

## 成本與管理會計題庫

章節	題號	題 目	答案
Ch1	1	Managers use management accounting information to: A) help external users such as investors, banks, regulators, and suppliers B) communicate, develop, and implement strategies C) communicate a firm's financial position to investors, banks, regulators, and other outside parties D) ensure that financial statements are consistent with the SEC rules	B
Ch1	2	Which of the following statements about customer value is true? A) Customer value is shown in a corporation's balance sheet. B) Creating value for customers is an important part of planning and implementing strategy. C) Customer value is the only focus that helps managers to formulate strategies. D) Customer value is lost with increase in costs of the product.	B
Ch1	3	Financial accounting is concerned primarily with: A) external reporting to investors, creditors, and government authorities B) cost planning and cost controls C) product design and marketing strategies D) providing information for strategic and tactical decisions	A
Ch1	4	_____ is the detailed planning and engineering and testing of products, services, or processes. A) Plan of implementation      B) Design C) Production                      D) Research and development	B
Ch1	5	Which of the tools shown below would be the most effective planning tool? A) performance evaluation report      B) fishbone diagram C) control chart                              D) budget	D
Ch2	6	Which of the following factors affect the direct/indirect classification of a cost? A) the level of budgeted profit for the next year B) the estimation of time required to complete the order C) the ability to execute an order in the most cost-efficient manner D) the design where a particular area is dedicated to a specific cost object	D
Ch2	7	A manufacturing plant produces two product lines: golf equipment and soccer equipment. An example of a direct cost for the golf equipment line is: A) beverages provided daily in the plant break room for the entire staff B) monthly lease payments for a specialized piece of equipment needed to manufacture the golf driver C) salaries of the clerical staff that work in the company administrative offices D) overheads incurred in producing both golf and soccer equipment	B
Ch2	8	A manufacturing plant produces two product lines: golf equipment and soccer equipment. An example of indirect cost for the soccer equipment line is the: A) material used to make the soccer balls B) labor to shape the leather used to make the soccer ball C) material used to manufacture the soccer studs D) property taxes paid on the land and building plant	D
Ch2	9	Which of the following statements is true? A) A direct cost of one cost object will always be a direct cost of another cost object. B) Because of a cost-benefit tradeoff, some direct costs may be treated as indirect costs. C) All fixed costs are indirect costs.	B

		D) All direct costs are variable costs.	
Ch2	10	Which of the following is true if the production volume decreases? A) fixed cost per unit increases B) average cost per unit decreases C) variable cost per unit increases D) variable cost per unit decreases	A
Ch2	11	Within the relevant range, if there is a change in the level of the cost driver, then: A) total fixed costs and total variable costs will change B) total fixed costs and total variable costs will remain the same C) total fixed costs will remain the same and total variable costs will change D) total fixed costs will change and total variable costs will remain the same	C
Ch2	12	The East Company manufactures several different products. Unit costs associated with Product ORD105 are as follows: <i>Direct materials</i> \$92 <i>Direct manufacturing labor</i> 32 <i>Variable manufacturing overhead</i> 12 <i>Fixed manufacturing overhead</i> 32 <i>Sales commissions (2% of sales)</i> 26 <i>Administrative salaries</i> 6 <i>Total</i> <u>\$200</u> What is the percentage of the total variable costs per unit associated with Product ORD105 with respect to total cost? A) 81%    B) 68%    C) 84%    D) 71%	A
Ch2	13	When 25,000 units are produced, fixed costs are \$21.00 per unit. Therefore, when 20,000 units are produced, fixed costs will: A) increase to \$26.25 per unit    B) remain at \$21.00 per unit C) decrease to \$16.80 per unit    D) total \$420,000	A
Ch2	14	Atlas Manufacturing produces a unique valve, and has the capacity to produce 50,000 valves annually. Currently Atlas produces 40,000 valves and is thinking about increasing production to 45,000 valves next year. What is the most likely behavior of total manufacturing costs and unit manufacturing costs given this change? A) Total manufacturing costs will increase and unit manufacturing costs will stay the same. B) Total manufacturing costs will increase and unit manufacturing costs will decrease. C) Total manufacturing costs will stay the same and unit manufacturing costs will stay the same. D) Total manufacturing costs will increase and unit manufacturing costs will also increase.	B
Ch2	15	Which of the following is NOT reported on the income statement of a manufacturing firm? A) cost of goods sold B) administrative and selling expenses C) work in progress D) marketing and distribution costs	C
Ch3	16	Generation X Fashions Inc. sells 400 units resulting in \$8,000 of sales revenue, \$4,000 of variable costs, and \$1,500 of fixed costs. Contribution margin per unit is: (Round the final answer to the nearest cent.) A) \$23.75    B) \$20.00    C) \$10.00    D) \$6.25	C
Ch3	17	The contribution income statement highlights: A) gross margin B) the segregation of costs into period costs and inventoriable costs C) different product lines	D

		D) variable and fixed costs	
Ch3	18	SaleCo sells 8,200 units resulting in \$100,000 of sales revenue, \$35,000 of variable costs, and \$55,000 of fixed costs. The contribution margin percentage is: A) 45%      B) 65%      C) 10%      D) 35%	B
Ch3	19	Sparkle Jewelry sells 500 units resulting in \$80,000 of sales revenue, \$30,000 of variable costs, and \$26,000 of fixed costs. Breakeven point in units is: A) 300 units      B) 540 units      C) 560 units      D) 260 units	D
Ch3	20	Slickware sells porcelain cups. The breakeven point is 5,000 units. The variable cost per unit is \$21 and the fixed costs are \$20,000. What is the selling price? A) \$25      B) \$42      C) \$46      D) \$29	A
Ch3	21	Ruben is a travel agent. He intends to sell his customers a special round-trip airline ticket package. He is able to purchase the package from the airline for \$170 each. The round-trip tickets will be sold for \$240 each and the airline intends to reimburse Ruben for any unsold ticket packages. Fixed costs include \$5,500 in advertising costs. How many ticket packages will Ruben need to sell in order to achieve \$80,000 of operating income? (Round the final calculation up to the next whole number.) A) 79 packages      B) 1,143 packages C) 357 packages      D) 1,222 packages	D
Ch3	22	All else being equal, a reduction in selling price will: A) increase contribution margin B) reduce fixed costs C) increase variable costs D) reduce operating income	D
Ch4	23	_____ is the process of assigning indirect costs to products. A) Cost allocation      B) Job cost recording C) Cost pooling      D) Cost tracing	A
Ch4	24	Job costing: A) cannot be used by the service industry B) records the flow of costs for each product or service C) allocates an equal amount of cost to each unit made during a time period D) is used when each unit of output is identical	B
Ch4	25	An example of a denominator reason for calculating annual indirect-cost rates includes: A) budgeted annual indirect costs divided by actual quantity of cost-allocation base B) semi-annual insurance payments in March and September C) higher levels of output demanded during the fall months D) prepaid rent in January for the months January through June	C
Ch4	26	X-Industries manufactures 3-D printers. For each unit, \$3,100 of direct material is used and there is \$2,500 of direct manufacturing labor at \$25 per hour. Manufacturing overhead is applied at \$30 per direct manufacturing labor hour. Calculate the profit earned on 45 units if each unit sells for \$10,000. A) \$104,250      B) \$81,750      C) \$63,000      D) \$3,000	C
Ch4	27	Which of the following statements about normal costing is true? A) Direct costs and indirect costs are traced using an actual rate. B) Direct costs and indirect costs are traced using budgeted rates. C) Direct costs are traced using a budgeted rate, and indirect costs are allocated using an actual rate. D) Direct costs are traced using an actual rate, and indirect costs are allocated using a budgeted rate.	D
Ch4	28	In a normal costing system, the Manufacturing Overhead Control account:	D

		A) is increased by allocated manufacturing overhead B) is credited with amounts transferred to Work-in-Process C) is decreased by allocated manufacturing overhead D) is debited with actual overhead costs															
Ch4	29	Which of the following increases (are debited to) the Work-in-Process Control account? A) actual plant insurance costs      B) customer services costs C) marketing expenses                      D) direct manufacturing labor costs	D														
Ch4	30	Franklin Inc. manufactures pipes and applies manufacturing overhead costs to production at a budgeted indirect-cost rate of \$15 per direct labor-hour. The following data are obtained from the accounting records for June 2020: <table style="margin-left: 40px; border: none;"> <tr> <td>Direct materials</td> <td style="text-align: right;">\$100,000</td> </tr> <tr> <td>Direct labor (4,700 hours @ \$12/hour)</td> <td style="text-align: right;">56,400</td> </tr> <tr> <td>Indirect labor</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Plant facility rent</td> <td style="text-align: right;">26,000</td> </tr> <tr> <td>Depreciation on plant machinery and equipment</td> <td style="text-align: right;">25,000</td> </tr> <tr> <td>Sales commissions</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Administrative expenses</td> <td style="text-align: right;">39,000</td> </tr> </table> For June 2020, manufacturing overhead is: A) overallocated by \$9,500                  B) underallocated by \$29,500 C) overallocated by \$29,500                D) underallocated by \$9,500	Direct materials	\$100,000	Direct labor (4,700 hours @ \$12/hour)	56,400	Indirect labor	10,000	Plant facility rent	26,000	Depreciation on plant machinery and equipment	25,000	Sales commissions	20,000	Administrative expenses	39,000	A
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Ch5	31	Overcosting a particular product may result in: A) pricing the product too high B) pricing the product too low C) operating efficiencies D) understating total product costs	A														
Ch5	32	Which of the following is a reason that has accelerated the demand for refinements to the costing system? A) The declining demand for customized products has led managers to decrease the variety of products and services their companies offer. B) The use of product and process technology has led to an increase in indirect costs and a decrease in direct costs. C) The increased of automated processes has led to the increase in direct manufacturing cost leading to a decrease in break-even point. D) The increasing competition in product markets has led to an increase in contribution margin resulting in a decrease of break-even point.	B														
Ch5	33	The fundamental cost objects of ABC are: A) activities      B) cost drivers      C) products      D) services	A														
Ch5	34	Extracts from cost information of Hebar Corp.: <table style="margin-left: 40px; border: none;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>Simple L3</u></th> <th style="text-align: right;"><u>Complex L7</u></th> <th style="text-align: right;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td><i>Setup cost allocated using direct labor-hours</i></td> <td style="text-align: right;">\$19,700</td> <td style="text-align: right;">\$7,300</td> <td style="text-align: right;">\$27,000</td> </tr> <tr> <td><i>Setup cost allocated using setup-hours</i></td> <td style="text-align: right;">\$13,700</td> <td style="text-align: right;">\$13,300</td> <td style="text-align: right;">\$27,000</td> </tr> </tbody> </table> Assuming that setup-hours is considered a more effective cost drive for allocating setup costs than direct labor-hours. Which of the following statements is true of Hebar's setup costs under traditional costing? A) L3 is undercosted by \$6,000 B) L7 is undercosted by \$5,900 C) L3 is overcosted by \$6,000 D) L7 is overcosted by \$6,000		<u>Simple L3</u>	<u>Complex L7</u>	<u>Total</u>	<i>Setup cost allocated using direct labor-hours</i>	\$19,700	\$7,300	\$27,000	<i>Setup cost allocated using setup-hours</i>	\$13,700	\$13,300	\$27,000	C		
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Ch5	35	Activity-based costing (ABC) can eliminate cost distortions because ABC systems: A) establish a cause-and-effect relationship with the activities performed B) use single cost pool for all overhead costs, thereby enabling simplicity	A														

		C) use a broad average to allocate all overhead costs D) never consider interactions between different departments in assigning support costs	
Ch5	36	For a company which produce its products in batches, the CEO's salary is a(n) _____ cost. A) batch-level B) output unit-level C) facility-sustaining D) product-sustaining	C
Ch5	37	Advanced Technology Products produces 10 different fasteners. Each time a type of fastener is produced, the equipment must be stopped and items such as filters and drill bits must be changed, oil must be added to the equipment and some parts need lubrication. This work must be done before the products can be produced; the costs related to this activity would be part of which cost pool? A) output-level costs B) batch-level costs C) product-sustaining costs D) service-sustaining costs	B
Ch5	38	For a business that offers customers a store where product can be purchased and picked up or a delivery service that can ship the product directly to the customer, which of the following would most likely be the best cost allocation base for distribution costs? A) number of customer service phone calls and emails per period B) number of pounds of product shipped or delivered C) electricity costs for the period D) number of products sold	B
Ch6	39	Which of the following best describes a rolling budget? A) It is a budget that continually outlines the amount required to roll over debt in a future period. B) It is created continually by adding a month, quarter, or year to the period just ended. C) It is a budget that outlines budgeted expenses while utilizing a moving average. D) It is a budget that is submitted to a bank at the beginning of every month as per a loan covenant.	B
Ch6	40	In which order are the following developed? First to last: <i>A = Production budget</i> <i>B = Direct materials costs budget</i> <i>C = Budgeted income statement</i> <i>D = Revenues budget</i> A) ABDC      B) DABC      C) DCAB      D) CABD	B
Ch6	41	Antique Brass Company has budgeted sales volume of 120,000 units and budgeted production of 113,000 units, while 21,000 units are in beginning finished goods inventory. How many units are targeted for ending finished goods inventory? A) 21,000 units    B) 28,000 units    C) 7,000 units    D) 14,000 units	D
Ch6	42	Tom Magic Company manufactures various kinds of toys for different age groups. The company's flagship product is Rx. The company currently requires 8.50 labor hours to manufacture per unit of Rx. The company believes that because of numerous small improvements in the process, it will require 0.10 labor-hours less and hence will only 8.40 labor-hours in the next quarter. It will require 8.35 and 8.25 labor-hours in third and fourth quarter. The company has adopted: A) activity-based budgeting	B

		B) kaizen budgeting C) zero-based budgeting D) cost-based budgeting																					
Ch7	43	Johnson Company had planned for operating income of \$10 million in the master budget with a contribution margin of \$3 million, but actually achieved operating income of only \$7 million and a contribution margin of \$2.5 million. A) The static-budget variance for operating income is \$3 million favorable. B) The static-budget variance for operating income is \$3 million unfavorable. C) The flexible-budget variance for operating income is \$3 million favorable. D) The flexible-budget variance for operating income is \$3 million unfavorable.	B																				
Ch7	44	A company budgets 11,000 units of sales based on a projected selling price of \$14. The actual units sold were 18,000 at a price of \$9. What is the flexible budget for sales? A) \$252,000    B) \$162,000    C) \$154,000    D) \$99,000	A																				
Ch7	45	An unfavorable flexible-budget variance for variable costs may be: A) using more input quantities than were budgeted B) paying lower prices for inputs than were budgeted C) selling output at a higher selling price than budgeted D) selling less quantity compared to the budgeted	A																				
Ch7	46	A favorable efficiency variance for direct manufacturing labor indicates that: A) a lower wage rate than planned was paid for direct labor B) a higher wage rate than planned was paid for direct labor C) less direct manufacturing labor-hours were used during production than planned for actual output D) more direct manufacturing labor-hours were used during production than planned for actual output	C																				
Ch7	47	Mid City Products Inc. (MCP), developed standard costs for direct material and direct labor. In 2020, MCP estimated the following standard costs for one of their most popular products.  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Budgeted quantity</u></th> <th style="text-align: center;"><u>Budgeted price</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><i>Direct materials</i></td> <td style="text-align: center;"><i>1 pounds</i></td> <td style="text-align: center;"><i>\$8.60 per pound</i></td> </tr> <tr> <td style="text-align: left;"><i>Direct labor</i></td> <td style="text-align: center;"><i>0.20 hours</i></td> <td style="text-align: center;"><i>\$13.00 per hour</i></td> </tr> </tbody> </table> <p>During September, MCP produced and sold 1,000 units using 1,400 pounds of direct materials at an average cost per pound of \$8.00 and 160 direct labor hours at an average wage of \$13.50 per hour. The direct material price variance during September is: A) \$840 favorable                      B) \$840 unfavorable C) \$2,600 unfavorable                D) \$2,600 favorable</p>		<u>Budgeted quantity</u>	<u>Budgeted price</u>	<i>Direct materials</i>	<i>1 pounds</i>	<i>\$8.60 per pound</i>	<i>Direct labor</i>	<i>0.20 hours</i>	<i>\$13.00 per hour</i>	A											
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Ch7	48	Madden's Camera Shop has prepared the following flexible budget for September and is in the process of interpreting the variances. F denotes a favorable variance and U denotes an unfavorable variance.  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Flexible</u></th> <th colspan="2" style="text-align: center;"><u>Variances</u></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>Budget</u></th> <th style="text-align: center;"><u>Price</u></th> <th style="text-align: center;"><u>Efficiency</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><i>Material A</i></td> <td style="text-align: center;"><i>\$26,000</i></td> <td style="text-align: center;"><i>\$1,200U</i></td> <td style="text-align: center;"><i>\$1,600F</i></td> </tr> <tr> <td style="text-align: left;"><i>Material B</i></td> <td style="text-align: center;"><i>39,000</i></td> <td style="text-align: center;"><i>400F</i></td> <td style="text-align: center;"><i>800U</i></td> </tr> <tr> <td style="text-align: left;"><i>Material C</i></td> <td style="text-align: center;"><i>46,000</i></td> <td style="text-align: center;"><i>1,400U</i></td> <td style="text-align: center;"><i>2,400F</i></td> </tr> </tbody> </table> <p>The actual amount spent for Material B was: A) \$38,600    B) \$37,800    C) \$40,200    D) \$39,400</p>		<u>Flexible</u>	<u>Variances</u>			<u>Budget</u>	<u>Price</u>	<u>Efficiency</u>	<i>Material A</i>	<i>\$26,000</i>	<i>\$1,200U</i>	<i>\$1,600F</i>	<i>Material B</i>	<i>39,000</i>	<i>400F</i>	<i>800U</i>	<i>Material C</i>	<i>46,000</i>	<i>1,400U</i>	<i>2,400F</i>	D
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Ch8	49	Compared to variable overhead costs planning, fixed overhead cost planning has an additional strategic issue beyond undertaking only essential activities and efficient operations. That additional requirement is best described as:	C																				

		<p>A) focusing on the highest possible quality  B) increasing the linearity between total costs and volume of production  C) choosing the appropriate level of capacity that will benefit the company in the long-run  D) identifying essential value-adding activities</p>																									
Ch8	50	<p>Fixed overhead costs include:  A) the cost of sales commissions  B) leasing of machinery used in a factory  C) energy costs  D) indirect materials</p>	B																								
Ch8	51	<p>Effective planning of fixed overhead costs includes:  A) planning day-to-day operational decisions  B) eliminating value-added costs  C) determining which products are to be produced  D) choosing the appropriate level of investment in productive assets</p>	D																								
Ch8	52	<p>Which of the following best defines standard costing?  A) It is the same as actual costing but done in real time.  B) It is a system that traces direct cost to output by multiplying actual process or rates by actual quantities of inputs + allocates overhead by on the basis of actual quantities of the allocation base used.  C) It is a system that traces direct costs to output produced by multiplying the standard prices or rates by the standard quantities of inputs allowed for the actual output produced.  D) It is a system that allocates overhead costs on the basis of standard overhead cost rates times the actual quantities of the allocation based used.</p>	C																								
Ch8	53	<p>Teddy Company uses a standard cost system. In May, \$234,000 of variable manufacturing overhead costs were incurred and the flexible-budget amount for the month was \$240,000. Which of the following variable manufacturing overhead entries would have been recorded for May?</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">A) Accounts Payable Control and other accounts</td> <td style="width: 20%; text-align: right;">240,000</td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">Work-in-Process Control</td> <td></td> <td style="text-align: right;">240,000</td> </tr> <tr> <td>B) Work-in-Process Control</td> <td style="text-align: right;">240,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Variable Manufacturing Overhead Allocated</td> <td></td> <td style="text-align: right;">240,000</td> </tr> <tr> <td>C) Work-in-Process Control</td> <td style="text-align: right;">234,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Accounts Payable Control and other accounts</td> <td></td> <td style="text-align: right;">234,000</td> </tr> <tr> <td>D) Accounts Payable Control and other accounts</td> <td style="text-align: right;">234,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Variable Manufacturing Overhead Control</td> <td></td> <td style="text-align: right;">234,000</td> </tr> </table>	A) Accounts Payable Control and other accounts	240,000		Work-in-Process Control		240,000	B) Work-in-Process Control	240,000		Variable Manufacturing Overhead Allocated		240,000	C) Work-in-Process Control	234,000		Accounts Payable Control and other accounts		234,000	D) Accounts Payable Control and other accounts	234,000		Variable Manufacturing Overhead Control		234,000	B
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Ch8	54	<p>Lazy Guy Corporation manufactured 6,000 chairs during June. The following variable overhead data relates to June:  Budgeted variable overhead cost per unit=\$10.00. Actual variable manufacturing overhead cost=\$52,800. Flexible-budget amount for variable manufacturing overhead=\$46,900. Variable manufacturing overhead efficiency variance=\$790 unfavorable.  What is the variable overhead spending variance?  A) \$5,110 favorable                      B) \$5,900 favorable  C) \$5,900 unfavorable                  D) \$5,110 unfavorable</p>	D																								
Ch8	55	<p>Which of the following is the correct mathematical expression to calculate the fixed overhead spending variance?  A) Static-budget amount - Flexible-budget amount  B) Actual costs incurred - Flexible-budget amount  C) Static-budget amount - Fixed overhead allocated for actual output  D) Flexible-budget amount - Fixed overhead allocated for actual output</p>	B																								
Ch8	56	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Variances</u></th> <th style="text-align: left;"><u>Spending</u></th> <th style="text-align: left;"><u>Efficiency</u></th> <th style="text-align: left;"><u>Volume</u></th> </tr> </thead> <tbody> <tr> <td>Variable manufacturing overhead</td> <td>\$ 7,300 F</td> <td>\$35,000 U</td> <td>(B)</td> </tr> <tr> <td>Fixed manufacturing overhead</td> <td>\$28,300 U</td> <td>(A)</td> <td>\$90,000 U</td> </tr> </tbody> </table> <p>The total production-volume variance should be:</p>	<u>Variances</u>	<u>Spending</u>	<u>Efficiency</u>	<u>Volume</u>	Variable manufacturing overhead	\$ 7,300 F	\$35,000 U	(B)	Fixed manufacturing overhead	\$28,300 U	(A)	\$90,000 U	B												
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Ch8	57	The fixed overhead cost variance can be further subdivided into the: A) price variance and the efficiency variance B) spending variance and flexible-budget variance C) production-volume variance and the efficiency variance D) flexible-budget variance and the production-volume variance	D
Ch9	58	Which of the following costs is inventoried when using variable costing? A) rent on factory building B) electricity consumed in manufacturing process C) sales commission paid on each sale D) advertising costs incurred for the product	B
Ch9	59	When reviewing the income statements of a firm prepared under both absorption costing and variable costing, which of the following observation would be made? A) Ending finished goods will differ between the two methods due to the different handling of fixed production costs. B) Ending finished goods to be reported under the two methods will be equal. C) Cost of goods sold will be the same under both methods however, operating income will differ. D) Gross margin will differ under both methods but operating income will be the same.	A
Ch9	60	Under absorption costing, if a manager's bonus is tied to operating income, then increasing inventory levels compared to last year would result in: A) greater operating income and therefore increasing the manager's bonus B) less operating income and therefore decreasing the manager's bonus C) not affecting the manager's bonus D) being unable to determine the manager's bonus using only the above information	A
Ch9	61	If 1,000 units are produced and only 700 units are sold, _____ results in the greatest amount of expense reported on the income statement. A) throughput costing B) variable costing C) absorption costing D) job costing	A
Ch10	62	Which of the following cost estimation methods involves determination of cost functions based on analysis and opinions about costs and their drivers gathered from various departments of a company? A) Industrial engineering method. B) Conference method. C) Account analysis method. D) Quantitative analysis method	B
Ch10	63	What is a plausible explanation of a cost function has a slope coefficient of \$30 for purchases of 1 to 1,000 units and \$25 for production of 1,100-2,000 units, and \$20 for production of 2,001-3,000 units? A) the fixed cost per unit has decreased because of efficiencies B) economies of scale allowing for lower cost purchases with larger orders C) their is a linear cost function in effect D) contribution margins are decreasing	B
Ch10	64	To complete the first setup on a new machine took an employee 350 minutes. Using an 84% cumulative average-time learning curve indicates that the second setup on the new machine is expected to take: A) 322minutes      B) 147 minutes      C) 238 minutes      D) 294 minutes	C
Ch12	65	Flash City Inc. manufactures small flash drives and is considering raising the price by 75 cents a unit for the coming year. With a 75-cent price increase, demand is expected to fall by 7,000 units.	A



		<p style="text-align: center;"><u><b>Current</b></u>      <u><b>Projected</b></u></p> <p><i>Demand</i>                      79,000 units      72,000 units</p> <p><i>Selling price</i>                      \$8.75              \$9.50</p> <p><i>Incremental cost per unit</i>              \$5.80              \$5.80</p> <p>If the price increase is implemented, operating profit is projected to:</p> <p>A) increase by \$33,350              B) decrease by \$5250</p> <p>C) increase by \$5250              D) decrease by \$7000</p>	
Ch12	66	<p>Sunk costs:</p> <p>A) are future costs for decision making</p> <p>B) are avoidable costs</p> <p>C) are irrelevant for decision making</p> <p>D) are foregone contribution by not using a limited resource in its next-best alternative use</p>	C
Ch12	67	<p>Dantley's Furniture manufactures rustic furniture. The cost accounting system estimates manufacturing costs to be \$180 per table, consisting of 80% variable costs and 20% fixed costs. The company has surplus capacity available. It is Back Forrest's policy to add a 55% markup to full costs. Dantley's Furniture is invited to bid on a one-time-only special order to supply 120 rustic tables. What is the lowest price Dantley's Furniture should bid on this special order?</p> <p>A) \$16,200              B) \$17,280              C) \$21,600              D) \$29,160</p>	B
Ch12	68	<p>W.T. Ginsburg Engine Company manufactures part ACT31107 used in several of its engine models. Monthly production costs for 1000 units are as follows:</p> <p style="text-align: center;"><i>Direct materials</i>                      \$45,000</p> <p style="text-align: center;"><i>Direct labor</i>                              9500</p> <p style="text-align: center;"><i>Variable overhead costs</i>              29,500</p> <p style="text-align: center;"><i>Fixed factory overhead</i>              20,000</p> <p style="text-align: center;"><i>Total costs</i>                              <u>\$104,000</u></p> <p>It is estimated that 7% of the fixed overhead costs assigned to ACT31107 will no longer be incurred if the company purchases ACT31107 from the outside supplier. W.T. Ginsburg Engine Company has the option of purchasing the part from an outside supplier at \$94.75 per unit. If W.T. Ginsburg Engine Company purchases 1000 ACT31107 parts from the outside supplier per month, then its monthly operating income will: (Round any intermediary calculations and your final answer to the nearest cent.)</p> <p>A) increase by \$9350</p> <p>B) increase by \$21,650</p> <p>C) decrease by \$9350</p> <p>D) decrease by \$21,650</p>	C
Ch12	69	<p>Kinnane's Fine Furniture manufactures two models, Standard and Premium. Weekly demand is estimated to be 103 units of the Standard Model and 71 units of the Premium Model. The following per unit data apply:</p> <p style="text-align: center;"><u><b>Standard</b></u>                      <u><b>Premium</b></u></p> <p style="text-align: center;"><i>Contribution margin per unit</i>                      \$18                      \$20</p> <p style="text-align: center;"><i>Number of machine-hours required</i>                      3                      4</p> <p>If there are 720 machine-hours available per week, how many rockers of each model should Kinnane produce to maximize profits?</p> <p>A) 103 units of Standard and 47 units of Premium</p> <p>B) 71 units of Standard and 71 units of Premium</p> <p>C) 103 units of Standard and 71 units of Premium</p> <p>D) 83 units of Standard and 62 units of Premium</p>	C
Ch13	70	<p>Magic Corporation manufactures water toys. It plans to grow by producing high-quality water toys that are delivered in a timely manner. There are a number of other manufacturers who produce similar water toys. Magic</p>	D

		believes that continuously improving its manufacturing processes and re-engineering processes to downsize and eliminate excess capacity are critical to implementing its strategy. Which of the following best describes Magic's strategy? A) product differentiation B) product leadership C) cost differentiation D) cost leadership	
Ch13	71	Which of the following questions best relates to the balanced scorecard's internal business processes perspective? A) How do we streamline operations to lower costs to increase profits? B) How do we motivate employees so that they can become more productive? C) How can we increase our market share? D) How can our processes be executed in such a way as to increase value to customers?	D
Ch13	72	Which of the following is a measure of the balanced scorecard's customer perspective? A) number of client complaints B) defect rates C) number of process improvements D) revenue growth	A
Ch13	73	The gross margin percentage is an example of the _____ measure of a balanced-scorecard. A) internal business process perspective B) customer perspective C) learning and growth perspective D) financial perspective	D
Ch13	74	_____ are the subdivisions of income that management accountants use for the strategic analysis of operating income. A) Growth, price-recovery and cost leadership components B) Growth, price-recovery and productivity components C) Cost leadership, price-recovery and productivity components D) Growth, cost leadership and productivity components	B
Ch13	75	When analyzing the change in operating income, the strategy component of price-recovery will increase when: A) capacity is reduced B) market share is increased C) selling prices are increased D) more units are sold	C
Ch14	76	In a long-run, it is worthwhile to sell a product only if the selling price exceeds: A) the total of all the direct costs of the product B) the total manufacturing costs of the product C) the total of the fixed costs of the value chain D) full cost of the product and a markup of an adequate return on capital	D
Ch14	77	A product costs \$600 to manufacture and \$20 to market and \$10 to distribute (ship to customers.) R&D costs are allocated at \$40 per unit. Based on a targeted rate of return, manager uses a mark-up of 30%. What is the prospective selling price based on a Cost-Plus pricing approach? A) \$780      B) \$806      C) \$819      D) \$871	D
Ch14	78	Which of the following is the best description of price discrimination? A) setting different prices for different products B) charging different prices for quantity amounts C) using variable costing for some products and full costing for other	D

		products when setting prices D) charging different prices to different customers or clients for the same products or services	
Ch14	79	Which of the following scenarios is an example of predatory pricing? A) Ceramic Corp sells its products below average total costs during off-peak seasons. B) Almeida flowers has arrived at an informal agreement with other sellers in the area to charge a very high selling price. C) Anton Inc., sells its products for \$25 in the U.S, however it can sell the same product for double the price in its home country. D) Duyen Inc., is launching a new product and has decided to sell its product below its average variable costs until it drives competitors out of market.	D
Ch15	80	Which of the following classifications would the cost of visiting customers would most likely fit into? A) customer output unit-level cost B) customer batch-level cost C) customer-sustaining cost D) corporate-sustaining cost	C
Ch15	81	When corporate-sustaining costs are fully allocated to distribution channels, then the sum of the operating income from each distribution-channel is: A) equal to company-wide operating income B) greater than company-wide operating income C) equal to customer-level operating income D) greater than customer-level operating income	A
Ch15	82	Which of the following criteria has the presumption that the more-profitable divisions have a greater ability to absorb corporate administration costs? A) the fairness or equity criterion B) the ability to bear criterion C) the cause-and-effect criterion D) the benefits-received criterion	B
Ch15	83	The Conity Corporation has an Electric Mixer Division and an Electric Lamp Division. Of a \$17,000,000 bond issuance, the Electric Mixer Division used \$9,300,000 and the Electric Lamp Division used \$7,700,000 for expansion. Interest costs on the bond totaled \$1,000,000 for the year. What amount of interest costs should be allocated to the Electric Lamp Division? A) \$450,000    B) \$547,059    C) \$646,388    D) \$7,700,000	A
Ch15	84	A shift towards a higher proportion of sales of products with a lower contribution margin per unit will most likely result in a(n): A) unfavorable sales-mix variance B) unfavorable sales-quantity variance C) favorable sales-mix variance D) favorable sales-quantity variance	A
Ch16	85	Which of the following is an advantage of using practical capacity to allocate costs? A) is that it allows a downward supply spiral to develop B) is that it focuses management's attention on managing unused capacity C) is that budgets are much easier to develop D) is that it results in departments bearing a lower percentage of fixed costs	B
Ch16	86	Which of the following is a disadvantage of single-rate method? A) It is very costly to implement. B) It may lead operating department managers to make sub-optimal decisions that are in their own best interest. C) It does not signal to department managers how variable costs and fixed costs behave differently. D) It requires managers to distinguish variable costs from fixed costs, which	B

		is often a challenging task.	
Ch16	87	Annual total travel expenses to visit two clients (A and B) are \$110,000. Stand-alone weights for cost allocation were determined to be 50% for A and 50% for B however that was based on initial cost estimates and travel arrangements that were later changed to combine trips and make some savings (\$30,000) possible. If management uses the incremental Shapely value method, what would be the cost allocation? A) A = \$55,000, B = \$55,000 B) A = \$55,000, B = \$25,000 C) A = \$40,000, B = \$40,000 D) A = \$80,000, B = \$30,000	C
Ch17	88	A company produces three products from a joint production process: A, B, and C. As a percentage of total sales value, A represents 50%, B 49.5%, and C 0.5%. Product C could be considered a: A) primary product B) main product C) joint product D) byproduct	D
Ch17	89	Which of the following formulas would calculate the net realizable value of a product? A) sales value at the split-off point less cost to produce up to the split-off point B) sales value $\times$ constant gross-margin C) final sales value minus cost of goods sold D) final sales value minus separable costs	D
Ch17	90	Bismite Corporation purchases trees from Cheney lumber and processes them up to the split-off point where two products (paper and pencil casings) emerge from the process. The products are then sold to an independent company that markets and distributes them to retail outlets. The following information was collected for the month of October: <i>Trees processed: 310 trees</i> <i>Production: paper 200,000 sheets</i> <i>pencil casings 200,000</i> <i>Sales: paper 193,000 at \$0.10 per page</i> <i>pencil casings 197,000 at \$0.14 per casing</i> The cost of purchasing 310 trees and processing them up to the split-off point to yield 200,000 sheets of paper and 200,000 pencil casings is \$13,500. Bismite's accounting department reported no beginning inventory. If the sales value at split-off method is used, what are the approximate joint costs assigned to ending inventory for paper? A) \$196.89 B) \$84.38 C) \$275.61 D) \$204.03	A
Ch17	91	The Berkel Corporation manufactures Widgets, Gizmos, and Turnbols from a joint process. June production is 7,000 widgets; 10,000 gizmos; and 11,500 turnbols. Respective per unit selling prices at split-off are \$115, \$85, and \$50. Joint costs up to the split-off point are \$188,000. What amount of joint costs will be allocated to the Turnbols? (Do not round any intermediary calculations.) A) \$48,475 B) \$15,849 C) \$71,659 D) \$67,865	A
Ch17	92	The drawback of the constant gross-margin percentage NRV method in joint costing is that it: A) recognizes that profits are derived from the costs incurred after split-off B) assumes the profit margin to be identical across all products C) attempts to approximate the sales values at split-off by subtracting from final selling prices the separable costs incurred after the split-off point D) ignores the separable costs of further processing	B
Ch18	93	Which of the following companies is most likely to use process costing? A) Crimpson Color, a company selling customized garments for niche customers	D

		<p>B) Effel &amp; Associates, a consulting firm providing various audit and related services</p> <p>C) Grimpy Corp., a company manufacturing furniture for customers as per their requirements</p> <p>D) Dental Bright Inc., a company manufacturing and selling toothpaste on a large scale</p>																	
Ch18	94	<p>Charlie Inc., manufactures plastic moldings for car seats. Its costing system utilizes two cost categories, direct materials and conversion costs. Direct materials are added at the beginning of production. Conversion costs are allocated evenly throughout production.</p> <p><i>Data for Department A for February 2020 are:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;"><i>Work in process, beginning inventory, 40% converted</i></td> <td style="text-align: right; padding-right: 20px;"><i>320 units</i></td> </tr> <tr> <td style="padding-left: 20px;"><i>Units started during February</i></td> <td style="text-align: right; padding-right: 20px;"><i>900 units</i></td> </tr> <tr> <td style="padding-left: 20px;"><i>Work in process, ending inventory</i></td> <td style="text-align: right; padding-right: 20px;"><i>120 units</i></td> </tr> </table> <p>How many units were completed and transferred out during February?</p> <p>A) 440 units    B) 900 units    C) 1,100 units    D) 1,220 units</p>	<i>Work in process, beginning inventory, 40% converted</i>	<i>320 units</i>	<i>Units started during February</i>	<i>900 units</i>	<i>Work in process, ending inventory</i>	<i>120 units</i>	C										
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Ch18	95	<p>Assembly department of Zahra Technologies had 200 units as work in process at the beginning of the month. These units were 50% complete. It has 300 units which are 30% complete at the end of the month. During the month, it completed and transferred 600 units. Direct materials are added at the beginning of production. Conversion costs are allocated evenly throughout production. Zahra uses weighted-average process-costing method. What is the number of equivalent units of work done during the month with regards to direct materials?</p> <p>A) 700 units    B) 1,100 units    C) 900 units    D) 600 units</p>	C																
Ch18	96	<p>The Swivel Chair Company manufacturers a standard recliner. During February, the firm's Assembly Department started production of 145,000 chairs. During the month, the firm completed 178,000 chairs and transferred them to the Finishing Department. The firm ended the month with 18,000 chairs in ending inventory. All direct materials costs are added at the beginning of the production cycle. Weighted-average costing is used by Swivel. What were the equivalent units for conversion costs for February if the beginning inventory was 65% complete as to conversion costs and the ending inventory was 50% complete as to conversion costs?</p> <p>A) 187,000    B) 154,000    C) 178,000    D) 161,200</p>	A																
Ch18	97	<p>FIFO Aluminum processes a single type of aluminum. During the current period the following information was given:</p> <table style="width: 100%; border-collapse: collapse; margin-left: 40px;"> <thead> <tr> <th style="border-bottom: 1px solid black;"></th> <th style="border-bottom: 1px solid black; text-align: center;"><i>Units</i></th> <th style="border-bottom: 1px solid black; text-align: center;"><i>Material Costs</i></th> <th style="border-bottom: 1px solid black; text-align: center;"><i>Conversion Costs</i></th> </tr> </thead> <tbody> <tr> <td><i>Beginning Inventory</i></td> <td style="text-align: center;"><i>4,800</i></td> <td style="text-align: center;"><i>\$6,100</i></td> <td style="text-align: center;"><i>\$5,600</i></td> </tr> <tr> <td><i>Started the Current Period</i></td> <td style="text-align: center;"><i>21,400</i></td> <td style="text-align: center;"><i>48,800</i></td> <td style="text-align: center;"><i>66,400</i></td> </tr> <tr> <td><i>Ending Inventory</i></td> <td style="text-align: center;"><i>4,500</i></td> <td></td> <td></td> </tr> </tbody> </table> <p>All materials are added at the beginning of the production process. The beginning inventory was 25% complete as to conversion, while the ending inventory was 40% completed for conversion purposes.</p> <p>FIFO Aluminum uses the first-in, first-out system of process costing. What were the costs assigned to the units transferred out this period?</p> <p>A) \$110,658    B) \$111,322    C) \$254,416    D) \$165,143</p>		<i>Units</i>	<i>Material Costs</i>	<i>Conversion Costs</i>	<i>Beginning Inventory</i>	<i>4,800</i>	<i>\$6,100</i>	<i>\$5,600</i>	<i>Started the Current Period</i>	<i>21,400</i>	<i>48,800</i>	<i>66,400</i>	<i>Ending Inventory</i>	<i>4,500</i>			B
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<i>Ending Inventory</i>	<i>4,500</i>																		
Ch19	98	<p>Which of the following describes rework?</p> <p>A) units of production that do not meet the specifications but that are subsequently repaired and sold as good finished units</p> <p>B) products of a joint production process that have low total sales values relative to the total sales value of the main product</p> <p>C) units of production whether fully or partially completed, that do not meet the specifications required by customers for good units and are discarded or</p>	A																

		sold at reduced prices D) residual material that results from manufacturing a product	
Ch19	99	Costs of normal spoilage are usually accounted for as: A) a deduction from the cost of goods sold B) a component of the costs of good units manufactured C) a "loss from normal spoilage account" in income statement D) a liability on a balance sheet	B
Ch19	100	Costs of abnormal spoilage are usually accounted for as: A) a deduction from the cost of goods sold B) a component of the costs of good units manufactured C) a separate loss item in an income statement D) an item of operating expenses	C
Ch19	101	Consider the following production information: <i>Units in beginning work-in-process</i> 3,000 <i>Units started</i> 8,800 <i>Goods completed and transferred out (units)</i> 7,000 <i>Units in ending work-in-process inventory</i> 3,700 <i>Normal spoilage</i> 10% What is the total spoilage? A) 7,000      B) 110      C) 880      D) 1,100	D
Ch19	102	Fish Fillet Incorporated obtains fish and then processes them into frozen fillets and then prepares the frozen fish fillets for distribution to its retail sales department. Direct materials are added at the initiation of the cycle. Conversion costs are incurred evenly throughout the production cycle. Before inspection, some fillets are spoiled due to undetectable defects. Inspection occurs when units are 40% converted. Spoiled fillets generally constitute 6% of the good fillets. Data for April 2020 are as follows: <i>WIP, beginning inventory 4/1/2020</i> 94,000 fillets <i>Direct materials (100% complete)</i> <i>Conversion costs (50% complete)</i> <i>Started during April</i> 139,000 fillets <i>Completed and transferred out 4/30/2020</i> 185,000 fillets <i>WIP, ending inventory 4/30/2020</i> 29,000 fillets <i>Direct materials (100% complete)</i> <i>Conversion costs (20% complete)</i> Costs for April: <i>WIP, beginning inventory:</i> <i>Direct materials</i> \$135,000 <i>Conversion costs</i> 101,910 <i>Direct materials added</i> 304,000 <i>Conversion costs added</i> 389,130 What is the total cost per equivalent unit using the weighted-average method of process costing? A) \$3.77      B) \$2.34      C) \$1.88      D) \$4.22	D
Ch19	103	The Peric Manufacturing Shop produces motorcycle parts. Typically, 18 pieces out of a job lot of 800 parts are spoiled. Costs are assigned at the inspection point, \$42.00 per unit. Spoiled pieces may be disposed at \$26.00 per unit. The spoiled goods must be inventoried appropriately when the normal spoilage is detected. The current job requires the production of 2,400 good parts. Which of the following journal entries would be correct if the spoilage occurred due to specifications required for Job 101? A) <i>Work-in-Process Control</i> 468 <i>Materials Control</i> 468	C

		B) <i>Materials Control</i> 468 <i>Work-in-Process Control</i> 468 C) <i>Materials Control</i> 1,404 <i>Work-in-Process Control</i> 1,404 D) <i>Work-in-Process Control</i> 1,404 <i>Materials Control</i> 1,404	
Ch19	104	If it is normal rework common to all jobs, the costs are charged to: A) manufacturing overhead and spread over all jobs B) specific jobs that are still in process C) finished goods D) cost of goods sold	A
Ch19	105	Which of the following statements is true of scrap? A) When a production process yields two or more products with high total sales values relative to the total sales values of other products, those are called scrap. B) For accounting purpose, distinction is made between normal and abnormal scrap. C) Scrap refers to units of production, fully or partially completed, that do not meet the specifications required by customers for good units and are discarded or sold at reduced prices. D) Scrap is either sold or disposed of quickly or it is stored for later sale, disposal, or reuse.	D
Ch20	106	Which of the following best describes conformance quality? A) it is the first step of a quality management system such as ISO 9000 B) it is the performance of a product or service according to design and product specifications C) it is making the product according to design, engineering, and manufacturing specifications D) it focuses on how a product meets customer needs and wants	B
Ch20	107	Which of the following describes appraisal costs? A) they are incurred to prevent the production of products that do not conform to specifications B) they are incurred to detect which of the individual units of products do not conform to specifications C) they are incurred on defective products before they are shipped to customers D) they are incurred on defective products after they have been shipped to customers	B
Ch20	108	Spoilage, rework, scrap, and machine repairs are all examples of: A) prevention costs B) appraisal costs C) internal failure costs D) external failure costs	C
Ch20	109	Warranty repair cost is an example of which of the following? A) prevention costs B) appraisal costs C) internal failure costs D) external failure costs	D
Ch20	110	Which of the following is an opportunity cost? A) lost sales B) cost of production C) marginal cost	A

		D) cost of sales	
Ch20	111	Which of the following is a chart which indicates how frequently each type of defect occurs? A) control chart                      B) Pareto diagram C) scatter diagram                      D) fishbone diagram	B
Ch20	112	Which of the following true of nonfinancial measures of quality? A) They direct attention to financial processes that help managers identify the precise problem areas that need improvement. B) They focus managers' attention on how poor quality affects operating income. C) They assist in problem solving by comparing costs and benefits of different quality-improvement programs and by setting priorities for cost reduction. D) They provide immediate short-run feedback on whether quality-improvement efforts are succeeding.	D
Ch20	113	Zenich Corp manufactures laptops. The waiting time is 60 minutes before the start of production and the manufacturing lead time is 158 minutes per laptop. What is its manufacturing cycle efficiency? (Round to the nearest whole percent.) A) 38%                      B) 82%                      C) 62%                      D) 71%	C
Ch20	114	Ventaz Corp manufactures keyboards. The manufacturing cycle efficiency is 65%. What is its waiting time if the manufacturing lead time is 122 minutes per keyboard? A) 31.72 minutes                      B) 39.65 minutes C) 48.80 minutes                      D) 42.70 minutes.	D
Ch21	115	Among different types of costs associated with inventory, the opportunity cost of the investment tied up in inventory is a(n): A) purchasing cost                      B) ordering cost C) stockout cost                      D) carrying cost	D
Ch21	116	Which of the following statements is true of the economic order quantity decision model? A) The economic order quantity increases with higher demand and higher carrying costs and decreases with higher ordering costs. B) The simplest version of the economic order quantity model assumes there are only ordering costs, carrying costs, stockout costs, and purchasing costs. C) It assumes the purchase order lead time is not known with certainty. D) The larger the order quantity, the lower the annual relevant ordering costs and the higher the annual relevant carrying costs.	D
Ch21	117	Globe Inc. is a distributor of DVDs. DVD Mart is a local retail outlet which sells blank and recorded DVDs. DVD Mart purchases DVDs from Globe at \$25.00 per DVD; DVDs are shipped in packages of 60. Globe pays all incoming freight, and DVD Mart does not inspect the DVDs due to Globe's reputation for high quality. Annual demand is 321,000 DVDs at a rate of 6,300 DVDs per week. DVD Mart earns 11% on its cash investments. The purchase-order lead time is one week. The following cost data are available:  <i>Relevant ordering costs per purchase order</i> \$118.50 <i>Carrying costs per package per year:</i> <i>Relevant insurance, materials handling,</i> <i>breakage, etc., per year</i> \$9.50  What are the annual relevant ordering costs? A) \$80,961                      B) \$10,518                      C) \$7,438                      D) \$7,232	C
Ch21	118	Globe Inc. is a distributor of DVDs. DVD Mart is a local retail outlet which sells blank and recorded DVDs. DVD Mart purchases DVDs from Globe at \$27.00 per DVD; DVDs are shipped in packages of 64. Globe pays all incoming freight, and DVD Mart does not inspect the DVDs due to Globe's	A



		<p>reputation for high quality. Annual demand is 319,000 DVDs at a rate of 7,000 DVDs per week. DVD Mart earns 15% on its cash investments. The purchase-order lead time is one week. The following cost data are available:</p> <p style="text-align: right;"><i>Relevant ordering costs per purchase order</i>                 \$118.50</p> <p style="text-align: right;"><i>Carrying costs per package per year:</i></p> <p style="text-align: right;"><i>Relevant insurance, materials handling, breakage, etc., per year</i>                                 \$8.50</p> <p>How many deliveries will be made during each time period?</p> <p>A) 75.03 deliveries                 B) 42.06 deliveries C) 106.11 deliveries                 D) 73.83 deliveries</p>	
Ch21	119	<p>Vision Company sells optical equipment. Blitz Company manufactures special glass lenses. Vision orders 11,400 lenses per year, 220 per week, at \$44 per lens. Blitz covers all shipping costs. Vision earns 21% on its cash investments. The purchase-order lead time is 2.0 weeks. Vision sells 305 lenses per week. The following data are available:</p> <p style="text-align: right;"><i>Relevant ordering costs per purchase order</i>                 \$47.25</p> <p style="text-align: right;"><i>Relevant insurance, materials handling, breakage, and so on, per year</i>                                 \$5.50</p> <p>What is the economic order quantity for Vision?</p> <p>A) 443 lenses                 B) 341 lenses                 C) 270 lenses                 D) 191 lenses</p>	C
Ch21	120	<p>All of the following are reasons why a company might carry a safety stock EXCEPT:</p> <p>A) a buffer against unexpected increases in demand B) a contingency against the uncertainty about lead time C) a strategy to lower the carrying cost of inventory D) a way of softening the impact of sudden unavailability of stock from suppliers</p>	C
Ch21	121	<p>The optimal safety stock level is the quantity of safety stock that minimizes the sum of the annual relevant:</p> <p>A) stockout costs and carrying costs B) ordering costs and carrying costs C) ordering costs and stockout costs D) ordering costs and purchasing costs</p>	A
Ch22	122	<p>Upon which of the following items does discounted cash flow methods for capital budgeting focus?</p> <p>A) cash inflows and required rate of return B) operating income and required rate of return C) operating income and cost of capital D) working capital and cost of capital</p>	A
Ch22	123	<p>Net present value is calculated as a discount rate using which of the following?</p> <p>A) internal rate of return B) required rate of return C) risk-free rate D) predetermined overhead cost rate</p>	B
Ch22	124	<p>Difend Cleaners has been considering the purchase of an industrial dry-cleaning machine. The existing machine is operable for three more years and will have a zero disposal. If the machine is disposed now, it may be sold for \$120,000. The new machine will cost \$400,000 and an additional cash investment in working capital of \$180,000 will be required. The new machine will reduce the average amount of time required to wash clothing and will decrease labor costs. The investment is expected to net \$200,000 in additional cash inflows during the first year of acquisition and \$280,000 each additional year of use. The new machine has a three-year life, and zero disposal. These</p>	A

		<p>cash flows will generally occur throughout the year and are recognized at the end of each year. The working capital investment will not be recovered at the end of the asset's life. What is the net present value of the investment, assuming the required rate of return is 10%? Would the company want to purchase the new machine?</p> <p>A) \$163,360; yes                      B) \$210,368; yes  C) \$(210,368); no                      D) \$(163,360); no</p>	
Ch22	125	<p>Which of the following best describes the internal rate-of-return method?</p> <p>A) It calculates the discount rate at which an investment's present value of the total of all expected cash inflows equals the future value of its expected cash outflows.  B) It calculates the discount rate at which an investment's future value of all expected cash inflows equals the present value of its expected cash outflows.  C) It calculates the discount rate at which an investment's total of all expected cash inflows equals the present value of its expected cash outflows.  D) It calculates the discount rate at which sum of an investment's present value of all expected cash inflows equals the present value of its expected cash outflows.</p>	D
Ch22	126	<p>Diamond Manufacturing Company provides glassware machines for major department store retailers. The company has been investigating a new piece of machinery for its production department. The old equipment has a remaining life of five years and the new equipment will cost \$94,775 with a(n) five-year life. The expected additional cash inflows are \$25,000 per year. What is the internal rate of return?</p> <p>A) 4%                      B) 6%                      C) 10%                      D) 12%</p>	C
Ch22	127	<p>The NPV method is the preferred method over IRR for selecting projects because:</p> <p>A) its result is expressed in dollars and management can make an assessment its financial impact on the business  B) it accounts for the time value of money better than IRR  C) it assumes that cash flows are reinvested at the internal rate of return for each and every year of the useful life  D) it gives a project ranking consistent with that of IRR</p>	A
Ch22	128	<p>The net initial investment for a piece of construction equipment is \$2,500,000. Annual cash inflows are expected to increase by \$600,000 per year. The equipment has a(n) 8-year useful life. What is the payback period?</p> <p>A) 8.00 years                      B) 5.58 years                      C) 4.17 years                      D) 3.17 years</p>	C
Ch22	129	<p>The payback method of capital budgeting approach to an investment decision:</p> <p>A) assigns greater weights to cash flows in the early years  B) does not consider cash flows that occur after the payback period  C) considers time value of money  D) ignores the initial investment</p>	B
Ch22	130	<p>Which of the following is the numerator in the mathematical expression for accrual accounting rate-of-return (AARR)?</p> <p>A) increase in expected average investment  B) increase in expected average annual after-tax operating income  C) increase in expected average operating cash flow  D) increase in expected net initial investment</p>	B
Ch22	131	<p>The Golden Shades Corporation disposes a capital asset with an original cost of \$300,000 and accumulated depreciation of \$130,000 for a salvage price of \$45,000. Golden Shades's tax rate is 30%. Calculate the after-tax cash inflow from the disposal of the capital asset.</p> <p>A) \$37,500                      B) \$125,000                      C) \$45,000                      D) \$82,500</p>	D
Ch22	132	<p>Post-investment audits:</p>	B

		<p>A) result in managers to overstate the expected cash inflows from projects and accept projects they should reject</p> <p>B) provide management with feedback about the performance of a project</p> <p>C) include obtaining appropriation requests so that the funding will be authorized to purchase the equipment</p> <p>D) are usually not feasible in a large project because the cost accounting system does not collect actual costs as the initial plans had</p>	
Ch23	133	<p>Which of the following is true of goal congruence?</p> <p>A) It exists when the management's strategy is in line with the shareholders' requirements.</p> <p>B) It exists when individuals and groups work toward achieving the organization's goals.</p> <p>C) It exists when both internal and external stakeholders of an organization have similar goals.</p> <p>D) It exists when an organization's goals are in line with the social acceptability of organizational goals.</p>	B
Ch23	134	<p>Which of the following is an advantage of decentralization?</p> <p>A) leads to gains from rapid decision making by subunit managers</p> <p>B) focuses manager's attention on the organization as a whole</p> <p>C) does not result in a duplication of activities</p> <p>D) reduces the cost of gathering information</p>	A
Ch23	135	<p>Which of the following is a drawback of decentralizing a multinational company?</p> <p>A) It may lead to increased exchange rate risk.</p> <p>B) It may result in lack of control and results in increasing risk.</p> <p>C) It creates less responsiveness to the needs of a subunit's customers, suppliers, and employees.</p> <p>D) It may lead to an increase in bureaucracy.</p>	B
Ch23	136	<p>A transfer-pricing method leads to goal congruence when:</p> <p>A) there is a price difference in different markets due to market inefficiencies</p> <p>B) managers do not act for their own best interest and work for the long-term best interest of the manager's subunit</p> <p>C) managers act in their own best interest and the decision is in the long-term best interest of the company</p> <p>D) there is a low degree of centralization</p>	C
Ch23	137	<p>Axelia Corporation has two divisions, Refining and Extraction. The company's primary product is Luboil Oil. Each division's costs are provided below:</p> <p><i>Extraction: Variable costs per barrel of oil=\$13</i> <i>Fixed costs per barrel of oil=\$6</i></p> <p><i>Refining: Variable costs per barrel of oil=\$26</i> <i>Fixed costs per barrel of oil=\$36</i></p> <p>The Refining Division has been operating at a capacity of 40,800 barrels a day and usually purchases 25,600 barrels of oil from the Extraction Division and 15,100 barrels from other suppliers at \$62 per barrel.</p> <p>What is the transfer price per barrel from the Extraction Division to the Refining Division, assuming the method used to place a value on each barrel of oil is 110% of full costs?</p> <p>A) \$19.00      B) \$20.90      C) \$55.00      D) \$99.00</p>	B
Ch23	138	<p>Axelia Corporation has two divisions, Refining and Extraction. The company's primary product is Luboil Oil. Each division's costs are provided below:</p> <p><i>Extraction: Variable costs per barrel of oil      \$15</i> <i>Fixed costs per barrel of oil      \$12</i></p> <p><i>Refining: Variable costs per barrel of oil      \$26</i></p>	B

		<p style="text-align: center;"><i>Fixed costs per barrel of oil</i>                      \$40</p> <p>The Refining Division has been operating at a capacity of 40,900 barrels a day and usually purchases 25,300 barrels of oil from the Extraction Division and 15,300 barrels from other suppliers at \$66 per barrel. Assume 300 barrels are transferred from the Extraction Division to the Refining Division for a transfer price of \$18 per barrel. The Refining Division sells the 300 barrels at a price of \$180 each to customers. What is the operating income of both divisions together?</p> <p>A) \$10,800            B) \$26,100            C) \$20,100            D) \$48,600</p>	
Ch23	139	<p>Division A sells ground veal internally to Division B, which in turn, produces veal burgers that sell for \$15 per pound. Division A incurs costs of \$3.75 per pound while Division B incurs additional costs of \$7.00 per pound. What is Division A's operating income per burger, assuming the transfer price of the ground veal is set at \$5.50 per burger?</p> <p>A) \$1.75            B) \$0.75            C) \$6.50            D) \$1.50</p>	A
Ch23	140	<p>A benefit of using a market-based transfer price is that the:</p> <p>A) profits of the transferring division are sacrificed for the overall good of the corporation  B) profits of the division receiving the products are sacrificed for the overall good of the corporation  C) economic viability and profitability of each division can be evaluated individually  D) transferring division can be assured of recovering its full costs in all scenarios</p>	C
Ch23	141	<p>Crush Company makes internal transfers at 155% of full cost. The Soda Refining Division purchases 40,300 containers of carbonated water per day, on average, from a local supplier, who delivers the water for \$58 per container via an external shipper. To reduce costs, the company located an independent supplier in Illinois who is willing to sell 40,300 containers at \$50 each, delivered to Crush Company's Shipping Division in Missouri. The company's Shipping Division in Missouri has excess capacity and can ship the 40,300 containers at a variable cost of \$5.00 per container. What is the total cost of purchasing the water from the Illinois supplier and shipping it to the Soda Division?</p> <p>A) \$2,015,000            B) \$2,216,500            C) \$2,337,400            D) \$201,500</p>	B
Ch23	142	<p>In comparing the three basic approaches to transfer pricing, which of the following statements would be true?</p> <p>A) A cost-based approach preserves subunit autonomy while negotiated transfer prices do not.  B) Market-based transfer pricing motivates managers but negotiated prices do not.  C) Cost-based transfer pricing systems are more difficult to implement and often make more time to implement than negotiated transfer pricing.  D) Market-based transfer pricing achieves goal congruence when markets are competitive while cost-based can achieve goal congruence, but not always.</p>	D
Ch24	143	<p>Which of the following steps in designing an accounting-based performance measure includes decisions such as defining assets as total assets or net assets in the calculation of return on assets?</p> <p>A) choosing performance measures that align with top management's financial goals  B) choosing the time horizon of each performance measure  C) choosing the details for each performance measure  D) choosing a target level of performance</p>	C
Ch24	144	<p>Using residual income as a measure of performance rather than return on investment promotes goal congruence because residual income:</p>	C

		<p>A) places importance on the reduction of underperforming assets  B) calculates a percentage return rather than an absolute return  C) concentrates on maximizing an absolute amount of dollars  D) concentrates on maximizing the return on sales</p>																
Ch24	145	<p>Care Inc., has two divisions that operate independently of one another. The financial data for the year 2020 reported the following results:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>North</u></th> <th style="text-align: center;"><u>South</u></th> </tr> </thead> <tbody> <tr> <td><i>Sales</i></td> <td style="text-align: right;">\$6,000,000</td> <td style="text-align: right;">\$5,000,000</td> </tr> <tr> <td><i>Operating income</i></td> <td style="text-align: right;">1,600,000</td> <td style="text-align: right;">1,500,000</td> </tr> <tr> <td><i>Taxable income</i></td> <td style="text-align: right;">1,400,000</td> <td style="text-align: right;">700,000</td> </tr> <tr> <td><i>Investment</i></td> <td style="text-align: right;">15,000,000</td> <td style="text-align: right;">12,000,000</td> </tr> </tbody> </table> <p>The company's desired rate of return is 10%. Income is defined as operating income. Which division has the best return on investment and which division has the best residual income figure, respectively?  A) North, North    B) South, South    C) North, South    D) South, North</p>		<u>North</u>	<u>South</u>	<i>Sales</i>	\$6,000,000	\$5,000,000	<i>Operating income</i>	1,600,000	1,500,000	<i>Taxable income</i>	1,400,000	700,000	<i>Investment</i>	15,000,000	12,000,000	B
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Ch24	146	<p>A company has operating income of \$300,000, revenues of \$1,500,000, total assets of \$2,000,000 and an ROI of 15%. To improve the ROI, to increase ROI to 20%, which of the following investment turnovers would need to be achieved?  A) .75                      B) 1.5                      C) 1                      D) 2</p>	C															
Ch24	147	<p>Springfield Corporation, whose tax rate is 35%, has two sources of funds: long-term debt with a market value of \$8,100,000 and an interest rate of 9%, and equity capital with a market value of \$14,000,000 and a cost of equity of 12%. Springfield has two operating divisions, the Blue division and the Gold division, with the following financial measures for the current year:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Total Assets</u></th> <th style="text-align: center;"><u>Current Liabilities</u></th> <th style="text-align: center;"><u>Operating Income</u></th> </tr> </thead> <tbody> <tr> <td><i>Blue Div.</i></td> <td style="text-align: right;">\$9,700,000</td> <td style="text-align: right;">\$3,000,000</td> <td style="text-align: right;">\$1,058,000</td> </tr> <tr> <td><i>Gold Div.</i></td> <td style="text-align: right;">\$11,000,000</td> <td style="text-align: right;">\$2,200,000</td> <td style="text-align: right;">\$1,200,000</td> </tr> </tbody> </table> <p>What is Economic Value Added (EVA®) for the Blue Division?  A) (\$34,450)              B) \$34,450              C) \$404,750              D) (\$258,050)</p>		<u>Total Assets</u>	<u>Current Liabilities</u>	<u>Operating Income</u>	<i>Blue Div.</i>	\$9,700,000	\$3,000,000	\$1,058,000	<i>Gold Div.</i>	\$11,000,000	\$2,200,000	\$1,200,000	B			
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Ch24	148	<p>Inflation clouds the real economic returns on an asset and:  A) makes variable-cost-based ROI higher  B) makes historical-cost-based ROI lower.  C) makes historical-cost-based ROI higher  D) makes variable-cost-based ROI lower</p>	C															
Ch24	149	<p>Ventaz Corp. purchased assets for its overseas branch for \$16,000. The rate of conversion at the time of purchase of asset was \$1.400 / Euro. If the company evaluates a project's ROI based on its initial costs and its operating income and does that in the foreign currency, what value of assets in Euros to be used to calculate the ROI if the rate current conversion rate is \$1.513 / Euro and the average rate being \$1.409 / Euro?  A) 11,429 Euros    B) 10,575 Euros    C) 11,356 Euros    D) 22,400 Euros</p>	A															
Ch24	150	<p>Which of the following is true of rewarding managers on the basis of residual income?  A) Managers are paid a fixed amount for his services regardless of the risk involved.  B) Managers' efforts are easily measured.  C) Managers taking less risk should be rewarded more since more risk can lead to huge losses.  D) Managers' rewards are dependent on their own efforts and other local economic factors.</p>	D															