

# Quiz

## Instruction

Please find the quiz in the following pages. Each group member should try the quiz. Then, together with your group members decide about the final answers.

This quiz consists of 58 MCQ questions, and it should take less than 120 minutes to complete.

To improve the reliability of the scores, the negative marking of 1/1 will be applied. 1/1 negative marking means that for every wrong answer, one additional mark will be deducted.

The deadline for submitting the quiz is 22/12/2021 at 23:59.

The solution will be uploaded on 23/12/2021 at 9:00. And, the quiz review session will be held on 23/12/2021 at 14:00. The quiz review session will be online.

Please use the excel file titled 'Group\_Quiz\_AFM 2021'. This is your answer sheet.

If you think that a question is wrong or contains error, please choose the option 'W'.

Each group should upload only one answer sheet in Toledo (In the File Exchange Section) with the following label:

    "[Your Group Number] — Quiz — AFM 2021."

For example, if you are group No. 2, the label should be:

    Group 2\_Quiz\_AFM 2021

Please do not modify the answer sheet.

# Quiz

1. As of December 31, 2019, Stand Still Industries had \$2,500 of raw materials inventory. At the beginning of 2019, there was \$2,000 of materials on hand. During the year, the company purchased \$375,000 of materials; however, it paid for only \$312,500. How much inventory was requisitioned for use on jobs during 2019?
- a. \$362,000
  - b. \$374,500
  - c. \$375,500
  - d. \$363,000

Begin+purchase-ending = 2.000+375.000-2.500=374.500

(antwoord uit "Chapter2\_solutions - vraag 44)

2. The following information is available for completed Job No. 402: Direct materials, \$120,000; direct labor, \$180,000; manufacturing overhead applied, \$90,000; units produced, 5,000 units; units sold, 4,000 units. The cost of the finished goods on hand from this job is
- a. \$60,000.
  - b. \$390,000.
  - c. \$78,000.
  - d. \$312,000.

Cost of goods on hand = (direct materials + direct labor + manufacturing overhead) / units produced \* units sold. Subtract cost from =  $((120.000+180.000+90.000)/5000) * 4000 = 78.000$

(antwoord uit "Chapter2\_solutions - vraag 76)

3. Madison Inc. uses job order costing for its brand new line of sewing machines. The cost incurred for production during 2019 totaled \$18,000 of materials, \$9,000 of direct labor costs, and \$6,000 of manufacturing overhead applied. The company ships all goods as soon as they are completed which results in no finished goods inventory on hand at the end of any year. Beginning work in process totaled \$15,000, and the ending balance is \$9,000. During the year, the company completed 25 machines. How much is the cost per machine?
- a. \$1,080
  - b. \$1,560
  - c. \$1,320
  - d. \$1,920

$(18.000 + 9.000 + 6.000 + 15.000 - 9.000) / 25 = 1.560$

(antwoord uit "Chapter2\_solutions - vraag 78)

4. Cost of goods manufactured equals \$85,000 for 2019. Finished goods inventory is \$2,000 at the beginning of the year and \$5,500 at the end of the year. Beginning and ending work in process for 2019 are \$4,000 and \$5,000, respectively. How much is cost of goods sold for the year?
- a. \$87,500
  - b. \$83,000
  - c. \$81,500
  - d. \$88,500

Cost of goods sold = Beginning Finished goods inventory + Cost of goods manufactured - Ending Finished goods inventory =  $(2000+85000-5500) = 81.500$

(antwoord uit "Chapter2\_solutions - vraag 80)

5. Kinney Company applies overhead on the basis of 150% of direct labor cost. Job No. 176 is charged with \$150,000 of direct materials costs and \$180,000 of manufacturing overhead. The total manufacturing costs for Job No. 176 is
- a. \$330,000.
  - b. \$600,000.
  - c. **\$450,000.**
  - d. \$405,000.

$$180,000 \div 150\% = 120,000$$

$$180,000 + 120,000 + 150,000 = \$450,000$$

(antwoord uit "Chapter2\_solutions - vraag 84)

6. Simmons Inc. applies overhead to production at a predetermined rate of 90% based on direct labor cost. Job No. 250, the only job still in process at the end of August, has been charged with manufacturing overhead of \$8,100. What was the amount of direct materials charged to Job 250 assuming the balance in Work in Process inventory is \$30,000?
- a. \$ 8,100.
  - b. \$ 9,000.
  - c. **\$12,900.**
  - d. \$30,000.

Predetermined overhead rate = Estimated manufacturing overhead cost / Estimated total units of labor

$$\Rightarrow \text{Estimated total units of labor} = \frac{\text{Estimated manufacturing overhead cost}}{\text{Predetermined overhead rate}} = \frac{8.100}{0,9} = 9.000$$

$$\text{Predetermined overhead rate} = 8.100 / 0,9 = 9.000$$

(antwoord uit "Chapter2\_solutions - vraag 97)

7. For Jacobs Company, the predetermined overhead rate is 70% of direct labor cost. During the month, \$600,000 of factory labor costs are incurred of which \$140,000 is indirect labor. Actual overhead incurred was \$320,000. The amount of overhead debited to Work in Process Inventory should be:
- a. **\$322,000**
  - b. \$320,000
  - c. \$420,000
  - d. \$460,000

(antwoord uit "Chapter2\_solutions - vraag 99)

8. During 2019, Tanner Manufacturing expected Job No. 26 to cost \$300,000 of overhead, \$500,000 of materials, and \$200,000 in labor. Tanner applied overhead based on direct labor cost. Actual production required an overhead cost of \$290,000, \$550,000 in materials used, and \$220,000 in labor. All of the goods were completed. What amount was transferred to Finished Goods?
- a. \$1,000,000
  - b. \$1,060,000
  - c. \$1,070,000
  - d. **\$1,100,000**

(antwoord uit "Chapter2\_solutions - vraag 106)

9. Gulick Company developed the following data for the current year:

|                                     |           |
|-------------------------------------|-----------|
| Beginning work in process inventory | \$240,000 |
| Direct materials used               | 144,000   |
| Actual overhead                     | 288,000   |
| Overhead applied                    | 216,000   |
| Cost of goods manufactured          | 264,000   |
| Total manufacturing costs           | 720,000   |

Gulick Company's direct labor cost for the year is

- a. \$72,000.
- b. **\$360,000.**
- c. \$216,000.
- d. \$288,000.

(antwoord uit "Chapter2\_solutions - vraag 111)

10. Hayward Manufacturing Company developed the following data:

|                                     |           |
|-------------------------------------|-----------|
| Beginning work in process inventory | \$900,000 |
| Direct materials used               | 700,000   |
| Actual overhead                     | 1,100,000 |
| Overhead applied                    | 800,000   |
| Cost of goods manufactured          | 1,200,000 |
| Ending work in process              | 1,500,000 |

Hayward Manufacturing Company's total manufacturing costs for the period is

- a. \$1,900,000.
- b. **\$1,800,000.**
- c. \$1,300,000.
- d. cannot be determined from the data provided.

(antwoord uit "Chapter2\_solutions - vraag 113)

11. Gannon Company had the following information at December 31:

|                                       |           |
|---------------------------------------|-----------|
| Finished goods inventory, January 1   | \$ 50,000 |
| Finished goods inventory, December 31 | 150,000   |

If the cost of goods manufactured during the year amounted to \$2,200,000 and annual sales were \$2,750,000, the amount of gross profit for the year is

- a. \$550,000.
- b. \$2,100,000.
- c. **\$650,000.**
- d. \$450,000.

(antwoord uit "Chapter2\_solutions - vraag 116)

12. During 2019, Durham Manufacturing expected Job No. 51 to cost \$300,000 of overhead, \$500,000 of materials, and \$200,000 in labor. Durham applied overhead based on direct labor cost. Actual production required an overhead cost of \$295,000, \$570,000 in materials used, and \$220,000 in labor. All of the goods were completed. What amount was transferred to Finished Goods?

- a. \$1,090,000
- b. **\$1,120,000**
- c. \$1,000,000
- d. \$1,085,000

(antwoord uit "Chapter2\_solutions - vraag 123)

13. Barnes Company applies overhead on the basis of machine hours. Given the following data, compute overhead applied and the under- or overapplication of overhead for the period:

|                                |             |         |
|--------------------------------|-------------|---------|
| Estimated annual overhead cost | \$3,000,000 |         |
| Actual annual overhead cost    | \$2,970,000 |         |
| Estimated machine hours        | 300,000     |         |
| Actual machine hours           |             | 295,000 |

- a. \$2,950,000 applied and \$20,000 overapplied
- b. \$3,000,000 applied and \$20,000 overapplied
- c. **\$2,950,000 applied and \$20,000 underapplied**
- d. \$2,970,000 applied and neither under- nor overapplied

(antwoord uit "Chapter2\_solutions - vraag 126)

14. Dolan Company's accounting records reflect the following inventories:

|                           | <u>Dec. 31, 2020</u> | <u>Dec. 31, 2019</u> |
|---------------------------|----------------------|----------------------|
| Raw materials inventory   | \$310,000            | \$260,000            |
| Work in process inventory | 300,000              | 160,000              |
| Finished goods inventory  | 190,000              | 150,000              |

During 2020, \$800,000 of raw materials were purchased, direct labor costs amounted to \$670,000, and manufacturing overhead incurred was \$640,000. If Dolan Company's cost of goods manufactured for 2020 amounted to \$1,890,000, its cost of goods sold for the year is

- a. \$2,000,000.
- b. \$1,750,000.
- c. **\$1,850,000.**
- d. \$1,930,000.

<https://www.studocu.com/row/document/zayed-university/managerial-accounting/multiple-choice-with-solutions/14084812> (vraag 9)

15. Boswell Company manufactures two products, Regular and Supreme. Boswell's overhead costs consist of machining, \$3,000,000; and assembling, \$1,500,000. Information on the two products is:

|                    | <u>Regular</u> | <u>Supreme</u> |
|--------------------|----------------|----------------|
| Direct labor hours | 10,000         | 15,000         |
| Machine hours      | 10,000         | 30,000         |
| Number of parts    | 90,000         | 160,000        |

Overhead applied to Regular using activity-based costing is

- a. \$1,290,000. juist
- b. **\$1,800,000. fout**
- c. \$2,700,000.
- d. \$3,210,000.

(antwoord uit "Chapter4 solutions" - vraag 68) -> hoe kom je ooit 1800 uit? -> overhead =  $3000/40 \times 10 + 1500/250 \times 90 = 1290$

16. Noland Company manufactures two models of its banjo, the Basic and the Luxury. The Basic model requires 10,000 direct labor hours and the Luxury requires 30,000 direct labor hours. The company produces 3,400 units of the Basic model and 600 units of the Luxury model each year. The company inspects one Basic for every 100 produced, and inspects one Luxury for every 10 produced. The company expects to incur \$112,800 of total inspecting costs this year. How much of the inspecting costs should be allocated to the Basic model using ABC costing?

- a. \$28,200
- b. **\$40,800**
- c. \$56,400

d. \$95,880

(antwoord uit "Chapter4\_solutions" - vraag 74)

17. A company incurs \$4,050,000 of overhead each year in three departments: Ordering and Receiving, Mixing, and Testing. The company prepares 2,000 purchase orders, works 50,000 mixing hours, and performs 1,500 tests per year in producing 200,000 drums of Goo and 600,000 drums of Slime. The following data are available:

| <u>Department</u>      | <u>Estimated use of Driver</u> | <u>Cost</u> |
|------------------------|--------------------------------|-------------|
| Ordering and Receiving | 2,000                          | \$1,200,000 |
| Mixing                 | 50,000                         | 1,500,000   |
| Testing                | 1,500                          | 1,350,000   |

Production information for Slime is as follows:

| <u>Department</u>      | <u>Estimated use of Driver</u> |
|------------------------|--------------------------------|
| Ordering and Receiving | 1,600                          |
| Mixing                 | 30,000                         |
| Testing                | 1,000                          |

Compute the amount of overhead assigned to Slime.

- a. \$2,025,000
- b. \$2,467,851
- c. **\$2,760,000**
- d. \$3,037,500

(antwoord uit "Chapter4\_solutions" - vraag 79)

18. Zimmerman Company manufactures two products, Board 12 and Case 165. Zimmerman's overhead costs consist of setting up machines, \$2,400,000; machining, \$5,400,000; and inspecting, \$1,800,000. Information on the two products is:

|                    | <u>Board 12</u> | <u>Case 165</u> |
|--------------------|-----------------|-----------------|
| Direct labor hours | 15,000          | 25,000          |
| Machine setups     | 600             | 400             |
| Machine hours      | 24,000          | 26,000          |
| Inspections        |                 | 800 700         |

Overhead applied to Board 12 using activity-based costing is

- a. \$3,600,000.
- b. \$4,608,000.
- c. **\$4,992,000.**
- d. \$5,760,000.

(antwoord uit "Chapter4\_solutions" - vraag 86)

19. A company incurs \$3,600,000 of overhead each year in three departments: Processing, Packaging, and Testing. The company performs 800 processing transactions, 200,000 packaging transactions, and 2,000 tests per year in producing 400,000 drums of Oil and 600,000 drums of Sludge. The following data are available:

| <u>Department</u> | <u>Expected Use of Driver</u> | <u>Cost</u> |
|-------------------|-------------------------------|-------------|
| Processing        | 800                           | \$1,500,000 |
| Packaging         | 200,000                       | 1,500,000   |
| Testing           | 2,000                         | 600,000     |

Production information for the two products is as follows:

| <b>Department</b> | <b>Oil</b>                    | <b>Sludge</b>                 |
|-------------------|-------------------------------|-------------------------------|
|                   | <b>Expected Use of Driver</b> | <b>Expected Use of Driver</b> |
| Processing        | 300                           | 500                           |
| Packaging         | 120,000                       | 80,000                        |
| Testing           | 1,600                         | 400                           |

The amount of overhead assigned to Oil using ABC is

- a. \$1,800,000.
- b. \$1,942,500.**
- c. \$1,657,500.
- d. \$1,380,000.

(antwoord uit "Chapter4\_solutions" - vraag 94)

- 20.** Gant Accounting performs two types of services, Audit and Tax. Gant's overhead costs consist of computer support, \$300,000; and legal support, \$150,000. Information on the two services is:

|                   | <b>Audit</b> | <b>Tax</b> |
|-------------------|--------------|------------|
| Direct labor cost | \$50,000     | \$100,000  |
| CPU minutes       | 40,000       | 10,000     |
| Legal hours used  | 200          | 800        |

Overhead applied to audit services using activity-based costing is

- a. \$150,000.
- b. \$180,000.
- c. \$270,000.**
- d. \$300,000.

(antwoord uit "Chapter4\_solutions" - vraag 145)

- 21.** Dunbar Manufacturing's variable costs are 30% of sales. The company is contemplating an advertising campaign that will cost \$55,000. If sales are expected to increase \$100,000, by how much will the company's net income increase?

- a. \$45,000
- b. \$70,000
- c. \$30,000
- d. \$15,000**

$100.000 - (55.000 + 0,3 * 100.000) = 15.000$  (antwoord uit "Chapter5\_solutions" - vraag 92, andere getallen)

- 22.** A company requires \$1,700,000 in sales to meet its net income target. Its contribution margin is 30%, and fixed costs are \$300,000. What is the target net income?

- a. \$510,000
- b. \$390,000
- c. \$700,000
- d. \$210,000**

$$0,3 = (1.700.000 - \text{variable costs}) / 1.700.000 \Rightarrow \text{variable costs} = 1.190.000$$

$$\text{target net income} = 1.700.000 - 1.190.000 - 300.000 = 210.000$$

en ook zie: <https://quizlet.com/30787081/accounting-chapter-18-flash-cards/>

- 23.** Hayduke Corporation reported the following results from the sale of 5,000 units in May: sales \$300,000, variable costs \$180,000, fixed costs \$90,000, and net income \$30,000. Assume that Hayduke increases the selling price by 5% on June 1. How many units will have to be sold in June to maintain the same level of net income?

- a. 4,444.**

- b. 4,600.
- c. 4,750.
- d. 5,000.

<https://quizlet.com/158987981/ch-19-acct-flash-cards/>

**24.** The following monthly data are available for Seasons Company which produces only one product: Selling price per unit, \$42; Unit variable expenses, \$14; Total fixed expenses, \$42,000; Actual sales for the month of June, 4,000 units. How much is the margin of safety for the company for June?

- a. \$70,000
- b. \$105,000**
- c. \$63,000
- d. \$2,500

$(42x = 14x + 42.000 \Rightarrow x = 1500 \rightarrow 4000 - 1500 = 2500 \rightarrow 2500 * 42 = 105.000)$

Zie gelijkaardige oefening, andere getallen: <https://quizlet.com/305062677/accounting-chapter-18-flash-cards/>

**25.** Marvin Co. had a net loss of \$150,000 in 2019 when the selling price per unit was \$20, the variable costs per unit were \$15, and the fixed costs were \$600,000. Management expects per unit data and total fixed costs to be the same in 2020. Management has set a goal of earning net income of \$75,000 in 2020. Assume that Marvin Co. sells the same number of units in 2020 as it did in 2019. What would the selling price have to be in order to reach the target net income?

- a. \$22.5**
- b. \$23.5
- c. \$21.5
- d. \$20.5

- Units sold in 2019 = (Fixed costs - Net loss) / Contribution margin per unit =  $(600.000 - 150.000) / (42 - 14) = 90.000$
- (Variable costs + Fixed costs + Net income) / Units sold in 2019 =  $(90.000 * 15 + 600.000 + 75.000) / 90.000 = 22,5$

**26.** Englehart, Inc. reports the following operating results for the month of August: Sales \$450,000 (units 5,000); variable costs \$280,000; and fixed costs \$115,000. Management is considering the following independent courses of action to increase net income.

1. Increase selling price by 10% with no change in total variable costs.
2. Reduce variable costs to 65% of sales.
3. Reduce fixed costs by \$15,000.

Which of the following statements is correct?

- a. Alternative 1 will produce the lowest net income.
- b. Alternative 1 will produce the highest net income.**
- c. Alternative 3 will produce the highest net income.
- d. Alternative 3 will produce the lowest net income.
- e.

(antwoord uit "Chapter5\_solutions" - vraag 191, andere getallen, zelfde formules)

- Unit sales price = \$450,000 / 5,000 units = \$90

Increase selling price to \$99, or (\$90 \* 110%).

Net income = \$495,000 - \$280,000 - \$115,000 = **\$100,000.**



- Reduce variable costs to 65% of sales.  
 Net income = \$450,000 - \$292,500 - \$115,000 = **\$42,500.**

- Reduce fixed costs to \$80,000  
 Net income = \$450,000 - \$280,000 - \$100,000 = **\$70,000.**

27. Blue Chance Co. sells computers and video game systems. The business is divided into two divisions along product lines. Variable costing income statements for the current year are presented below:

|                     | <u>Computers</u> | <u>VG Systems</u> | <u>Total</u>     |
|---------------------|------------------|-------------------|------------------|
| Sales               | \$700,000        | \$300,000         | \$1,000,000      |
| Variable costs      | <u>420,000</u>   | <u>210,000</u>    | <u>630,000</u>   |
| Contribution margin | <u>\$280,000</u> | <u>\$ 90,000</u>  | 370,000          |
| Fixed costs         |                  |                   | <u>296,000</u>   |
| Net income          |                  |                   | <u>\$ 74,000</u> |

What is Blue's Break-even point in dollars?

- a. \$926,000
- b. **\$800,000**
- c. \$700,000
- d. \$750,000

(antwoord uit "Chapter6\_solutions" - vraag 140)

28. Shanahan Co. of Dublin, Ireland is contemplating a major change in its cost structure. Currently, all of its drafting work is performed by skilled draftsmen. Mike Shanahan the owner, is considering replacing the draftsmen with a computerized drafting system.

However, before making the change, Mike would like to know the consequences of the change, since the volume of business varies significantly from year to year. Shown below are CVP income statements for each alternative.

|                     | <u>Manual System</u> | <u>Computerized System</u> |
|---------------------|----------------------|----------------------------|
| Sales               | \$1,500,000          | \$1,500,000                |
| Variable costs      | <u>1,200,000</u>     | <u>900,000</u>             |
| Contribution margin | 300,000              | 600,000                    |
| Fixed costs         | <u>150,000</u>       | <u>450,000</u>             |
| Net income          | <u>\$150,000</u>     | <u>\$150,000</u>           |

Which of the following statements is correct if sales increased by \$300,000?

- a. The computerized system would produce profits that are 1.5 times as much as the manual system.
- b. With a \$300,000 increase in sales, net income would increase \$50,000 under the manual system
- c. **With a \$300,000 increase in sales, net income would increase \$120,000 (\$270,000 - \$150,000) under the computerized system.**
- d. None of the above statements is correct.

(antwoord uit "Chapter6\_solutions" - vraag 144b)

29. A company has a process that results in 24,000 pounds of Product A that can be sold for \$8 per pound. An alternative would be to process Product A further at a cost of \$160,000 and then sell it for \$14 per pound. Should management sell Product A now or should Product A be processed further and then sold? What is the effect of the action?

- a. Process further, the company will be better off by \$16,000.

- b. Sell now, the company will be better off by \$16,000.
- c. Process further, the company will be better off by \$144,000.
- d. Sell now, the company will be better off by \$160,000.

<https://quizlet.com/134674235/part-3-flash-cards/>

- 30.** Mallory Company manufactures widgets. Bowden Company has approached Mallory with a proposal to sell the company widgets at a price of \$82,000 for 100,000 units. Mallory is currently making these components in its own factory. The following costs are associated with this part of the process when 100,000 units are produced:

|                        |                  |
|------------------------|------------------|
| Direct material        | \$ 31,000        |
| Direct labor           | 29,000           |
| Manufacturing overhead | <u>40,000</u>    |
| Total                  | <u>\$100,000</u> |

The manufacturing overhead consists of \$16,000 of costs that will be eliminated if the components are no longer produced by Mallory. From Mallory's point of view, how much is the incremental cost or savings if the widgets are bought instead of made?

- a. \$18,000 incremental savings
  - b. \$6,000 incremental cost
  - c. \$2,000 incremental savings
  - d. \$18,000 incremental cost
- (antwoord uit "Chapter6\_solutions" - vraag 117)

- 31.** Marcus Company gathered the following data about the three products that it produces:

| Product | Present<br>Sales Value | Estimated Additional<br>Processing Costs if Processed Further | Estimated Sales |
|---------|------------------------|---|-----------------|
| A       | \$12,000               | \$8,000   | \$21,000        |
| B       | 14,000                 | 5,000   | 18,000          |
| C       | 11,000                 | 3,000   | 16,000          |

Which of the products should not be processed further?

- a. Product A
  - b. Product B
  - c. Product C
  - d. Products A and C
- (antwoord uit "Chapter6\_solutions" - vraag 119)

- 32.** Paul Bunyon Lumber Co. produces several products that can be sold at the split-off point or processed further and then sold. The following results are from a recent period:

| Product      | Sales Value<br>at Split-off | Additional<br>Variable Costs | Sales Value after<br>Further Processing |
|--------------|-----------------------------|------------------------------|---|
| Green lumber | \$159,600                   | \$24,000                     | \$178,000                               |
| Rough lumber | 124,000                     | 28,200                       | 173,600                                 |
| Sawdust      | 102,000                     | 19,600                       | 130,000                                 |

The additional profit that would result from processing rough lumber further is

- a. \$21,400.

- b. \$49,600.
- c. \$145,400.
- d. \$95,800.

(antwoord uit "Chapter6\_solutions" - vraag 125)

- 33.** Sala Co. is contemplating the replacement of an old machine with a new one. The following information has been gathered:

|                          | <u>Old Machine</u> | <u>New Machine</u> |
|--------------------------|--------------------|--------------------|
| Price                    | \$300,000          | \$600,000          |
| Accumulated Depreciation | 90,000             | -0-                |
| Remaining useful life    | 10 years           | -0-                |
| Useful life              | -0-                | 10 years           |
| Annual operating costs   | \$240,000          | \$180,600          |

If the old machine is replaced, it can be sold for \$24,000.

Which of the following amounts is a sunk cost?

- a. \$240,000
- b. \$180,600
- c. \$600,000
- d. \$210,000

(antwoord uit "Chapter6\_solutions" - vraag 147)

- 34.** Corn Crunchers has three product lines. Its only unprofitable line is Corn Nuts, the results of which appear below for 2019:

|                   |                     |
|-------------------|---------------------|
| Sales             | \$1,400,000         |
| Variable expenses | 920,000             |
| Fixed expenses    | <u>600,000</u>      |
| Net loss          | <u>\$ (120,000)</u> |

If this product line is eliminated, 30% of the fixed expenses can be eliminated. How much are the relevant *costs* in the decision to eliminate this product line?

- a. \$180,000
- b. \$1,520,000
- c. \$1,340,000
- d. \$1,100,000

- 35.** Dolce Co. estimates its sales at 180,000 units in the first quarter and that sales will increase by 18,000 units each quarter over the year. They have, and desire, a 25% ending inventory of finished goods. Each unit sells for \$25. 40% of the sales are for cash. 70% of the credit customers pay within the quarter. The remainder is received in the quarter following sale.

Production in units for the third quarter should be budgeted at

- a. 220,500.
- b. 207,000.
- c. 274,500.
- d. 216,000.

(antwoord uit "Chapter9\_solutions" - vraag 103)

Solution:  $(180 + 18 + 18) \times 125\% - (18 + 18) \times 25\% = 220500$

- 36.** The production budget shows expected unit sales are 100,000. The required production units are 104,000. What are the beginning and desired ending finished goods units, respectively?

|    | <u>Beginning Units</u> | <u>Ending Units</u> |
|----|------------------------|---------------------|
| a. | 10,000                 | 6,000               |
| b. | 6,000                  | 10,000              |
| c. | 4,000                  | 10,000              |
| d. | 10,000                 | 4,000               |

(antwoord uit "Chapter9\_solutions" - vraag 77)

COR: Solution: A because:  $\text{Begin} + \text{Expected} - \text{Real} = \text{End}$  (want expected is wat je zal aankopen en real is wat je werkelijk uitgeeft)  $\rightarrow X + 100 - 104 = Y \rightarrow 10 + 100 - 104 = 6$  only is right for A

37. If the required direct materials purchases are 24,000 pounds, the direct materials required for production is three times the direct materials purchases, and the beginning direct materials are three and a half times the direct materials purchases, what are the desired ending direct materials in pounds?

- a. 60,000
- b. 12,000
- c. 36,000
- d. 24,000

(antwoord uit "Chapter9\_solutions" - vraag 81)

38. A company's planned activity level for next year is expected to be 100,000 machine hours. At this level of activity, the company budgeted the following manufacturing overhead costs:

|                    | <u>Variable</u> |              | <u>Fixed</u> |
|--------------------|-----------------|--------------|--------------|
| Indirect materials | \$140,000       | Depreciation | \$60,000     |
| Indirect labor     | 200,000         | Taxes        | 10,000       |
| Factory supplies   | 20,000          | Supervision  | 50,000       |

A budget prepared at the 80,000 machine hours level of activity would show total manufacturing overhead costs of

- a. \$288,000.
- b. \$360,000.
- c. \$384,000.
- d. \$408,000.

(antwoord uit "Chapter10\_solutions" - vraag 80)

39. Given below is an excerpt from a management performance report:

|                          | <u>Budget</u> | <u>Actual</u> | <u>Difference</u> |
|--------------------------|---------------|---------------|-------------------|
| Contribution margin      | \$1,000,000   | \$1,050,000   | \$50,000          |
| Controllable fixed costs | \$ 500,000    | \$ 450,000    | \$50,000          |

The manager's overall performance

- a. is 20% below expectations.
- b. is 20% above expectations.
- c. is equal to expectations.
- d. cannot be determined from information given.

(antwoord uit "Chapter10\_solutions" - vraag 115)

|          | <u>budget</u> | <u>actual</u> | <u>actual/budget</u> |
|----------|---------------|---------------|----------------------|
| Profit = | 1000-500      | 1050-450      | 600/500=1,2          |

40. That part of the value chain that includes ordering and shipping the product to retail outlets is \_\_\_\_\_.

- a. Customer service
- b. Production
- c. Marketing
- d. Distribution

(antwoord uit "Chapter1\_solutions" - vraag 7 p16)

41. Which of the following differentiates cost accounting and financial accounting?
- The primary users of cost accounting are the investors, whereas the primary users of financial accounting are the managers.
  - Cost accounting deals with product design, production, and marketing strategies, whereas financial accounting deals mainly with pricing of the products.
  - Cost accounting measures only the financial information related to the costs of acquiring fixed assets in an organization, whereas financial accounting measures financial and nonfinancial information of a company's business transactions.
  - Cost accounting measures information related to the costs of acquiring or using resources in an organization, whereas financial accounting measures a financial position of a company to investors, banks, and external parties.

(antwoord uit "Chapter1\_solutions" - vraag 12 p3)

42. Customer response time involves \_\_\_\_\_.
- the speed it takes a customer to respond to an advertisement and place an order
  - the speed at which an organization responds to customer requests
  - the speed it takes to develop a new product
  - the speed it takes an organization to develop a Total Quality Management (TQM) program

(antwoord uit "Chapter1\_solutions" - vraag 21 p20)

43. Place the five steps in the decision-making process in the correct order:

A = Obtain information  
B = Make decisions by choosing among alternatives  
C = Identify the problem and uncertainties  
D = Implement the decision, evaluate performance, and learn  
E = Make predictions about the future

- C D B E A
- E D A B C
- C A E B D
- A E B D C

(antwoord uit "Chapter1\_solutions" - vraag 1 p26)

44. Control measures should \_\_\_\_\_.
- be set and not changed until the next budget cycle so as to provide an effective benchmark
  - be set by excluding nonfinancial information
  - be kept confidential from employees so that competitors don't have an opportunity to gain a competitive advantage
  - be linked by feedback to help learning and future planning

(antwoord uit "Chapter1\_solutions" - vraag 11 p28)

45. Which of the following reports to the CFO?

- external auditor
- distribution manager
- production manager
- treasurer

(antwoord uit "Chapter1\_solutions" - vraag 9 p38)

46. The Standards of Ethical Conduct for management accountants include concepts related to \_\_\_\_\_.

- a. competence, performance, diligence, and reporting
  - b. competence, confidentiality, integrity, and credibility
  - c. experience, diligence, reporting, and objectivity
  - d. diligence, objectivity, conflicts of interest, and credibility
- (antwoord uit "Chapter1\_solutions" - vraag 2 p40)

47. 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

(antwoord uit "Chapter20\_solutions" - vraag 16 p14)

48. Inventoriable costs are costs of a product that are considered \_\_\_\_\_.

- a. assets in a company's balance sheet when the costs are incurred and that are expensed as cost of goods sold only when the product is sold
- b. liabilities in a company's balance sheet when the costs are incurred and that are expensed only when the product is sold
- c. assets in a company's income statement when the costs are capitalized and that are expensed as cost of goods sold only when the product is sold
- d. liabilities in a company's income statement when the costs are capitalized and that are expensed only when the product is sold

(antwoord uit "Chapter20\_solutions" - vraag 102 p62)

49. If a company would like to increase its degree of operating leverage it should \_\_\_\_\_.

- a. increase its sales relative to its fixed costs
- b. increase its sales relative to its variable costs
- c. increase its variable costs relative to its fixed costs
- d. increase its fixed costs relative to its variable costs

<https://quizlet.com/189997921/ch-3-flash-cards/>

50. In the manufacturing sector, \_\_\_\_\_.

- a. only variable costs are subtracted to determine gross margin
- b. fixed overhead costs are subtracted to determine gross margin
- c. fixed overhead costs are subtracted to determine contribution margin
- d. all operating costs are subtracted to determine contribution margin

<https://quizlet.com/444103244/chapter-3-flash-cards/>

51. In a normal costing system, the Manufacturing Overhead Control account \_\_\_\_\_.

- 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

(antwoord uit "Chapter21\_solutions" - vraag 74)

52. The method that restates all overhead entries in the general ledger and subsidiary ledgers using actual cost rates rather than budgeted cost rates is called \_\_\_\_\_.

- a. the adjusted allocation rate approach
- b. the proration approach
- c. the write-off of cost of goods sold approach

d. the weighted-average cost approach  
(antwoord uit "Chapter21\_solutions" - vraag 102)

53. 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 use 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.

<https://quizlet.com/124041902/ch-5-activity-based-costing-flash-cards/> en  
(antwoord uit "Chapter22\_solutions" - vraag 3 p4)

54. Which of the following is true with activity based cost accounting?

- a. Activity-based costing ignores the allocation of marketing and distribution costs.
- b. Activity-based costing is more likely to result in major differences from traditional costing systems if the firm manufactures only one product rather than multiple products.
- c. The focus is on activities that account for a sizable fraction of indirect costs.
- d. Chances of product-cost cross-subsidization are higher in activity-based costing compared to traditional costing systems.

(antwoord uit "Chapter22\_solutions" - vraag 7 p8)

55. 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

(antwoord uit "Chapter22\_solutions" - vraag 8 p29)

56. Recognizing ABC information is not always perfect because \_\_\_\_\_.

- a. it mostly uses far too many indirect cost pools than what is actually required
- b. it balances the need for better information against the costs of creating a complex system
- c. it lacks the simplicity that traditional systems used to have to allocate overhead costs
- d. it never measures how the resources of an organization are used

(antwoord uit "Chapter22\_solutions" - vraag 7 p58)

57. Which of the following is a limitation of using past performance as a basis for judging actual results?

- a. It does not account for productivity increases over the periods.
- b. It increases the incentive for managers to introduce budgetary slack.
- c. It assumes inefficiencies of previous periods without considering possible efficiencies of the budget period.
- d. It increases the tendency of senior managers exaggerating changes in future conditions as opposed to changes in current conditions.

(antwoord uit "Chapter23\_solutions" - vraag 3 p6)

**58.** Which of the following is true of responsibility accounting?

- a. It is a system that measures the plans, budgets, actions, and actual results of a responsibility center.
- b. It is an arrangement of lines of responsibility and authority within a responsibility center.
- c. It explicitly incorporates continuous improvement and changes due to learning curve.
- d. It examines how a result will change if the original plan is not achieved.

<https://quizlet.com/282663892/exam-2-acct-502-flash-cards/>