost of merchandise purchased during the month was $158,000. The beginning balance in the merchandise inventory account was $35,500 and the ending balance was $49,500.

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
null : Question Focus: Quantitative
Gradable : manual

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
null : Question Focus: Quantitative
Gradable : manual

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

Number of units sold	6,900
Selling price per unit	$ 620
Unit cost of goods sold	$ 421
Variable selling expense per unit	$ 55
Total fixed selling expense	$ 126,400
Variable administrative expense per unit	$ 34
Total fixed administrative expense	$ 208,300

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
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
null : Question Focus: Quantitative
Gradable : manual

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
null : Question Focus: Quantitative
Gradable : manual

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
Gradable : manual

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
Gradable : manual

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
Gradable : manual

Introduction to Managerial Accounting 9th Edition by Brewer 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	$ 5.80
Direct labor	3.80
Variable manufacturing overhead	1.40
Variable manufacturing cost per unit	$ 11.00
Total variable manufacturing cost ($11.00 per unit × 5,900 units produced)	$ 64,900
Total fixed manufacturing overhead cost ($4.20 per unit × 5,900 units produced)	24,780
Total product (manufacturing) cost	$ 89,680

b.

Sales commissions	$ 0.35
Variable administrative expense	0.35
Variable selling and administrative expense per unit	$ 0.70
Total variable selling and administrative expense ($0.70 per unit × 5,900 units sold)	$ 4,130
Total fixed selling and administrative expense ($0.60 per unit × 5,900 units + $0.45 per unit × 5,900 units)	6,195
Total period (nonmanufacturing) cost	$ 10,325

c.

Direct materials	$ 5.80
Direct labor	3.80
Variable manufacturing overhead	1.40
Sales commissions	0.35
Variable administrative expense	0.35
Variable cost per unit sold	$ 11.70

d.

Variable cost per unit sold (a)	$ 11.70
Number of units sold (b)	6,900
Total variable costs (a) × (b)	$ 80,730

e.

Total fixed manufacturing overhead cost ($4.20 per unit × 5,900 units*) (a)	$ 24,780

Number of units produced (b)	6,900
Average fixed manufacturing cost per unit produced (a) ÷ (b)	$ 3.59

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,900 units.

f.

Fixed manufacturing overhead per unit	$ 4.20
Number of units produced	5,900
Total fixed manufacturing overhead cost	$ 24,780

g.

Total variable manufacturing overhead cost ($1.40 per unit × 6,900 units)	$ 9,660
Total fixed manufacturing overhead cost ($4.20 per unit × 5,900 units*)	24,780
Total manufacturing overhead cost (a)	$ 34,440
Number of units produced (b)	6,900
Manufacturing overhead per unit (a) ÷ (b)	$ 4.99

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,900 units.

h.

Selling price per unit		$ 23.30
Direct materials	$ 5.80	
Direct labor	3.80	
Variable manufacturing overhead	1.40	
Sales commissions	0.35	
Variable administrative expense	0.35	
Variable cost per unit sold		11.70
Contribution margin per unit		$ 11.60

i.

Direct materials	$ 5.80

Direct labor	3.80
Direct manufacturing cost per unit (a)	$ 9.60
Number of units produced (b)	4,900
Total direct manufacturing cost (a) × (b)	$ 47,040

j.

Total variable manufacturing overhead cost ($1.40 per unit × 4,900 units)	$ 6,860
Total fixed manufacturing overhead cost ($4.20 per unit × 5,900 units*)	24,780
Total indirect manufacturing cost	$ 31,640

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,900 units.

k.

Direct materials	$ 5.80
Direct labor	3.80
Variable manufacturing overhead	1.40
Incremental manufacturing cost	$ 11.00

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	6,750

($0.75 per unit × 5,000 units + $0.60 per unit × 5,000 units)	
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	$ 5.40
Direct labor	3.80

Variable manufacturing overhead	1.40
Variable manufacturing cost per unit	$ 10.60
Total variable manufacturing cost ($10.60 per unit × 8,500 units produced)	$ 90,100
Total fixed manufacturing overhead cost	38,250
Total product (manufacturing) cost	$ 128,350

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 × 8,500 units sold)	$ 12,750
Total fixed selling and administrative expense	12,750
Total period (nonmanufacturing) cost	$ 25,500

c.

Selling price per unit		$ 22.90
Direct materials	$ 5.40	
Direct labor	3.80	
Variable manufacturing overhead	1.40	
Sales commissions	0.80	
Variable administrative expense	0.70	
Variable cost per unit sold		12.10
Contribution margin per unit		$ 10.80

d.

Direct materials	$ 5.40
Direct labor	3.80
Direct manufacturing cost per unit (a)	$ 9.20
Number of units produced (b)	9,500
Total direct manufacturing cost (a) × (b)	$ 87,400

e.

Total variable manufacturing overhead cost ($1.40 per unit × 9,500 units)	$ 13,300
Total fixed manufacturing overhead cost	38,250
Total indirect manufacturing cost	$ 51,550

6) 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 ($10.40 per unit × 6,000 units produced)	$ 62,400
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

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	$ 5.90
Direct labor	4.10
Direct manufacturing cost per unit (a)	$ 10.00
Number of units produced (b)	9,500
Total direct manufacturing cost (a) × (b)	$ 95,000

b.

Total variable manufacturing overhead cost ($2.20 per unit × 9,500 units)	$ 20,900
Total fixed manufacturing overhead cost	152,000
Total indirect manufacturing cost	$ 172,900

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	$ 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.

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	X			

automobiles			
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	$ 6.70
Direct labor	3.30
Variable manufacturing overhead	1.60

Variable manufacturing cost per unit	$ 11.60
Total variable manufacturing cost ($11.60 per unit × 11,000 units produced)	$ 127,600
Total fixed manufacturing overhead cost ($13.50 per unit × 11,000 units produced)	148,500
Total product (manufacturing) cost	$ 276,100

b.

Direct materials	$ 6.70
Direct labor	3.30
Variable manufacturing overhead	1.60
Sales commissions	0.40
Variable administrative expense	0.30
Variable cost per unit sold	$ 12.30

c.

Variable cost per unit sold (a)	$ 12.30
Number of units sold (b)	12,000
Total variable costs (a) × (b)	$ 147,600

d.

Selling price per unit		$ 18.30
Direct materials	$ 6.70	
Direct labor	3.30	
Variable manufacturing overhead	1.60	
Sales commissions	0.40	
Variable administrative expense	0.30	
Variable cost per unit sold		12.30
Contribution margin per unit		$ 6.00

e.

Direct materials	$ 6.70
Direct labor	3.30
Variable manufacturing overhead	1.60
Incremental manufacturing cost	$ 11.60

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		$ 236,000
Cost of goods sold*		144,000
Gross margin		92,000
Selling and administrative expenses:		
Selling expenses	$ 15,500	
Administrative expenses	26,500	42,000
Net operating income		$ 50,000

*Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory

Cost of goods sold = $35,500 + $158,000 − $49,500 = $144,000

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 (6,900 units × $620 per unit)		$ 4,278,000
Cost of goods sold (6,900 units × $421 per unit)		2,904,900
Gross margin		1,373,100
Selling and administrative expenses:		
Selling expense ((6,900 units × $55 per unit) + $126,400)	$ 505,900	
Administrative expense ((6,900 units × $34 per unit) + $208,300)	442,900	948,800
Net operating income		$ 424,300

b.

Contribution Format Income Statement

Sales (6,900 units × $620 per unit)		$ 4,278,000
Variable expenses:		
Cost of goods sold (6,900 units × $421 per unit)	$ 2,904,900	
Variable selling expense (6,900 units × $55 per unit)	379,500	
Variable administrative expense (6,900 units × $34 per unit)	234,600	3,519,000
Contribution margin		759,000
Fixed expenses:		
Fixed selling expense	126,400	
Fixed administrative expense	208,300	334,700
Net operating income		$ 424,300

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

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CORRECT ANSWERS ARE LOCATED AT THE SECOND PART OF THIS DOCUMENT

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

1) Which of the following statements are true?

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

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

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

1) ______

A) Only statement I is true.
B) Statements I and II are true.
C) All of the statements are true.
D) None of the statements are true.

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
Bloom's : Remember
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

2) Which of the following statements are true? 1.Wages paid to production supervisors would be classified as manufacturing overhead.
2.Indirect costs, such as manufacturing overhead, are variable costs.
3.Selling costs are indirect costs.
4.Administrative costs are indirect costs.

2) ______

A) Only statement I is true.
B) Statements I and III are true.
C) All statements are true.
D) None of the statements are true.

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

3) Which of the following statements are true?
1.The sum of all manufacturing costs except for direct materials and direct labor is called manufacturing overhead.
2.The three cost elements ordinarily included in product costs are direct materials, direct labor, and manufacturing overhead.

3) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

4) Which of the following statements are true?
1.Depreciation is always considered a period cost for external financial reporting purposes in a manufacturing company.
2.Depreciation on equipment a company uses in its selling and administrative activities would be classified as a period cost.

4) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

5) Which of the following statements are true?
1.Conversion cost is the sum of direct labor cost and manufacturing overhead cost.
2.Conversion cost is the same thing as manufacturing overhead.
3.Conversion cost equals product cost less direct materials cost.

5) ______

A) Only statement I is true.
B) Statements I and III are true.
C) All statements are true.
D) None of the statements are true.

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
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
Gradable : automatic

6) Which of the following statements are true?
1.In a manufacturing company, all costs are period costs.
2.Selling and administrative expenses are period costs under generally accepted accounting principles.
3.The cost of shipping parts from a supplier is considered a period cost.

6) ______

A) Only statement I is true.
B) Only statement II is true.
C) Statements I and II are true.
D) Statements I and III are true.

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

7) Which of the following statements are true?

1. Advertising is not a considered a product cost even if it promotes a specific product.
2. Product costs are also known as inventoriable costs.
3. Prime cost is the sum of direct materials cost and direct labor cost.
4. Prime cost equals manufacturing overhead cost.

7) ______

A) Only statement I is true.
B) Both statements I and IV are true.
C) Statements I, II, and III are true.
D) None of the statements are true.

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

8) Which of the following statements are true?
1.If the activity level increases, then one would expect the fixed cost per unit to increase as well.
2.A fixed cost is a cost whose cost per unit varies as the activity level rises and falls.
3.A decrease in production will ordinarily result in a decrease in fixed production costs per unit.

8) ______

A) Only statement II is true.
B) Only statement III is true.
C) Statements I and II are true.
D) Statements I and III are true.

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

9) Which of the following statements are true?
1.Cost behavior is considered curvilinear whenever a straight line is a reasonable approximation for the relation between cost and activity.
2.As activity decreases within the relevant range, fixed costs remain constant on a per unit basis.
3.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.

9) ______

A) Only statement I is true.
B) Only statement II is true.
C) Only statement III is true.
D) All statements are true.

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

10) Which of the following statements are true?
1.The variable cost per unit depends on how many units are produced.
2.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.

10) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

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

11) Which of the following statements are true?
1.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.
2.Fixed costs expressed on a per unit basis do not change with changes in activity.
3.Committed fixed costs remain largely unchanged in the short run.

11) ______

A) Only statement I is true.
B) Only statement II is true.
C) Only statement III is true.
D) All statements are true.

Question Details
Bloom's : Understand
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

12) Which of the following statements are true?
1.Within the relevant range, a change in activity results in a change in variable cost per unit and total fixed cost.
2.The concept of the relevant range does not apply to variable costs.

12) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

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

13) Which of the following statements are true?
1.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.
2.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.
3.Committed fixed costs represent organizational investments with a one-year planning horizon.
4.The following costs are all examples of committed fixed costs: depreciation on buildings, salaries of highly trained engineers, real estate taxes, and insurance expenses.

13) ______

A) Only statement III is true.
B) Both statement I and II are true.
C) Both statement II and IV are true.
D) All statements are true.

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

14) Which of the following statements are true?
1.A fixed cost fluctuates in total as activity changes but remains constant on a per unit basis over the relevant range.
2.The relevant range is the range of activity within which the assumption that cost behavior is strictly linear is reasonably valid.

14) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

15) Which of the following statements are true?

1. Variable costs per unit are not affected by changes in activity.
2. The relevant range concept is applicable to mixed costs.
3. A variable cost remains constant if expressed on a unit basis.
4. A fixed cost is not constant per unit of product.

15) ______

A) Only statement III is true.
B) Both statement I and II are true.
C) Both statement II and IV are true.
D) All statements are true.

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

16) Which of the following statements are true?
1.Differential costs can only be variable.
2.The potential benefit that is given up when one alternative is selected over another is called a sunk cost.
3.The amount that a manufacturing company could earn by renting unused portions of its warehouse is an example of an opportunity cost.

16) ______

A) Only statement I is true.
B) Only statement II is true.
C) Only statement III is true.
D) All statements are true.

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
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
Gradable : automatic

17) Which of the following statements are true?
1.Opportunity costs at a manufacturing company are not part of manufacturing overhead.
2.A cost that differs from one month to another is known as a sunk cost.

17) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
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
Gradable : automatic

18) Which of the following statements are true?
1.In a traditional format income statement, the gross margin is sales minus cost of goods sold.
2.In a traditional format income statement, the gross margin minus selling and administrative expenses equals net operating income.

18) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both of the statements are true.
D) Neither of the statements are true.

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

19) Which of the following statements are true?
1.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.
2.Traditional format income statements are widely used for preparing external financial statements.
3.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.

19) ______

A) Only statement I is true.
B) Only statement II is true.
C) Both statements I and III are true.
D) Both statements II and III are true.

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

20) Which of the following statements are true?
1.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.
2.Contribution format income statements are prepared primarily for external reporting purposes.
3.Most companies use the contribution approach in preparing financial statements for external reporting purposes.

20) ______

A) Only statement I is true.
B) Both statements I and III are true.
C) All of the statements are true.
D) None of the statements are true.

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

21) Which of the following statements are true?
1.Contribution margin and gross margin mean the same thing.
2.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.
3.A contribution format income statement separates costs into fixed and variable categories, first deducting variable expenses from sales to obtain the contribution margin.

21) ______

A) Only statement I is true.
B) Both statements II and III are true.
C) All of the statements are true.
D) None of the statements are true.

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

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

22) ______

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
Gradable : automatic

23) Direct costs:

23) ______

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
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
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

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

24) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Gradable : automatic

25) 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

25) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

26) 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

26) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Gradable : automatic

27) Manufacturing overhead includes:

27) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

28) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

29) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

30) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-02 Identify and give examples of each of the three basic manufacturing cost c
Topic : Cost Classifications for Manufacturing Companies
Gradable : automatic

31) 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

31) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

32) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

33) 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

33) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
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null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

34) 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

34) ______

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
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Accessibility : Keyboard Navigation
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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
Gradable : automatic

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

35) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Gradable : automatic

36) 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

36) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Gradable : automatic

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

37) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

38) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Gradable : automatic

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

39) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Gradable : automatic

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

40) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Difficulty : 3 Hard
Gradable : automatic

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

41) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Gradable : automatic

42) Direct labor cost is classified as:

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

42) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

43) 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

43) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-03 Understand cost classifications used to prepare financial statements: prod
Topic : Cost Classifications for Preparing Financial Statements
Gradable : automatic

44) Prime cost consists of:

44) ______

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.

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

45) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

46) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

47) Factory overhead is typically a(n):

47) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

48) 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

48) ______

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

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Question Details
Difficulty : 2 Medium
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Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

49) 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

49) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

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

50) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

51) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

52) An example of a committed fixed cost is:

52) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

53) 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 _______________.

53) ______

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
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Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

54) ______

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
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Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

55) ______

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.

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Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

56) 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

56) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

57) 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:

57) ______

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
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Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

58) Fixed costs expressed on a per unit basis:

58) ______

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
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Type : Static
AICPA : FN Measurement
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Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

59) ______

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
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AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

60) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

61) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

62) 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?

62) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

63) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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

64) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

65) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

66) 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:

66) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

67) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

68) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

69) ______

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

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AICPA : FN Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

70) ______

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

Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AICPA : FN Decision Making
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

71) Differential costs can:

71) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

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

72) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Topic : Cost Classifications for Predicting Cost Behavior
Gradable : automatic

73) Contribution margin is:

73) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Topic : Cost Classifications for Decision Making
Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Gradable : automatic

74) 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

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Gradable : automatic

75) 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:

75) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

76) 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:

76) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

77) 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:

77) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

78) 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:

78) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

79) The following costs were incurred in May:

Direct materials	$43,100
Direct labor	$36,200
Manufacturing overhead	$23,800
Selling expenses	$18,000
Administrative expenses	$40,700

Conversion costs during the month totaled:

79) ______

A) $60,000
B) $66,900
C) $161,800
D) $79,300

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

80) 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:

80) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

81) Abburi Company's manufacturing overhead is 30% of its total conversion costs. If direct labor is $100,100 and if direct materials are $30,700, the manufacturing overhead is:

81) ______

A) $42,900
B) $233,567
C) $13,157
D) $56,057

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

82) 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:

82) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

83) During the month of May, direct labor cost totaled $11,515 and direct labor cost was 35% of prime cost. If total manufacturing costs during May were $82,600, the manufacturing overhead was:

83) ______

A) $21,385
B) $32,900
C) $71,085
D) $49,700

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

84) 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:

84) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

85) In May direct labor was 40% of conversion cost. If the manufacturing overhead for the month was $75,000 and the direct materials cost was $27,200, the direct labor cost was:

85) ______

A) $112,500
B) $50,000
C) $40,800
D) $18,133

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

86) 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:

86) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

87) The following costs were incurred in May:

Direct materials	$39,900
Direct labor	$30,300
Manufacturing overhead	$23,000
Selling expenses	$19,500
Administrative expenses	$31,900

Prime costs during the month totaled:
Brewer 9e Rechecks 2021-10-23

87) ______

A) $93,200
B) $144,600
C) $70,200
D) $53,300

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

88) The following costs were incurred in May:

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

Prime costs during the month totaled:
Brewer 9e Rechecks 2021-10-23

88) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

89) 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:
Brewer 9e Rechecks 2021-10-23

89) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

90) 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:

Brewer 9e Rechecks 2021-10-23

90) ______

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

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

91) 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:
Brewer 9e Rechecks 2021-10-23

91) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

92) A manufacturing company prepays its insurance coverage for a three-year period. The premium for the three years is $5,490 and is paid at the beginning of the first year. Seventy percent of the premium applies to manufacturing operations and thirty 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)	$ 549	$ 1,281
B)	$ 1,830	$ 0
C)	$ 0	$ 1,830
D)	$ 1,281	$ 549

92) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

93) 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

93) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

94) 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:

94) ______

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

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

95) 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:

95) ______

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

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AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

96) 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:

96) ______

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

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Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

97) 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:

97) ______

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

Question Details
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Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

98) 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.)**

98) ______

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

Question Details
Difficulty : 2 Medium
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null : Question Focus: Quantitative
Gradable : automatic

99) 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:

99) ______

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

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100) At an activity level of 8,400 machine-hours in a month, Falks Corporation's total variable production engineering cost is $732,480 and its total fixed production engineering cost is $180,400. What would be the total production engineering cost per machine-hour, both fixed and variable, at an activity level of 8,800 machine-hours in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

100) ______

A) $103.74
B) $108.68
C) $107.70
D) $104.04

Question Details
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Bloom's : Apply
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Type : Algorithmic
Gradable : automatic

101) 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.)**

101) ______

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

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Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

102) 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:

102) ______

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

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AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

103) 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:

103) ______

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

Question Details
AICPA : BB Critical Thinking
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AICPA : FN Measurement
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Difficulty : 1 Easy
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Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

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

104) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
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Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
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AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

105) 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: Brewer 9e Rechecks 2021-10-23

105) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
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Difficulty : 1 Easy
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
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AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

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

106) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

107) 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.)**

107) ______

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

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Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

108) 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.)**

108) ______

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

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Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
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AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

109) Paolucci Corporation's relevant range of activity is 3,900 units to 9,500 units. When it produces and sells 6,700 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.35
Direct labor	$ 3.25
Variable manufacturing overhead	$ 1.25
Fixed manufacturing overhead	$ 3.50
Fixed selling expense	$ 1.20
Fixed administrative expense	$ 0.75
Sales commissions	$ 1.15
Variable administrative expense	$ 0.65

If 5,700 units are sold, the variable cost per unit sold is closest to:

109) ______

A) $18.10
B) $10.85
C) $14.35
D) $12.65

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Question Details
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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
Gradable : automatic

110) 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:

110) ______

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

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Question Details
AICPA : BB Critical Thinking
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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
Gradable : automatic

111) Schonhardt Corporation's relevant range of activity is 4,700 units to 10,500 units. When it produces and sells 7,600 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 7.50
Direct labor	$ 4.00
Variable manufacturing overhead	$ 1.55
Fixed manufacturing overhead	$ 2.50
Fixed selling expense	$ 1.15
Fixed administrative expense	$ 0.85
Sales commissions	$ 0.95
Variable administrative expense	$ 0.85

If 9,500 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

111) ______

A) $43,320
B) $27,740
C) $33,820
D) $19,000

Question Details
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Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

112) 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:

112) ______

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

Question Details
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Bloom's : Apply
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Gradable : automatic

113) 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.)**

113) ______

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

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114) 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:

114) ______

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

Question Details
AICPA : BB Critical Thinking
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Difficulty : 1 Easy
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Gradable : automatic

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

	July	August

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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 (that is, 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?

115) ______

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

Question Details
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Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

116) Tirri Corporation has provided the following information:

	Cost per Unit	Cost per Period

Direct materials	$ 7.50	
Direct labor	$ 3.85	
Variable manufacturing overhead	$ 1.55	
Fixed manufacturing overhead		$ 24,400
Sales commissions	$ 1.05	
Variable administrative expense	$ 0.60	
Fixed selling and administrative expense		$ 8,800

If the selling price is $28.10 per unit, the contribution margin per unit sold is closest to:

116) ______

A) $13.55
B) $7.93
C) $16.75
D) $9.82

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
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Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
Topic : Cost Classifications for Predicting Cost Behavior
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Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

117) 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:

117) ______

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

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Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

118) Macy Corporation's relevant range of activity is 3,300 units to 8,500 units. When it produces and sells 5,900 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 4.70
Direct labor	$ 3.15
Variable manufacturing overhead	$ 1.15
Fixed manufacturing overhead	$ 4.30
Fixed selling expense	$ 1.10
Fixed administrative expense	$ 0.65
Sales commissions	$ 1.05
Variable administrative expense	$ 0.55

If the selling price is $24.00 per unit, the contribution margin per unit sold is closest to:

118) ______

A) $9.00
B) $6.35
C) $16.15
D) $13.40

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Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

119) 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:

119) ______

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

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Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

120) Bellucci Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.50	

Direct labor	$ 3.85	
Variable manufacturing overhead	$ 1.55	
Fixed manufacturing overhead		$ 106,400
Sales commissions	$ 1.05	
Variable administrative expense	$ 0.60	
Fixed selling and administrative expense		$ 40,000

The incremental manufacturing cost that the company will incur if it increases production from 8,000 to 8,001 units is closest to (assume that the increase is within the relevant range):

120) ______

A) $28.35
B) $12.90
C) $32.85
D) $26.20

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

121) 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):

121) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

122) 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	$ 6.75
Direct labor	$ 3.20
Variable manufacturing overhead	$ 1.80
Fixed manufacturing overhead	$ 3.30
Fixed selling expense	$ 1.10
Fixed administrative expense	$ 1.00
Sales commissions	$ 1.50
Variable administrative expense	$ 1.00

The incremental manufacturing cost that the company will incur if it increases production from 6,000 to 6,001 units is closest to:

122) ______

A) $19.65
B) $11.75
C) $15.05
D) $16.15

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

123) 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:

123) ______

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

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

124) Haack Incorporated is a merchandising company. Last month the company's cost of goods sold was $63,200. The company's beginning merchandise inventory was $19,100 and its ending merchandise inventory was $24,600. What was the total amount of the company's merchandise purchases for the month?

124) ______

A) $63,200
B) $57,700
C) $68,700
D) $106,900

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

125) 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?

125) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

126) 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?

126) ______

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

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

Corporate headquarters building lease	$ 80,100
Cosmetics Department sales commissions-Northridge Store	$ 5,680
Corporate legal office salaries	$ 61,900
Store manager's salary-Northridge Store	$ 19,200
Heating-Northridge Store	$ 13,100
Cosmetics Department cost of sales-Northridge Store	$ 38,700
Central warehouse lease cost	$ 8,600
Store security-Northridge Store	$ 21,100
Cosmetics Department manager's salary-Northridge Store	$ 4,460

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?

127) ______

A) $102,240
B) $48,840
C) $44,380
D) $38,700

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

128) 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?

128) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

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

Corporate headquarters building lease	$ 85,600
Cosmetics Department sales commissions-Northridge Store	$ 5,740
Corporate legal office salaries	$ 66,500
Store manager's salary-Northridge Store	$ 18,800
Heating-Northridge Store	$ 17,500
Cosmetics Department cost of sales-Northridge Store	$ 33,000
Central warehouse lease cost	$ 8,100
Store security-Northridge Store	$ 16,600
Cosmetics Department manager's salary-Northridge Store	$ 4,620

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?

129) ______

A) $160,200
B) $52,900
C) $43,360
D) $85,600

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

130) 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?

130) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

131) 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?

131) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

132) 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?

132) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

133) Dake 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	$ 7.15
Direct labor	$ 3.40
Variable manufacturing overhead	$ 1.95
Fixed manufacturing overhead	$ 3.20
Fixed selling expense	$ 0.85
Fixed administrative expense	$ 0.55
Sales commissions	$ 0.65

Variable administrative expense	$ 0.55

For financial reporting purposes, the total amount of product costs incurred to make 6,000 units is closest to:

133) ______

A) $94,200
B) $75,000
C) $100,200
D) $19,200

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Cost Classifications for Assigning Costs to Cost Objects
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

134) 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:

134) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

135) 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:

135) ______

A) $7,800
B) $8,100
C) $4,400
D) $12,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

136) Dake Corporation's relevant range of activity is 4,100 units to 9,500 units. When it produces and sells 6,800 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.70
Direct labor	$ 3.80
Variable manufacturing overhead	$ 1.45
Fixed manufacturing overhead	$ 2.50
Fixed selling expense	$ 1.05
Fixed administrative expense	$ 0.75
Sales commissions	$ 0.85
Variable administrative expense	$ 0.75

If 5,800 units are produced, the total amount of direct manufacturing cost incurred is closest to:

136) ______

A) $60,900
B) $69,310
C) $83,810
D) $76,270

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

137) 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:

137) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

138) Dake Corporation's relevant range of activity is 2,200 units to 5,000 units. When it produces and sells 3,600 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	$ 6.85
Direct labor	$ 2.80
Variable manufacturing overhead	$ 1.50
Fixed manufacturing overhead	$ 3.00
Fixed selling expense	$ 0.90
Fixed administrative expense	$ 0.60
Sales commissions	$ 0.70
Variable administrative expense	$ 0.60

If 2,600 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

138) ______

A) $3,900
B) $10,800
C) $14,700
D) $11,700

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

139) 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:

139) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

140) 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:

140) ______

A) $57,200
B) $8,800
C) $44,400
D) $53,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

141) 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:

141) ______

A) $6,400
B) $9,600
C) $4,000
D) $5,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Topic : Cost Classifications for Assigning Costs to Cost Objects
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

142) 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:

142) ______

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:
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

143) 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:
143) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

144) 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:

144) ______

A) $72,000
B) $77,000
C) $11,000
D) $61,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

145) 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:

145) ______

A) $12,500
B) $8,300
C) $7,000
D) $5,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

146) 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:

146) ______

A) $13.60
B) $12.20
C) $14.40
D) $16.90

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

147) 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:

147) ______

A) $54,400
B) $48,800
C) $57,600
D) $67,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

148) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.85	
Direct labor	$ 3.90	
Variable manufacturing overhead	$ 1.45	

Fixed manufacturing overhead		$ 14,500
Sales commissions	$ 1.00	
Variable administrative expense	$ 0.80	
Fixed selling and administrative expense		$ 6,500

If 5,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Brewer 9e Rechecks 2021-10-23

148) ______

A) $17,250
B) $21,750
C) $12,750
D) $31,250

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

149) 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:
Brewer 9e Rechecks 2021-11-02

149) ______

A) $14,600
B) $17,600
C) $11,600
D) $23,600

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

150) 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:

150) ______

A) $5.10
B) $1.80
C) $4.30
D) $8.15

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

151) 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:
151) ______

A) $73,200
B) $69,300
C) $86,400
D) $63,300

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

152) 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:
152) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

153) 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:

153) ______

A) $14.40
B) $15.10
C) $16.90
D) $12.20

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

154) 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:
154) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

155) 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:

155) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

156) 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:

156) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

157) 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:

157) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

158) 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:
Brewer 9e Rechecks 2021-10-23

158) ______

A) $16,300
B) $25,600
C) $19,400
D) $13,200

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

159) 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:

159) ______

A) $9.35
B) $12.60
C) $8.45
D) $5.65

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

160) 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:
160) ______

A) $55,800
B) $63,900
C) $80,700
D) $64,800

Introduction to Managerial Accounting 9th Edition by Brewer 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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

161) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.50	
Direct labor	$ 3.70	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 23,200
Sales commissions	$ 1.70	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,800

If 9,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:
161) ______

A) $13,050
B) $31,440
C) $36,250
D) $23,200

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

162) 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:

162) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

163) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.50	
Direct labor	$ 3.70	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 23,200
Sales commissions	$ 1.70	
Variable administrative expense	$ 0.40	
Fixed selling and administrative expense		$ 4,800

The incremental manufacturing cost that the company will incur if it increases production from 8,000 to 8,001 units is closest to:

163) ______

A) $11.65
B) $14.35
C) $17.25
D) $15.15

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

164) 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:

164) ______

A) $10.65
B) $13.45
C) $16.25
D) $13.95

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

165) 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	$ 81,000
Wages paid to the workers who paint the figurines	$ 89,000
Wages paid to the sales manager's secretary	$ 41,000
Cost of junk mail advertising	$ 58,000

What is the total of the direct costs above?

165) ______

A) $81,000
B) $130,000
C) $170,000
D) $228,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

166) 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?

166) ______

A) $65,000
B) $112,000
C) $155,000
D) $202,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

167) 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 product costs above?

167) ______

A) $0
B) $83,000
C) $146,000
D) $164,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

168) 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?

168) ______

A) $0
B) $69,000
C) $155,000
D) $159,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

169) 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	$ 71,000
Wages paid to the workers who paint the figurines	$ 84,000
Wages paid to the sales manager's secretary	$ 36,000
Cost of junk mail advertising	$ 53,000

What is the total of the conversion costs above?

169) ______

A) $71,000
B) $89,000
C) $84,000
D) $155,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

170) 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?

170) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

171) 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:

171) ______

A) $586,000
B) $50,000
C) $292,000
D) $30,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

172) 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:

172) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

173) 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:

173) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

174) 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:

174) ______

A) $68,000
B) $293,000
C) $291,000
D) $223,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

175) 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:

175) ______

A) $68,000
B) $35,000
C) $516,000
D) $293,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

176) 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:

176) ______

A) $516,000
B) $68,000
C) $293,000
D) $223,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

177) 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:

177) ______

A) $15.00
B) $12.83
C) $13.50
D) $12.15

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

178) 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:

178) ______

A) $128,250
B) $121,500
C) $148,500
D) $135,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

179) 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:

179) ______

A) $180,500
B) $134,500
C) $157,500
D) $146,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

180) 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:

180) ______

A) \$13.65
B) \$10.65
C) \$16.05
D) \$12.05

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

181) 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:

181) ______

A) $53,250
B) $68,250
C) $80,250
D) $60,250

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

182) 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:

182) ______

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

183) 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:

183) ______

A) $13,500
B) $18,000
C) $12,000
D) $15,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

184) 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:
Brewer 9e Rechecks 2021-10-23

184) ______

A) $20,500
B) $23,000
C) $18,000
D) $19,250

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

185) 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:
Brewer 9e Rechecks 2021-10-23

185) ______

A) $18,000
B) $19,250
C) $18,625
D) $20,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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 : 01-03 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
Gradable : automatic

186) 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:

186) ______

A) $9.00
B) $16.00
C) $11.55
D) $13.00

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

187) 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:

187) ______

A) $16.00
B) $14.05
C) $10.45
D) $13.45

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

188) 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:

188) ______

A) $16.55
B) $11.60
C) $12.65
D) $14.60

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

189) 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:

189) ______

A) $93,600
B) $112,450
C) $83,525
D) $75,400

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

190) 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:

190) ______

A) $58,400
B) $66,200
C) $50,600
D) $46,400

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

191) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 6.65	
Direct labor	$ 3.70	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 25,900
Sales commissions	$ 0.65	
Variable administrative expense	$ 0.70	
Fixed selling and administrative expense		$ 4,800

If 7,000 units are produced, the total amount of manufacturing overhead cost is closest to:
Brewer 9e Rechecks 2021-10-23

191) ______

A) $36,050
B) $24,850
C) $26,150
D) $47,250

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

192) 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:
Brewer 9e Rechecks 2021-10-23

192) ______

A) $21,000
B) $14,000
C) $28,000
D) $17,500

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

193) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 7.20	
Direct labor	$ 4.00	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 18,500
Sales commissions	$ 0.65	
Variable administrative expense	$ 0.75	
Fixed selling and administrative expense		$ 7,200

If the selling price is $21.80 per unit, the contribution margin per unit sold is closest to:

193) ______

A) $4.30
B) $6.30
C) $7.75
D) $10.60

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

194) 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:

194) ______

A) $4.05
B) $6.00
C) $7.95
D) $10.50

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

195) 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:

195) ______

A) $187,000
B) $112,000
C) $136,000
D) $140,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

196) 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:

196) ______

A) $136,000
B) $60,000
C) $105,000
D) $112,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

197) 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:

197) ______

A) $116,000
B) $79,000
C) $87,000
D) $129,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

198) 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:

198) ______

A) $79,000
B) $59,000
C) $67,000
D) $87,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

199) 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:

199) ______

A) $16.75
B) $12.85
C) $11.90
D) $14.70

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

200) 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:

200) ______

A) $67,000
B) $47,600
C) $51,400
D) $58,800

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

201) 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:

201) ______

A) $43,400
B) $55,400
C) $59,400
D) $12,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

202) 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:

202) ______

A) $7,700
B) $11,600
C) $3,600
D) $8,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

203) 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:

203) ______

A) $46,200
B) $38,200
C) $8,000
D) $50,200

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

204) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.30	
Direct labor	$ 4.00	
Variable manufacturing overhead	$ 1.45	
Fixed manufacturing overhead		$ 8,500
Sales commissions	$ 1.90	
Variable administrative expense	$ 0.35	
Fixed selling and administrative expense		$ 7,200

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

204) ______

A) $18,450
B) $11,250
C) $7,200
D) $8,500

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

205) 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:

205) ______

A) $12,200
B) $7,800
C) $4,400
D) $8,100

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

206) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 4.65	
Direct labor	$ 3.50	
Variable manufacturing overhead	$ 1.35	
Fixed manufacturing overhead		$ 14,400
Sales commissions	$ 1.50	
Variable administrative expense	$ 0.45	
Fixed selling and administrative expense		$ 6,300

If 7,000 units are sold, the variable cost per unit sold is closest to:

206) ______

A) $15.01
B) $11.45
C) $9.50
D) $11.65

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

207) 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:

207) ______

A) $14.60
B) $11.50
C) $9.55
D) $11.55

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

208) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	$ 5.25	
Direct labor	$ 3.90	
Variable manufacturing overhead	$ 1.40	
Fixed manufacturing overhead		$ 7,200
Sales commissions	$ 1.80	
Variable administrative expense	$ 0.30	
Fixed selling and administrative expense		$ 6,600

If 4,500 units are sold, the total variable cost is closest to:

208) ______

A) $47,475
B) $72,225
C) $56,925
D) $57,150

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

209) 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:

209) ______

A) $47,750
B) $73,000
C) $57,500
D) $57,750

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

210) 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:

210) ______

A) $81,000
B) $188,550
C) $107,550
D) $197,550

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

211) 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:

211) ______

A) $35,700
B) $9,000
C) $53,550
D) $44,550

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

212) 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:

212) ______

A) a variable cost
B) a fixed cost
C) a product cost
D) an opportunity cost

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Question Details
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

213) 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:

213) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

214) 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:

214) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

215) 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:

215) ______

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
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

216) 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:
216) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

217) 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.)

217) ______

A) $725,680
B) $733,400
C) $749,172
D) $717,960

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

218) 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.)

218) ______

A) $19.30
B) $19.66
C) $19.72
D) $19.48

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
null : Question Focus: Qualitative
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

219) 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.)**

219) ______

A) $442,545
B) $452,500
C) $473,326
D) $432,590

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

220) 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.)
220) ______

A) $18.93
B) $18.00
C) $17.89
D) $18.10

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Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

221) 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:

221) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

222) 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:

222) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

223) 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:

223) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

224) 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:

224) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

225) At a sales volume of 32,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $620,800.

To the nearest whole dollar, what should be the total sales commissions at a sales volume of 30,100 units? (Assume that this sales volume is within the relevant range.) **(Round intermediate calculations to 2 decimal places.)**

225) ______

A) $602,370
B) $620,800
C) $583,940
D) $659,987

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

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226) 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.)**

226) ______

A) $126,720
B) $132,000
C) $121,440
D) $143,478

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

227) At a sales volume of 37,500 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $611,250.

To the nearest whole cent, what should be the average sales commission per unit at a sales volume of 40,500 units? (Assume that this sales volume is within the relevant range.)

227) ______

A) $16.30
B) $16.09
C) $16.98
D) $15.09

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

228) 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.)

228) ______

A) $6.60
B) $6.87
C) $7.17
D) $7.14

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Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

229) 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:

229) ______

A) $13.00
B) $10.60
C) $12.10
D) $15.40

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Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

230) 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:

230) ______

A) $53,000
B) $65,000
C) $60,500
D) $77,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

231) 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.)

231) ______

A) $712,140
B) $697,200
C) $727,080
D) $668,548

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

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232) 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.)

232) ______

A) $25.66
B) $24.90
C) $23.88
D) $26.41

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

233) 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.)**

233) ______

A) $137,020
B) $131,750
C) $162,950
D) $32,448

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

234) 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.

234) ______

A) $6.24
B) $6.00
C) $14.94
D) $32.59

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Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

235) 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.)**

235) ______

A) $758,520
B) $403,248
C) $390,240
D) $380,556

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

236) 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.

236) ______

A) $40.92
B) $84.28
C) $39.60
D) $54.93

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

237) 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:

237) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

238) 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.)**

238) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

239) Erkkila Incorporated reports that at an activity level of 6,500 machine-hours in a month, its total variable inspection cost is $426,080 and its total fixed inspection cost is $183,872.
What would be the average fixed inspection cost per unit at an activity level of 6,800 machine-hours in a month? Assume that this level of activity is within the relevant range.

239) ______

A) $93.84
B) $28.29
C) $38.51
D) $27.04

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Type : Algorithmic
Gradable : automatic

240) 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.

240) ______

A) $37.58
B) $4.32
C) $15.23
D) $3.78

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

241) 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.)**

241) ______

A) $78,918
B) $69,846
C) $79,824
D) $10,368

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

242) 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	$ 4.70
Direct labor	$ 4.40
Variable manufacturing overhead	$ 1.50
Fixed manufacturing overhead	$ 10.00
Fixed selling expense	$ 3.30
Fixed administrative expense	$ 1.90
Sales commissions	$ 0.90
Variable administrative expense	$ 0.85

If the selling price is $25.00 per unit, the contribution margin per unit sold is closest to:

242) ______

A) $12.65
B) ($2.55)
C) $4.40
D) $15.90

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

243) 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:

243) ______

A) $13.45
B) ($0.50)
C) $5.40
D) $15.95

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

244) 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:

244) ______

A) $10.60
B) $22.75
C) $19.60
D) $25.50

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : automatic

245) 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:

245) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

246) 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:

246) ______

A) $30,000
B) $180,000
C) $140,000
D) $0

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

247) 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:

247) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

248) 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

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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:

248) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

249) 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	$ 880,000
Cost of goods sold	540,000
Gross margin	340,000

Selling and administrative expenses		
Selling	$ 115,000	
Administrative	134,000	249,000
Net operating income		$ 91,000

On average, a book sells for $55. Variable selling expenses are $6 per book with the remaining selling expenses being fixed. The variable administrative expenses are 5% of sales with the remainder being fixed.
The contribution margin for Sam's Bookstore for the first quarter is:

249) ______

A) $244,000
B) $740,000
C) $200,000
D) $680,000

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

250) 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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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:

250) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

251) 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 net operating income using the contribution approach for the first quarter is:

251) ______

A) $350,000
B) $294,000
C) $266,700
D) $89,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

252) 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:

252) ______

A) $270,000
B) $180,000
C) $144,000
D) $66,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

253) 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		$ 980,000
Cost of goods sold		680,000
Gross margin		300,000
Selling and administrative expenses		
Selling	$ 110,000	
Administrative	124,000	234,000
Net operating income		$ 66,000

On average, a book sells for $70. 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:

253) ______

A) Y = $95,400 + $4.00X
B) Y = $95,400 + $6.10X
C) Y = $148,600 + $6.10X
D) Y = $148,600 + $8.20X

Question Details
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

254) 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:

254) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

255) 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:

255) ______

A) $300,000
B) $160,000
C) $860,000
D) $58,000

Question Details
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Learning Objective : 01-04 Understand cost classifications used to predict cost behavior: variable co
AACSB : Analytical Thinking
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

256) 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:

256) ______

A) $95,000
B) $5,000
C) $77,000
D) $18,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

257) 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:

257) ______

A) $545,000
B) $450,000
C) $527,000
D) $532,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

258) 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:

258) ______

A) $545,000
B) $450,000
C) $532,000
D) $527,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

259) 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:

259) ______

A) $503,000
B) $471,000
C) $511,000
D) $479,000

Question Details
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

260) 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:

260) ______

A) $348,000
B) $340,000
C) $360,000
D) $411,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

261) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $502,000 or a new model 220 machine costing $443,000 to replace a machine that was purchased 11 years ago for $470,000. 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 $443,000 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:

261) ______

A) $59,000
B) $27,000
C) $32,000
D) $17,000

Question Details
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

262) 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:

262) ______

A) $20,000
B) $8,000
C) $12,000
D) $63,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

263) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $531,000 or a new model 220 machine costing $444,000 to replace a machine that was purchased 10 years ago for $477,000. 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 $444,000 in the new machine, the money could be invested in a project that would return a total of $458,000.

In making the decision to invest in the model 220 machine, the opportunity cost was:

263) ______

A) $477,000
B) $444,000
C) $531,000
D) $458,000

Question Details
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Type : Algorithmic
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

264) 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:

264) ______

A) $348,000
B) $340,000
C) $360,000
D) $411,000

Question Details
AICPA : BB Critical Thinking
Type : Static
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
AACSB : Analytical Thinking
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

265) Bolka Corporation, a merchandising company, reported the following results for October:

Sales	$ 444,000
Cost of goods sold (all variable)	$ 177,500
Total variable selling expense	$ 22,400
Total fixed selling expense	$ 24,100
Total variable administrative expense	$ 10,500
Total fixed administrative expense	$ 32,900

The gross margin for October is:

265) ______

A) $233,600
B) $266,500
C) $176,600
D) $387,000

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

266) 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:

266) ______

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

267) Bolka Corporation, a merchandising company, reported the following results for October:

Sales	$ 490,000
Cost of goods sold (all variable)	$ 169,700
Total variable selling expense	$ 24,200
Total fixed selling expense	$ 21,700
Total variable administrative expense	$ 13,200
Total fixed administrative expense	$ 33,600

The contribution margin for October is:

267) ______

A) $282,900
B) $434,700
C) $320,300
D) $227,600

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

268) 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:

268) ______

A) $1,424,500
B) $3,191,400
C) $1,901,900
D) $996,900

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

269) 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:

269) ______

A) $128,000
B) $181,000
C) $122,000
D) $134,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

270) 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:

270) ______

A) $132,000
B) $126,000
C) $85,000
D) $79,000

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

271) 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:

271) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

272) 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:

272) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

273) 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:

273) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

274) 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:

274) ______

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
Topic : Using Different Cost Classifications for Different Purposes
Learning Objective : 01-06 Prepare income statements for a merchandising company using the traditiona
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : automatic

275) 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:

275) ______

A) $530,400
B) $227,700
C) $1,252,800
D) $362,100

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

276) 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:

276) ______

A) $530,400
B) $227,700
C) $362,100
D) $1,421,100

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

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

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

277) 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.

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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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Bloom's : Apply
null : Question Focus: Quantitative
Gradable : manual

278) 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?
Brewer 9e Rechecks 2021-10-23

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : manual

279) 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?
Brewer 9e Rechecks 2021-10-23

Introduction to Managerial Accounting 9th Edition by Brewer CH01B

Question Details
Difficulty : 2 Medium
AICPA : BB Critical Thinking
Type : Static
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : manual

280) 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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : manual

281) 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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : manual

282) 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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : manual

283) 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 customer at a chemical plant	Bags shipped

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
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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
Gradable : manual

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Answer Key

Test name: CH01B

1) C
2) A
3) C
4) B
5) B
6) B
7) C
8) A
9) C
10) B
11) C
12) D
13) C
14) B
15) D
16) C
17) A
18) C
19) D
20) D
21) B
22) A
23) C
24) B
25) C

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26) D
27) C
28) D
29) A
30) A
31) A
32) C
33) D
34) B
35) C
36) C
37) B
38) B
39) A
40) C
41) B
42) A
43) C
44) C
45) B
46) A
47) A
48) A
49) B
50) A
51) B
52) B
53) A
54) D
55) B

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56) D

57) D

58) B

59) B

60) A

61) B

62) C

63) A

64) A

65) C

66) B

67) D

68) B

69) C

70) D

71) C

72) B

73) B

74) B

75) 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

76) 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

77) 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

78) 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.

79) A

Conversion cost = Direct labor + Manufacturing overhead = $36,200 + $23,800 = $60,000

80) C

Conversion cost = Direct labor + Manufacturing overhead = $13,000 + $46,000 = $59,000

81) A

Manufacturing overhead = 0.30 × Conversion cost

Direct labor = $100,100

Conversion cost = Direct labor + Manufacturing overhead

Conversion cost = $100,100 + Manufacturing overhead

Conversion cost = $100,100 + (0.30 × Conversion cost)

0.70 × Conversion cost = $100,100

Conversion cost = $100,100 ÷ 0.70 = $143,000

Manufacturing overhead = 0.30 × Conversion cost

Manufacturing overhead = 0.30 × $143,000 = $42,900

82) 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

83) D

Direct labor cost = $11,515

Direct labor cost = 0.35 × Prime cost

Total manufacturing cost = $82,600

Direct labor cost = 0.35 × Prime cost

Prime cost = Direct labor cost ÷ 0.35

Prime cost = $11,515 ÷ 0.35 = $32,900

Total manufacturing cost = Prime cost + Manufacturing overhead cost

$82,600 = $32,900 + Manufacturing overhead cost

Manufacturing overhead cost = $49,700

84) 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

85) B

Direct labor = 0.40 × Conversion cost

Manufacturing overhead = $75,000

Conversion cost = Direct labor + Manufacturing overhead

Conversion cost = Direct labor + $75,000

Conversion cost = (0.40 × Conversion cost) + $75,000

0.60 × Conversion cost = $75,000

Conversion cost = $75,000 ÷ 0.60

Conversion cost = $125,000

Direct labor = 0.40 × Conversion cost = 0.40 × $125,000 = $50,000

86) 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

87) C

Prime cost = Direct materials + Direct labor

= $39,900 + $30,300 = $70,200

88) D

Prime cost = Direct materials + Direct labor

= $33,000 + $13,000 = $46,000

89) 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

90) 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.

91) 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.

92) D

Annual insurance expense = $5,490 ÷ 3 = $1,830

Portion applicable to product cost = 0.70 × $1,830 = $1,281

Portion applicable to period cost = 0.30 × $1,830 = $549

93) 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

94) 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	

95) 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

96) 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

97) 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 (\$13.50 per unit × 9,000 units produced)	121,500
Total product (manufacturing) cost	\$ 227,700

98) 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

99) A

Y = $5,300 + ($0.60 per unit × X)
= $5,300 + ($0.60 per unit × 8,000 hours)
= $5,300 + $4,800
= $10,100

100) C

Variable cost per machine-hour = $732,480 ÷ 8,400 machine-hours = $87.20 per machine-hour

Fixed cost per machine-hour at 8,800 machine-hours = $180,400 ÷ 8,800 machine-hours = $20.50 per machine-hour

Total cost = Variable cost + Fixed cost
= $87.20 per machine-hour + $20.50 per machine-hour
= $107.70 per machine-hour

101) 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

102) A

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.

103) 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

104) C

Y = $16,000 + ($3.40 per unit × X)

= $16,000 + ($3.40 per unit × 4,000 units)

= $16,000 + $13,600

= $29,600

105) 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

106) B

Y = $23,000 + ($8 per unit × 7,000 units)

Y = $23,000 + $56,000

Y = $79,000

107) 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

108) 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

109) D

Direct materials	$ 6.35
Direct labor	3.25
Variable manufacturing overhead	1.25
Sales commissions	1.15
Variable administrative expense	0.65
Variable cost per unit sold	$ 12.65

110) 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

111) D

Fixed manufacturing overhead per unit	$ 2.50
Number of units produced*	7,600
Total fixed manufacturing overhead cost	$ 19,000

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 7,600 units.

112) 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.

113) 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

114) 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

115) 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.

116) A

Selling price per unit		$ 28.10
Direct materials	$ 7.50	
Direct labor	3.85	
Variable manufacturing overhead	1.55	
Sales commissions	1.05	
Variable administrative expense	0.60	
Variable cost per unit sold		14.55
Contribution margin per unit		$ 13.55

117) 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

118) D

Selling price per unit		$ 24.00
Direct materials	$ 4.70	

Direct labor	3.15	
Variable manufacturing overhead	1.15	
Sales commissions	1.05	
Variable administrative expense	0.55	
Variable cost per unit sold		10.60
Contribution margin per unit		$ 13.40

119) 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

120) B

Direct materials	$ 7.50
Direct labor	3.85
Variable manufacturing overhead	1.55
Incremental manufacturing cost	$ 12.90

121) B

Direct materials	$ 7.10
Direct labor	3.95
Variable manufacturing overhead	1.75
Incremental manufacturing cost	$ 12.80

122) B

Direct materials	$ 6.75

Direct labor	3.20
Variable manufacturing overhead	1.80
Incremental manufacturing cost	$ 11.75

123) B

Direct materials	$ 6.05
Direct labor	3.05
Variable manufacturing overhead	1.70
Incremental manufacturing cost	$ 10.80

124) C

Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory

$63,200 = $19,100 + Purchases − $24,600

Purchases = $63,200 − $19,100 + $24,600 = $68,700

125) 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

126) D

Cost of goods sold = Beginning merchandise inventory + Purchases − Ending merchandise inventory = $13,000 + $63,000 − $15,000 = $61,000

127) B

Direct costs of the Cosmetics Department = Cosmetics Department sales commissions + Cosmetics Department cost of sales + Cosmetics Department manager's salary = $5,680 + $38,700 + $4,460 = $48,840

128) 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

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129) A

Costs that are not direct costs of the Northridge Store = Corporate headquarters building lease + Corporate legal office salaries + Central warehouse lease cost = $85,600 + $66,500 + $8,100 = $160,200

130) 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

131) 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

132) 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

133) A

Direct materials	$ 7.15
Direct labor	3.40
Variable manufacturing overhead	1.95
Variable manufacturing cost per unit	$ 12.50
Total variable manufacturing cost ($12.50 per unit × 6,000 units produced)	$ 75,000
Total fixed manufacturing overhead cost ($3.20 per unit × 6,000 units produced)	19,200
Total product (manufacturing) cost	$ 94,200

134) 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

135) 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

136) A

Direct materials	$ 6.70
Direct labor	3.80
Direct manufacturing cost per unit (a)	$ 10.50
Number of units produced (b)	5,800
Total direct manufacturing cost (a) × (b)	$ 60,900

137) 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

138) C

Total variable manufacturing overhead cost ($1.50 per unit × 2,600 units)	$ 3,900
Total fixed manufacturing overhead cost ($3.00 per unit × 3,600 units*)	10,800
Total indirect manufacturing cost	$ 14,700

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 3,600 units.

139) 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.

140) 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

141) 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

142) 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

143) 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

144) 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

145) 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

146) 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

147) 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

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148) B

Total variable manufacturing overhead cost ($1.45 per unit ×5,000 units)	$ 7,250
Total fixed manufacturing overhead cost	14,500
Total manufacturing overhead cost	$ 21,750

149) 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

150) 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

151) 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

152) 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

153) D

Direct materials	$ 7.05
Direct labor	3.50
Variable manufacturing overhead	1.65
Incremental manufacturing cost	$ 12.20

154) 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

155) 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

156) 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

157) 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.

158) 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

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159) 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

160) 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

161) C

Total variable manufacturing overhead cost ($1.45 per unit × 9,000 units)	$ 13,050
Total fixed manufacturing overhead cost	23,200
Total indirect manufacturing cost	$ 36,250

162) 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

163) A

Direct materials	$ 6.50
Direct labor	3.70
Variable manufacturing overhead	1.45
Incremental manufacturing cost	$ 11.65

164) A

Direct materials	$ 6.20
Direct labor	3.10
Variable manufacturing overhead	1.35
Incremental manufacturing cost	$ 10.65

165) C

Direct costs include the cost of clay used in production and the wages paid to the workers who paint the figurines. $81,000 + $89,000 = $170,000

166) 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

167) C

Product 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

168) 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

169) C

Conversion costs include only the wages paid to the workers who paint the figurines.

170) C

Conversion costs include only the wages paid to the workers who paint the figurines.

171) B

Manufacturing overhead includes: Utilities, factory; Indirect labor; and Depreciation of production equipment. $5,000 + $25,000 + $20,000 = $50,000

172) 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

173) A

Period costs include: Administrative salaries; Sales commissions; Depreciation of administrative equipment; and Advertising. $81,000 + $48,000 + $30,000 + $135,000 = $294,000

174) 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

175) A

Manufacturing overhead costs include factory supplies, factory depreciation, and indirect labor. $9,000 + $33,000 + $26,000 = $68,000

176) 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

177) 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.

178) 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.

179) 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.

180) 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

181) 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

182) 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.

183) 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.

184) 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.

185) 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

186) 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

187) C

Direct materials	$ 6.20
Direct labor	2.80
Variable manufacturing overhead	1.45
Incremental manufacturing cost	$ 10.45

188) 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

189) 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

190) 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

191) A

Total variable manufacturing overhead cost ($1.45 per unit × 7,000 units)	$ 10,150
Total fixed manufacturing overhead cost	25,900
Total manufacturing overhead cost	$36,050

192) 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

193) C

Selling price per unit		$ 21.80
Direct materials	$ 7.20	
Direct labor	4.00	
Variable manufacturing overhead	1.45	
Sales commissions	0.65	
Variable administrative expense	0.75	
Variable cost per unit sold		14.05
Contribution margin per unit		$ 7.75

194) 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

195) C

Conversion cost = Direct labor + Manufacturing overhead = $54,000 + $82,000 = $136,000

196) C

Prime cost = Direct materials + Direct labor = $51,000 + $54,000 = $105,000

197) C

Conversion cost = Direct labor + Manufacturing overhead = $25,000 + $62,000 = $87,000

198) C

Prime cost = Direct materials + Direct labor = $42,000 + $25,000 = $67,000

199) 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

200) 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

201) 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

202) 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

203) 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

204) A

Sales commissions	$ 1.90
Variable administrative expense	0.35

Variable selling and administrative expense per unit	$ 2.25
Total variable selling and administrative expense ($2.25 per unit × 5,000 units sold)	$ 11,250
Total fixed selling and administrative expense	7,200
Total period (nonmanufacturing) cost	$ 18,450

205) 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

206) B

Direct materials	$ 4.65
Direct labor	3.50
Variable manufacturing overhead	1.35
Sales commissions	1.50
Variable administrative expense	0.45
Variable cost per unit sold	$ 11.45

207) 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

208) C

Direct materials	$ 5.25
Direct labor	3.90
Variable manufacturing overhead	1.40
Sales commissions	1.80
Variable administrative expense	0.30
Variable cost per unit sold	$ 12.65

Variable cost per unit sold (a)	$ 12.65
Number of units sold (b)	4,500
Total variable costs (a) × (b)	$ 56,925

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209) 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

210) 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

211) 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

212) D

213) B

214) D

215) C

216) A

217) B

$733,400; A fixed cost is constant in total within the relevant range.

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218) B

Average property tax per unit = Total property tax ÷ Unit sales = \$733,400 ÷ 37,300 units = \$19.66 per unit.

219) 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

220) 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.

221) C

222) B

223) A

224) D

225) C

Sales commission per unit = Total sales commissions ÷ Unit sales = \$620,800 ÷ 32,000 = \$19.40
Total sales commission = Sales commission per unit × Unit sales = \$19.40 × 30,100 = \$583,940

226) 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

227) A

Sales commission per unit = Total sales commissions ÷ Unit sales = \$611,250 ÷ 37,500 = \$16.30

The average sales commission per unit is constant within the relevant range.

228) 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.

229) 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

230) 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

231) B

\$697,200; A fixed cost is constant in total within the relevant range.

232) D

Average lease cost per unit = Total lease cost ÷ Unit sales

= \$697,200 ÷ 26,400 units

= \$26.41 per unit

233) 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

234) B

Average fixed cost per unit = Total fixed cost ÷ Total activity

= $31,200 ÷ 5,200 units

= $6.00 per unit

235) 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

236) C

Average fixed maintenance cost = Total fixed maintenance cost ÷ Total activity = $368,280 ÷ 9,300 machine-hours = $39.60 per machine-hour

237) 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

238) 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

239) D

Average fixed inspection cost = Total fixed inspection cost ÷ Total activity

= $183,872 ÷ 6,800 machine-hours

= $27.04 per machine-hour

240) D

Average fixed inspection cost = Total fixed inspection cost ÷ Total activity

= $9,072 ÷ 2,400 machine-hours

= $3.78 per machine-hour

241) 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

242) A

Selling price per unit		$ 25.00
Direct materials	$ 4.70	
Direct labor	4.40	

Variable manufacturing overhead	1.50	
Sales commissions	0.90	
Variable administrative expense	0.85	
Variable cost per unit sold		12.35
Contribution margin per unit		$ 12.65

243) 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

244) A

Direct materials	$ 4.85
Direct labor	4.20
Variable manufacturing overhead	1.55
Incremental manufacturing cost	$ 10.60

245) 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

246) 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

247) 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

248) 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

249) C

Unit sales = $880,000 ÷ $55 per book = 16,000 books

Sales		$ 880,000
Variable expenses:		
Cost of goods sold	$ 540,000	
Variable selling ($6 per book × 16,000 books)	96,000	
Variable administrative (5% of $880,000)	44,000	680,000
Contribution margin		$ 200,000

250) 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

251) D

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 + (3% of \$910,000)

\$142,000 = Fixed administrative expenses + \$27,300

Fixed administrative expenses = \$142,000 − \$27,300 = \$114,700

Sales		\$ 910,000
Variable expenses:		
Cost of goods sold	\$ 560,000	
Variable selling (\$4 per book × 14,000 books)	56,000	
Variable administrative (3% of \$910,000)	27,300	643,300
Contribution margin		\$ 266,700
Fixed expenses:		
Fixed selling	63,000	
Fixed administrative	114,700	177,700
Net operating income		\$ 89,000

252) 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

253) C

Unit sales = $980,000 ÷ $70 per book = 14,000 books

Selling expenses = Fixed selling expenses + ($4 per book × 14,000 books)

$110,000 = Fixed selling expenses + $56,000

Fixed selling expenses = $110,000 − $56,000 = $54,000

Administrative expenses = Fixed administrative expenses + (0.03 × $980,000)

$124,000 = Fixed administrative expenses + $29,400

Fixed administrative expenses = $124,000 − $29,400 = $94,600

Variable administrative expense per unit = 0.03 × $70 per book = $2.10 per book

Y = ($54,000 + $94,600) + ($4 + $2.10) X

Y = $148,600 + $6.10X

254) 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

255) 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

256) A

Differential cost = $545,000 − $450,000 = $95,000

257) C

Sunk cost = Cost of old machine = $527,000

258) C

Opportunity cost = Return from alternative investment = $532,000

259) A

Sunk cost = Cost of old machine = $503,000

260) A

Sunk cost = Cost of old machine = $348,000

261) A

Differential cost = $502,000 − $443,000 = $59,000

262) A

Differential cost = $360,000 − $340,000 = $20,000

263) D

Opportunity cost = Return from alternative investment = $458,000

264) D

Opportunity cost = Return from alternative investment = $411,000

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265) B

Sales	$ 444,000
Cost of goods sold	177,500
Gross margin	$ 266,500

266) B

Sales	$ 4,096,400
Cost of goods sold	2,194,500
Gross margin	$ 1,901,900

267) A

Sales		$ 490,000
Variable expenses:		
Cost of goods sold	$ 169,700	
Variable selling expense	24,200	
Variable administrative expense	13,200	207,100
Contribution margin		$ 282,900

268) 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

269) C

Cost of goods sold = Beginning merchandise inventory + Purchases of merchandise inventory − Ending merchandise inventory

= $46,000 + $128,000 − $52,000

= $122,000

270) C

Net operating income = Sales − Cost of goods sold − Selling and administrative expenses

= \$260,000 − \$122,000 − (\$13,000 + \$40,000)

= \$85,000

271) 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

272) 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

273) 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

274) 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

275) 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

276) A

Sales	$ 1,555,500
Cost of goods sold	1,025,100
Gross margin	$ 530,400

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277) 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

278) 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

279) 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

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280) 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

281) 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

282) 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

283) 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