

QUESTION 1

3 points

Save Answer

During the month of April, direct labor cost totaled \$15,000 and direct labor cost was 30% of prime cost. If total manufacturing costs during April were \$79,000, the manufacturing overhead was:

- ☐ \$35,000
- ☐ \$29,000
- ☐ \$50,000
- ☐ \$129,000

QUESTION 2

3 points

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A manufacturing company prepays its insurance coverage for a three-year period. The premium for the three years is \$2,400 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?

Option	Product	Period
A)	\$800	\$0
B)	\$0	\$800
C)	\$560	\$240
D)	\$240	\$560

- ☐ Option A
- ☐ Option B
- ☐ Option C
- ☐ Option D

QUESTION 3

3 points

Save Answer

Brees Inc., a company that produces and sells a single product, has provided its contribution format income statement for April.

Sales (6,200 units)	\$136,400
Variable expenses	<u>80,600</u>
Contribution margin	55,800
Fixed expenses	<u>48,700</u>
Net operating income	<u>\$7,100</u>

If the company sells 5,800 units, its total contribution margin should be closest to:

- ☐ \$55,800
- ☐ \$52,200
- ☐ \$6,642
- ☐ \$47,000

QUESTION 4

3 points

Save Answer

Florek Inc. produces and sells a single product. The company has provided its contribution format income statement for March.

Sales (5,700 units)	\$228,000
Variable expenses	<u>131,100</u>
Contribution margin	96,900
Fixed expenses	<u>86,300</u>
Net operating income	<u>\$10,600</u>

If the company sells 5,900 units, its net operating income should be closest to:

- ☐ \$14,000
- ☐ \$10,600
- ☐ \$18,600

QUESTION 5

3 points

Save Answer

Solen Corporation's break-even-point in sales is \$900,000, and its variable expenses are 75% of sales. If the company lost \$32,000 last year, sales must have amounted to:

- ☐ \$868,000
- ☐ \$804,000
- ☐ \$772,000
- ☐ \$628,000

QUESTION 6

3 points

Save Answer

Last year Easton Corporation reported sales of \$720,000, a contribution margin ratio of 30% and a net loss of \$24,000. Based on this information, the break-even point was:

- ☐ \$640,000
- ☐ \$880,000
- ☐ \$744,000
- ☐ \$800,000

QUESTION 7

3 points

Save Answer

Mcadams Inc. uses a job-order costing system in which any underapplied or overapplied overhead is closed to cost of goods sold at the end of the month. In April the company completed job C21F that consisted of 18,000 units of one of the company's standard products. No other jobs were in process during the month. The total manufacturing cost on job C21F's job cost sheet was \$702,000. The manufacturing overhead for the month was underapplied by \$10,080. During the month, 13,000 completed units from job C21F were sold. No other products were sold during the month.

The unit product cost for job C21F is closest to:

- ☐ \$29.00
- ☐ \$39.00
- ☐ \$54.78
- ☐ \$54.00

QUESTION 8

3 points

Save Answer

Clear Colors Company uses a predetermined overhead rate based on direct labor costs to apply manufacturing overhead to jobs. At the beginning of the year the company estimated its total manufacturing overhead cost at \$350,000 and its direct labor costs at \$200,000. The actual overhead cost incurred during the year was \$362,000 and the actual direct labor costs incurred on jobs during the year was \$208,000. The manufacturing overhead for the year would be:

- ☐ \$12,000 underapplied
- ☐ \$12,000 overapplied
- ☐ \$2,000 underapplied
- ☐ \$2,000 overapplied

QUESTION 9

3 points

Save Answer

Overapplied manufacturing overhead means that:

- ☐ the applied manufacturing overhead cost was less than the actual manufacturing overhead cost
- ☐ the applied manufacturing overhead cost was greater than the actual manufacturing overhead cost
- ☐ the estimated manufacturing overhead cost was less than the actual manufacturing overhead cost
- ☐ the estimated manufacturing overhead cost was less than the applied manufacturing overhead cost

QUESTION 10

3 points

Save Answer

When closing overapplied manufacturing overhead to cost of goods sold, which of the following would be true?

- ☐ Work in process will be decreased
- ☐ Cost of goods sold will be increased
- ☐ Net income will be decreased
- ☐ Gross margin will be increased

QUESTION 11

3 points

Save Answer

Caber Corporation applies manufacturing overhead on the basis of machine-hours. At the beginning of the most recent year, the company based its predetermined overhead rate on total estimated overhead of \$60,600. Actual manufacturing overhead for the year amounted to \$59,000 and actual machine-hours were 5,900. The company's predetermined overhead rate for the year was \$10.10 per machine-hour.

The applied manufacturing overhead for the year was closest to:

- ☐ \$58,017
- ☐ \$59,590
- ☐ \$60,600
- ☐ \$58,597

QUESTION 11

3 points

Save Answer

Caber Corporation applies manufacturing overhead on the basis of machine-hours. At the beginning of the most recent year, the company based its predetermined overhead rate on total estimated overhead of \$60,600. Actual manufacturing overhead for the year amounted to \$59,000 and actual machine-hours were 5,900. The company's predetermined overhead rate for the year was \$10.10 per machine-hour.

The applied manufacturing overhead for the year was closest to:

- ☐ \$58,017
- ☐ \$59,590
- ☐ \$60,600
- ☐ \$58,597

QUESTION 12

3 points

Save Answer

Baker Corporation applies manufacturing overhead on the basis of direct labor-hours. At the beginning of the most recent year, the company based its predetermined overhead rate on total estimated overhead of \$210,600 and 6,000 estimated direct labor-hours. Actual manufacturing overhead for the year amounted to \$209,000 and actual direct labor-hours were 5,980.

The overhead for the year was:

- ☐ \$702 underapplied
- ☐ \$898 underapplied
- ☐ \$702 overapplied
- ☐ \$898 overapplied

QUESTION 13

3 points

Save Answer

Kapanga Manufacturing Corporation uses a job-order costing system and started the month of October with a zero balance in its work in process and finished goods inventory accounts. During October, Kapanga worked on three jobs and incurred the following direct costs on those jobs:

	Job B18	Job B19	Job C11
Direct materials	\$12,000	\$25,000	\$18,000
Direct labor	\$8,000	\$10,000	\$5,000

Kapanga applies manufacturing overhead at a rate of 150% of direct labor cost. During October, Kapanga completed Jobs B18 and B19 and sold Job B19.

What is Kapanga's work in process inventory balance at the end of October?

- ☐ \$23,000
- ☐ \$30,500
- ☐ \$32,000
- ☐ \$43,000

QUESTION 14

3 points

Save Answer

The principal difference between variable costing and absorption costing centers on:

- ☐ whether variable manufacturing costs should be included in product costs
- ☐ whether fixed manufacturing costs should be included in product costs
- ☐ whether fixed manufacturing costs and fixed selling and administrative costs should be included in product costs
- ☐ whether selling and administrative costs should be included in product costs

QUESTION 14

3 points

Save Answer

The principal difference between variable costing and absorption costing centers on:

- ☐ whether variable manufacturing costs should be included in product costs
- ☐ whether fixed manufacturing costs should be included in product costs
- ☐ whether fixed manufacturing costs and fixed selling and administrative costs should be included in product costs
- ☐ whether selling and administrative costs should be included in product costs

QUESTION 15

3 points

Save Answer

Under variable costing, which of the following is not expensed in its entirety in the period in which it is incurred?

- ☐ fixed manufacturing overhead cost
- ☐ fixed selling and administrative expense
- ☐ variable selling and administrative expense
- ☐ variable manufacturing overhead cost

QUESTION 16

3 points

Save Answer

If a cost is a common cost of the segments on a segmented income statement, the cost should:

- ☐ be allocated to the segments on the basis of segment sales
- ☐ not be allocated to the segments
- ☐ excluded from the income statement
- ☐ treated as a product cost rather than as a period cost

QUESTION 17

3 points

Save Answer

Bartelt Inc., which produces a single product, has provided the following data for its most recent month of operations:

Number of units produced	8,000
Variable costs per unit:	
Direct materials	\$40
Direct labor	\$77
Variable manufacturing overhead	\$8
Variable selling and administrative expense	\$7
Fixed costs:	
Fixed manufacturing overhead	\$464,000
Fixed selling and administrative expense	\$448,000

There were no beginning or ending inventories. The absorption costing unit product cost was:

- ☐ \$125 per unit
- ☐ \$246 per unit
- ☐ \$117 per unit
- ☐ \$183 per unit

QUESTION 18

3 points

Save Answer

DC Construction has two divisions: Remodeling and New Home Construction. Each division has an on-site supervisor who is paid a salary of \$62,000 annually and one salaried estimator who is paid \$36,000 annually. The corporate office has two office administrative assistants who are paid salaries of \$40,000 and \$32,000 annually. The president's salary is \$138,000. How much of these salaries are common fixed expenses?

- ☐ \$138,000
- ☐ \$210,000
- ☐ \$72,000
- ☐ \$258,000

QUESTION 19

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Waltz Corporation has two divisions: Xi and Sigma. Data from the most recent month appear below:

	Xi	Sigma
Sales	\$286,000	\$148,000
Variable expenses	\$157,300	\$62,160
Traceable fixed expenses	\$84,000	\$56,000

The company's common fixed expenses total \$65,100. The break-even in sales dollars for Sigma Division is closest to:

- ☐ \$283,218
- ☐ \$379,037
- ☐ \$414,904
- ☐ \$131,685

QUESTION 20

3 points Save Answer

Bateman Corporation, which has only one product, has provided the following data concerning its most recent month of operations:

Selling price	\$117
Units in beginning inventory	0
Units produced	4,700
Units sold	4,400
Units in ending inventory	300
Variable costs per unit:	
Direct materials	\$36
Direct labor	\$38
Variable manufacturing overhead	\$4
Variable selling and administrative	\$11
Fixed costs:	
Fixed manufacturing overhead	\$89,300
Fixed selling and administrative	\$26,400

What is the unit product cost for the month under variable costing?

QUESTION 21

8 points

Save Answer

At an activity level of 8,800 units, Pember Corporation's total variable cost is \$146,520 and its total fixed cost is \$219,296.

Required:

For the activity level of 8,900 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.

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QUESTION 22

8 points

Save Answer

Marano Corporation produces and sells a single product. In October, the company sold 6,200 units. Its total sales were \$223,200, its total variable expenses were \$105,400, and its total fixed expenses were \$100,400.

Required:

- Construct the company's contribution format income statement for October.
- Redo the company's contribution format income statement assuming that the company sells 6,400 units.

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QUESTION 23

8 points

Save Answer

Mat Corporation's actual manufacturing overhead cost for the month ended March 31 was \$78,000. The company's predetermined overhead rate was 50% of direct labor cost. Other information pertaining to Mat Corporation's inventories and production for the month of March is as follows:

Beginning inventories, March 1:	
Work in process	\$40,000
Finished goods	\$102,000
Direct materials cost	\$104,000
Direct labor cost	\$160,000
Ending inventories, March 31:	
Work in process	\$36,000
Finished goods	\$105,000

Required:

- Determine the underapplied or overapplied overhead for the month.
- Determine the Cost of Goods Manufactured for the month.

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QUESTION 24

8 points Save Answer

Sproull Inc., which produces a single product, has provided the following data for its most recent month of operation:

Number of units produced	2,000
Variable costs per unit:	
Direct materials	\$21
Direct labor	\$75
Variable manufacturing overhead	\$7
Variable selling and administrative expenses	\$6
Fixed costs:	
Fixed manufacturing overhead	\$116,000
Fixed selling and administrative expenses	\$40,000

The company had no beginning or ending inventories.

Required:

- Compute the unit product cost under absorption costing.
- Compute the unit product cost under variable costing.

QUESTION 25

8 points Save Answer

Data for March concerning Mauger Corporation's two major business segments-Fibers and Feedstocks-appear below:

Sales revenues, Fibers	\$560,000
Sales revenues, Feedstocks	\$810,000
Variable expenses, Fibers	\$235,000
Variable expenses, Feedstocks	\$348,000
Traceable fixed expenses, Fibers	\$90,000
Traceable fixed expenses, Feedstocks	\$113,000

Common fixed expenses totaled \$461,000 and were allocated as follows: \$249,000 to the Fibers business segment and \$212,000 to the Feedstocks business segment.

Required:

Prepare a segmented income statement in the contribution format for the company. Omit percentages; show only dollar amounts.

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