***Managerial Accounting, 16e* (Garrison)**

**Chapter 1 Managerial Accounting and Cost Concepts**

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

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

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

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

5) Selling costs are indirect costs.

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

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

8) Administrative costs are indirect costs.

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

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

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

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

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

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

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

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

17) Product costs are also known as inventoriable costs.

18) Prime cost equals manufacturing overhead cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

47) Differential costs can only be variable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A) Whether a particular cost is classified as direct or indirect does not depend on the cost object.

B) A direct cost is one that can be easily traced to the particular cost object.

C) The factory manager's salary would be classified as an indirect cost of producing one unit of product.

D) A particular cost may be direct or indirect, depending on the cost object.

63) Direct costs:

A) are incurred to benefit a particular accounting period.

B) are incurred due to a specific decision.

C) can be easily traced to a particular cost object.

D) are the variable costs of producing a product.

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

A) The cost of the glue in a chair.

B) The amount paid to the individual who stains a chair.

C) The workman's compensation insurance of the supervisor who oversees production.

D) The factory utilities of the department in which production takes place.

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

|  |  |
| --- | --- |
| Direct Cost | Fixed Cost |

A) Yes Yes

B) Yes No

C) No Yes

D) No No

66) The costs of direct materials are classified as:

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

67) Manufacturing overhead includes:

A) all direct material, direct labor and administrative costs.

B) all manufacturing costs except direct labor.

C) all manufacturing costs except direct labor and direct materials.

D) all selling and administrative costs.

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

A) direct materials.

B) a period cost.

C) administrative expense.

D) manufacturing overhead.

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

A) administrative expense.

B) direct labor cost.

C) manufacturing overhead cost.

D) selling expense.

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

A) Depreciation of factory maintenance equipment.

B) Salary of a clerk who handles customer billing.

C) Insurance on a company showroom where customers can view new products.

D) Cost of a seminar concerning tax law updates that was attended by the company's controller.

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

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

A) period cost.

B) direct material cost.

C) indirect material cost.

D) opportunity cost.

73) Wages paid to the factory warehouse foreman are considered an example of:

|  |  |  |
| --- | --- | --- |
|   | Direct Labor | Period Cost |
| A) | Yes | Yes |
| B) | Yes | No |
| C) | No | Yes |
| D) | No | No |

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

A) period costs.

B) selling expenses.

C) cost of goods sold.

D) administrative expenses.

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

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

A) Direct materials.

B) Direct labor.

C) Variable overhead.

D) Fixed overhead.

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

A) Fabric used to produce men's pants.

B) Advertising cost for a new line of clothing.

C) Factory supervisor's salary.

D) Monthly depreciation on production equipment.

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

A) depreciation on the company's retail outlets.

B) salary of the plant manager.

C) insurance on the factory equipment.

D) rental costs of factory equipment.

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

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

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

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

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

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

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

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

C) Manufacturing overhead is a period cost.

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

82) Direct labor cost is classified as:

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

84) Prime cost consists of:

A) direct labor and manufacturing overhead.

B) direct materials and manufacturing overhead.

C) direct materials and direct labor.

D) direct materials, direct labor and manufacturing overhead.

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

A) a product cost that is fixed with respect to the company's output.

B) a period cost that is fixed with respect to the company's output.

C) a product cost that is variable with respect to the company's output.

D) a period cost that is variable with respect to the company's output.

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

A) product cost.

B) opportunity cost.

C) period cost.

D) variable cost.

87) Factory overhead is typically a(n):

A) mixed cost.

B) fixed cost.

C) variable cost.

D) irrelevant cost.

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

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

E) Choice E

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

|  |  |  |
| --- | --- | --- |
| Cost Item | Cost at100 units | Cost at140 units |
| W | $ | 8,000 |   | $ | 10,560 |   |
| X | $ | 5,000 |   | $ | 5,000 |   |
| Y | $ | 6,500 |   | $ | 9,100 |   |
| Z | $ | 6,700 |   | $ | 8,580 |   |

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

The costs of direct materials are classified as:

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

A) vary in total in direct proportion to changes in the activity level.

B) remain constant in total as the activity level changes.

C) increase on a per unit basis as the activity level increases.

D) increase on a per unit basis as the activity level decreases.

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

A) contribution margin.

B) cost structure.

C) product mix.

D) relevant range.

92) An example of a committed fixed cost is:

A) management training seminars.

B) a long-term equipment lease.

C) research and development.

D) advertising.

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

A) fixed, decreasing

B) fixed, increasing

C) variable, decreasing

D) variable, increasing

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

A) Committed fixed costs arise from the annual decisions by management.

B) As volume increases, unit fixed cost and total fixed cost will change.

C) Fixed costs increase in total throughout the relevant range.

D) Discretionary fixed costs can often be reduced to zero for short periods of time without seriously impairing the long-run goals of the company.

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

A) Total fixed costs and total variable cost.

B) Unit fixed costs and total variable cost.

C) Unit variable cost and unit fixed cost.

D) Unit fixed cost and total fixed cost.

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

|  |  |  |
| --- | --- | --- |
|   | Total Variable Cost | Variable Cost Per Unit |
| A) | Increase | Decrease |
| B) | Constant | Decrease |
| C) | Decrease | Constant |
| D) | Increase | Constant |

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

A) fixed cost.

B) mixed cost.

C) step-variable cost.

D) variable cost.

98) Fixed costs expressed on a per unit basis:

A) increase with increases in activity.

B) decrease with increases in activity.

C) are not affected by activity.

D) should be ignored in making decisions since they cannot change.

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

A) variable costs per unit fluctuate and fixed costs per unit remain constant.

B) variable costs per unit are constant and fixed costs per unit fluctuate.

C) both total variable costs and total fixed costs are constant.

D) both total variable costs and total fixed costs fluctuate.

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

A) Variable.

B) Fixed.

C) Mixed.

D) Step-variable.

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

A) decrease.

B) increase.

C) remain the same.

D) The effect cannot be predicted.

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

A) Direct materials.

B) Direct labor.

C) Fixed manufacturing overhead.

D) Variable costs.

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

A) total cost

B) total fixed cost

C) total variable cost

D) variable cost per unit

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

A) taxes on real estate.

B) management development programs.

C) public relations costs.

D) advertising programs.

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

A) total cost

B) total fixed cost

C) the level of activity

D) variable cost per unit

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

A) fixed cost.

B) step-variable cost.

C) mixed cost.

D) curvilinear cost.

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

A) Property taxes on a headquarters building.

B) Legal department salaries.

C) Cost of leasing the company's mainframe computer.

D) Production supplies.

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

A) Sales commissions.

B) Manufacturing overhead.

C) Direct materials.

D) Administrative salaries.

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

A) period cost.

B) opportunity cost.

C) sunk cost.

D) differential cost.

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

A) marginal cost.

B) indirect cost.

C) period cost.

D) sunk cost.

111) Differential costs can:

A) only be fixed costs.

B) only be variable costs.

C) be either fixed or variable.

D) be sunk costs.

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

A) variable costs.

B) sunk costs.

C) opportunity costs.

D) fixed costs.

113) Contribution margin is:

A) Sales less cost of goods sold.

B) Sales less variable production, variable selling, and variable administrative expenses.

C) Sales less variable production expense.

D) Sales less all variable and fixed expenses.

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

|  |  |  |
| --- | --- | --- |
|   | TraditionalApproach | ContributionApproach |
| A) | Yes | Yes |
| B) | Yes | No |
| C) | No | Yes |
| D) | No | No |

A) Choice A

B) Choice B

C) Choice C

D) Choice D

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

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

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

A) $79,200

B) $63,600

C) $62,700

D) $53,700

116) Perkey Corporation has provided the following information:

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

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

A) $53,400

B) $35,600

C) $36,600

D) $31,600

117) Norred Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.50 |   |   |   |   |
| Direct labor | $ | 3.70 |   |   |   |   |
| Variable manufacturing overhead | $ | 1.60 |   |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 121,500 |   |
| Sales commissions | $ | 1.50 |   |   |   |   |
| Variable administrative expense | $ | 0.45 |   |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 44,500 |   |

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

A) $120,800

B) $134,300

C) $12,800

D) $121,500

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

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

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

A) $15,000

B) $22,800

C) $7,800

D) $25,800

119) The following costs were incurred in May:

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

Conversion costs during the month totaled:

A) $54,000

B) $133,000

C) $59,000

D) $87,000

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

A) $34,667

B) $78,000

C) $42,000

D) $120,000

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

A) $76,000

B) $25,000

C) $61,000

D) $15,000

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

A) $36,000

B) $20,000

C) $81,000

D) $45,000

123) The following costs were incurred in May:

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

Prime costs during the month totaled:

A) $36,000

B) $119,000

C) $69,000

D) $46,000

124) Kneeland Corporation has provided the following information:

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

If 10,000 units are produced, the total amount of manufacturing overhead cost is closest to:

A) $186,000

B) $138,000

C) $162,000

D) $150,000

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

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

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:

A) $18,100

B) $28,000

C) $21,400

D) $14,800

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

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

A) Choice A

B) Choice B

C) Choice C

D) Choice D

127) Shelp Corporation has provided the following information:

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

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

A) $33,000

B) $9,000

C) $40,500

D) $49,500

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

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

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

A) $8,200

B) $12,250

C) $7,500

D) $4,750

129) Bressette Corporation has provided the following information:

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

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

A) $65,750

B) $10,000

C) $70,750

D) $55,750

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

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

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

A) $106,200

B) $236,700

C) $121,500

D) $227,700

131) Timchak Corporation reports that at an activity level of 9,900 units, its total variable cost is $919,116 and its total fixed cost is $259,974. What would be the total cost, both fixed and variable, at an activity level of 10,100 units? Assume that this level of activity is within the relevant range.

A) $1,197,658

B) $1,191,000

C) $1,179,090

D) $1,202,910

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

A) $10,100

B) $4,800

C) $500

D) $5,300

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

A) $107.93

B) $107.18

C) $108.67

D) $108.24

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

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

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

A) $2.40

B) $2.70

C) $3.00

D) $3.75

135) Brault Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.85 |   |   |   |   |
| Direct labor | $ | 3.85 |   |   |   |   |
| Variable manufacturing overhead | $ | 1.25 |   |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 97,200 |   |
| Sales commissions | $ | 1.00 |   |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 40,500 |   |

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

A) $22.75

B) $11.95

C) $13.50

D) $28.80

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

A) $13,600

B) $3,600

C) $29,600

D) $16,000

137) Sparacino Corporation has provided the following information:

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

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

A) $24,750

B) $42,650

C) $33,700

D) $29,225

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

A) $33,000

B) $79,000

C) $23,000

D) $56,000

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

A) $1,175,210

B) $1,169,685

C) $1,161,384

D) $1,168,297

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

|  |  |  |
| --- | --- | --- |
|   | June | July |
| Activity level in units |   | 10,000 |   |   | 11,000 |   |
| Direct materials | $ | 17,000 |   | $ | ? |   |
| Fixed factory rent |   | 21,000 |   |   | ? |   |
| Manufacturing overhead |   | 20,000 |   |   | ? |   |
| Total cost | $ | 58,000 |   | $ | 61,300 |   |

Assuming that these activity levels are within the relevant range, the manufacturing overhead for July was:

A) $21,600

B) $20,000

C) $22,000

D) $19,500

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

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

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

A) $17.15

B) $11.00

C) $14.00

D) $12.50

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

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

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

A) $16,800

B) $14,000

C) $12,600

D) $11,200

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

A) $35,600

B) $21,600

C) $32,000

D) $18,000

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

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

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

A) $79,500

B) $107,400

C) $67,800

D) $87,600

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

|  |  |  |
| --- | --- | --- |
|   | July | August |
| Sales in units |   | 11,000 |   |   | 10,000 |   |
| Sales | $ | 165,000 |   | $ | 150,000 |   |
| Cost of goods sold |   | 72,600 |   |   | 66,000 |   |
| Gross margin |   | 92,400 |   |   | 84,000 |   |
| Selling and administrative expenses: |   |   |   |   |   |   |
| Rent | $ | 12,000 |   | $ | 12,000 |   |
| Sales commissions | $ | 13,200 |   | $ | 12,000 |   |
| Maintenance expenses | $ | 13,500 |   | $ | 13,000 |   |
| Clerical expense | $ | 16,000 |   | $ | 15,000 |   |
| Total selling and administrative expenses | $ | 54,700 |   | $ | 52,000 |   |
| Net operating income | $ | 37,700 |   | $ | 32,000 |   |

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

Which of the selling and administrative expenses of the company is variable?

A) Rent

B) Sales Commissions

C) Maintenance Expense

D) Clerical Expense

146) Tirri Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.85 |   |   |   |   |
| Direct labor | $ | 3.90 |   |   |   |   |
| Variable manufacturing overhead | $ | 1.25 |   |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 22,500 |   |
| Sales commissions | $ | 1.00 |   |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 7,500 |   |

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

A) $12.65

B) $6.65

C) $15.45

D) $9.70

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

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

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

A) $9.65

B) $6.50

C) $15.30

D) $12.35

148) Bellucci Corporation has provided the following information:

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

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

A) $26.75

B) $12.80

C) $30.05

D) $24.50

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

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

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

A) $16.20

B) $10.80

C) $13.80

D) $14.30

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

A) $86,000

B) $82,000

C) $84,000

D) $122,000

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

A) $91,000

B) $63,000

C) $65,000

D) $61,000

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

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

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

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

A) $78,000

B) $45,000

C) $41,000

D) $37,000

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

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

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

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

A) $152,000

B) $33,000

C) $45,000

D) $77,000

154) The following cost data pertain to the operations of Ladwig Department Stores, Inc., for the month of December.

|  |  |
| --- | --- |
|   |   |
| Corporate legal office salaries | $ | 68,000 |
| Shoe Department cost of sales—Brentwood Store | $ | 66,000 |
| Corporate headquarters building lease | $ | 86,000 |
| Store manager's salary—Brentwood Store | $ | 10,000 |
| Shoe Department sales commissions—Brentwood Store | $ | 5,000 |
| Store utilities—Brentwood Store | $ | 11,000 |
| Shoe Department manager's salary—Brentwood Store | $ | 3,000 |
| Central warehouse lease cost | $ | 3,000 |
| Janitorial costs—Brentwood Store |   | 11,000 |

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

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

A) $66,000

B) $74,000

C) $106,000

D) $71,000

155) The following cost data pertain to the operations of Ladwig Department Stores, Inc., for the month of December.

|  |  |
| --- | --- |
|   |   |
| Corporate legal office salaries | $ | 68,000 |
| Shoe Department cost of sales—Brentwood Store | $ | 66,000 |
| Corporate headquarters building lease | $ | 86,000 |
| Store manager's salary—Brentwood Store | $ | 10,000 |
| Shoe Department sales commissions—Brentwood Store | $ | 5,000 |
| Store utilities—Brentwood Store | $ | 11,000 |
| Shoe Department manager's salary—Brentwood Store | $ | 3,000 |
| Central warehouse lease cost | $ | 3,000 |
| Janitorial costs—Brentwood Store |   | 11,000 |

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

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

A) $74,000

B) $32,000

C) $157,000

D) $86,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.55 |
| Direct labor | $ | 3.50 |
| Variable manufacturing overhead | $ | 1.40 |
| Fixed manufacturing overhead | $ | 2.60 |
| Fixed selling expense | $ | 0.70 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.50 |
| Variable administrative expense | $ | 0.45 |

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

A) $56,200

B) $45,800

C) $60,200

D) $10,400

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.55 |
| Direct labor | $ | 3.50 |
| Variable manufacturing overhead | $ | 1.40 |
| Fixed manufacturing overhead | $ | 2.60 |
| Fixed selling expense | $ | 0.70 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.50 |
| Variable administrative expense | $ | 0.45 |

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

A) $7,800

B) $8,100

C) $4,400

D) $12,200

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.55 |
| Direct labor | $ | 3.50 |
| Variable manufacturing overhead | $ | 1.40 |
| Fixed manufacturing overhead | $ | 2.60 |
| Fixed selling expense | $ | 0.70 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.50 |
| Variable administrative expense | $ | 0.45 |

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

A) $30,150

B) $34,350

C) $42,150

D) $34,650

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.55 |
| Direct labor | $ | 3.50 |
| Variable manufacturing overhead | $ | 1.40 |
| Fixed manufacturing overhead | $ | 2.60 |
| Fixed selling expense | $ | 0.70 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.50 |
| Variable administrative expense | $ | 0.45 |

If 3,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

A) $4,200

B) $10,400

C) $14,600

D) $12,000

160) Glew Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.00 |   |   |
| Direct labor | $ | 3.35 |   |   |
| Variable manufacturing overhead | $ | 1.75 |   |   |
| Fixed manufacturing overhead |   |   | $ | 8,800 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,000 |

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

A) $57,200

B) $8,800

C) $44,400

D) $53,200

161) Glew Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.00 |   |   |
| Direct labor | $ | 3.35 |   |   |
| Variable manufacturing overhead | $ | 1.75 |   |   |
| Fixed manufacturing overhead |   |   | $ | 8,800 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,000 |

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

A) $6,400

B) $9,600

C) $4,000

D) $5,600

162) Glew Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.00 |   |   |
| Direct labor | $ | 3.35 |   |   |
| Variable manufacturing overhead | $ | 1.75 |   |   |
| Fixed manufacturing overhead |   |   | $ | 8,800 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,000 |

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

A) $33,300

B) $31,050

C) $28,050

D) $39,900

163) Glew Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.00 |   |   |
| Direct labor | $ | 3.35 |   |   |
| Variable manufacturing overhead | $ | 1.75 |   |   |
| Fixed manufacturing overhead |   |   | $ | 8,800 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,000 |

If 3,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

A) $5,250

B) $11,850

C) $8,800

D) $14,050

164) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

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

A) $72,000

B) $77,000

C) $11,000

D) $61,000

165) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

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

A) $12,500

B) $8,300

C) $7,000

D) $5,500

166) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

If 4,000 units are sold, the variable cost per unit sold is closest to:

A) $13.60

B) $12.20

C) $14.40

D) $16.90

167) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

If 4,000 units are sold, the total variable cost is closest to:

A) $54,400

B) $48,800

C) $57,600

D) $67,600

168) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:

A) $14,600

B) $17,600

C) $11,600

D) $23,600

169) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

If the selling price is $18.70 per unit, the contribution margin per unit sold is closest to:

A) $5.10

B) $1.80

C) $4.30

D) $8.15

170) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

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

A) $73,200

B) $69,300

C) $86,400

D) $63,300

171) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

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

A) $23,100

B) $9,900

C) $11,000

D) $20,900

172) Schwiesow Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 7.05 |   |   |
| Direct labor | $ | 3.50 |   |   |
| Variable manufacturing overhead | $ | 1.65 |   |   |
| Fixed manufacturing overhead |   |   | $ | 11,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 5,500 |

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

A) $14.40

B) $15.10

C) $16.90

D) $12.20

173) Lambeth Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 4.90 |   |   |
| Direct labor | $ | 2.95 |   |   |
| Variable manufacturing overhead | $ | 1.25 |   |   |
| Fixed manufacturing overhead |   |   | $ | 8,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,000 |

If 3,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

A) $26,550

B) $23,550

C) $33,300

D) $27,300

174) Lambeth Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 4.90 |   |   |
| Direct labor | $ | 2.95 |   |   |
| Variable manufacturing overhead | $ | 1.25 |   |   |
| Fixed manufacturing overhead |   |   | $ | 8,000 |
| Sales commissions | $ | 1.00 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,000 |

If 3,000 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

A) $8,000

B) $11,750

C) $9,750

D) $3,750

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.30 |
| Direct labor | $ | 3.65 |
| Variable manufacturing overhead | $ | 1.75 |
| Fixed manufacturing overhead | $ | 9.90 |
| Fixed selling expense | $ | 2.25 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.50 |

If 8,000 units are produced, the total amount of direct manufacturing cost incurred is closest to:

A) $79,600

B) $93,600

C) $87,600

D) $172,800

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.30 |
| Direct labor | $ | 3.65 |
| Variable manufacturing overhead | $ | 1.75 |
| Fixed manufacturing overhead | $ | 9.90 |
| Fixed selling expense | $ | 2.25 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.50 |

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

A) $14,000

B) $93,200

C) $89,100

D) $103,100

177) Kesterson Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |
| Direct labor | $ | 3.10 |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |
| Fixed manufacturing overhead |   |   | $ | 14,000 |
| Sales commissions | $ | 1.50 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,500 |

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:

A) $16,300

B) $25,600

C) $19,400

D) $13,200

178) Kesterson Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |
| Direct labor | $ | 3.10 |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |
| Fixed manufacturing overhead |   |   | $ | 14,000 |
| Sales commissions | $ | 1.50 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,500 |

If the selling price is $21.90 per unit, the contribution margin per unit sold is closest to:

A) $9.35

B) $12.60

C) $8.45

D) $5.65

179) Kesterson Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |
| Direct labor | $ | 3.10 |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |
| Fixed manufacturing overhead |   |   | $ | 14,000 |
| Sales commissions | $ | 1.50 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,500 |

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

A) $55,800

B) $63,900

C) $80,700

D) $64,800

180) Kesterson Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |
| Direct labor | $ | 3.10 |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |
| Fixed manufacturing overhead |   |   | $ | 14,000 |
| Sales commissions | $ | 1.50 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,500 |

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

A) $8,100

B) $24,900

C) $22,100

D) $14,000

181) Kesterson Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |
| Direct labor | $ | 3.10 |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |
| Fixed manufacturing overhead |   |   | $ | 14,000 |
| Sales commissions | $ | 1.50 |   |   |
| Variable administrative expense | $ | 0.40 |   |   |
| Fixed selling and administrative expense |   |   | $ | 4,500 |

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

A) $10.65

B) $13.45

C) $16.25

D) $13.95

182) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Cost of clay used in production | $ | 65,000 |
| Wages paid to the workers who paint the figurines | $ | 90,000 |
| Wages paid to the sales manager's secretary | $ | 22,000 |
| Cost of junk mail advertising | $ | 47,000 |

What is the total of the direct costs above?

A) $65,000

B) $112,000

C) $155,000

D) $202,000

183) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Cost of clay used in production | $ | 65,000 |
| Wages paid to the workers who paint the figurines | $ | 90,000 |
| Wages paid to the sales manager's secretary | $ | 22,000 |
| Cost of junk mail advertising | $ | 47,000 |

What is the total of the product costs above?

A) $0

B) $69,000

C) $155,000

D) $159,000

184) Vignana Corporation manufactures and sells hand-painted clay figurines of popular sports heroes. Shown below are some of the costs incurred by Vignana for last year:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Cost of clay used in production | $ | 65,000 |
| Wages paid to the workers who paint the figurines | $ | 90,000 |
| Wages paid to the sales manager's secretary | $ | 22,000 |
| Cost of junk mail advertising | $ | 47,000 |

What is the total of the conversion costs above?

A) $65,000

B) $69,000

C) $90,000

D) $155,000

185) A partial listing of costs incurred at Archut Corporation during September appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Direct materials | $ | 113,000 |
| Utilities, factory | $ | 5,000 |
| Administrative salaries | $ | 81,000 |
| Indirect labor | $ | 25,000 |
| Sales commissions | $ | 48,000 |
| Depreciation of production equipment | $ | 20,000 |
| Depreciation of administrative equipment | $ | 30,000 |
| Direct labor | $ | 129,000 |
| Advertising |   | 135,000 |

The total of the manufacturing overhead costs listed above for September is:

A) $586,000

B) $50,000

C) $292,000

D) $30,000

186) A partial listing of costs incurred at Archut Corporation during September appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Direct materials | $ | 113,000 |
| Utilities, factory | $ | 5,000 |
| Administrative salaries | $ | 81,000 |
| Indirect labor | $ | 25,000 |
| Sales commissions | $ | 48,000 |
| Depreciation of production equipment | $ | 20,000 |
| Depreciation of administrative equipment | $ | 30,000 |
| Direct labor | $ | 129,000 |
| Advertising |   | 135,000 |

The total of the product costs listed above for September is:

A) $292,000

B) $294,000

C) $50,000

D) $586,000

187) A partial listing of costs incurred at Archut Corporation during September appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Direct materials | $ | 113,000 |
| Utilities, factory | $ | 5,000 |
| Administrative salaries | $ | 81,000 |
| Indirect labor | $ | 25,000 |
| Sales commissions | $ | 48,000 |
| Depreciation of production equipment | $ | 20,000 |
| Depreciation of administrative equipment | $ | 30,000 |
| Direct labor | $ | 129,000 |
| Advertising |   | 135,000 |

The total of the period costs listed above for September is:

A) $294,000

B) $344,000

C) $292,000

D) $50,000

188) A partial listing of costs incurred during March at Febbo Corporation appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Factory supplies | $ | 9,000 |
| Administrative wages and salaries | $ | 85,000 |
| Direct materials | $ | 126,000 |
| Sales staff salaries | $ | 30,000 |
| Factory depreciation | $ | 33,000 |
| Corporate headquarters building rent | $ | 43,000 |
| Indirect labor | $ | 26,000 |
| Marketing | $ | 65,000 |
| Direct labor | $ | 99,000 |

The total of the period costs listed above for March is:

A) $68,000

B) $293,000

C) $291,000

D) $223,000

189) A partial listing of costs incurred during March at Febbo Corporation appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Factory supplies | $ | 9,000 |
| Administrative wages and salaries | $ | 85,000 |
| Direct materials | $ | 126,000 |
| Sales staff salaries | $ | 30,000 |
| Factory depreciation | $ | 33,000 |
| Corporate headquarters building rent | $ | 43,000 |
| Indirect labor | $ | 26,000 |
| Marketing | $ | 65,000 |
| Direct labor | $ | 99,000 |

The total of the manufacturing overhead costs listed above for March is:

A) $68,000

B) $35,000

C) $516,000

D) $293,000

190) A partial listing of costs incurred during March at Febbo Corporation appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Factory supplies | $ | 9,000 |
| Administrative wages and salaries | $ | 85,000 |
| Direct materials | $ | 126,000 |
| Sales staff salaries | $ | 30,000 |
| Factory depreciation | $ | 33,000 |
| Corporate headquarters building rent | $ | 43,000 |
| Indirect labor | $ | 26,000 |
| Marketing | $ | 65,000 |
| Direct labor | $ | 99,000 |

The total of the product costs listed above for March is:

A) $516,000

B) $68,000

C) $293,000

D) $223,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.50 |
| Direct labor | $ | 3.90 |
| Variable manufacturing overhead | $ | 1.30 |
| Fixed manufacturing overhead | $ | 13.50 |
| Fixed selling expense | $ | 2.25 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

If 10,000 units are produced, the average fixed manufacturing cost per unit produced is closest to:

A) $15.00

B) $12.83

C) $13.50

D) $12.15

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.50 |
| Direct labor | $ | 3.90 |
| Variable manufacturing overhead | $ | 1.30 |
| Fixed manufacturing overhead | $ | 13.50 |
| Fixed selling expense | $ | 2.25 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

If 10,000 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

A) $128,250

B) $121,500

C) $148,500

D) $135,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.50 |
| Direct labor | $ | 3.90 |
| Variable manufacturing overhead | $ | 1.30 |
| Fixed manufacturing overhead | $ | 13.50 |
| Fixed selling expense | $ | 2.25 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

If 10,000 units are produced, the total amount of manufacturing overhead cost is closest to:

A) $180,500

B) $134,500

C) $157,500

D) $146,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.40 |
| Direct labor | $ | 3.55 |
| Variable manufacturing overhead | $ | 1.70 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.60 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.40 |

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

A) $13.65

B) $10.65

C) $16.05

D) $12.05

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.40 |
| Direct labor | $ | 3.55 |
| Variable manufacturing overhead | $ | 1.70 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.60 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.40 |

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

A) $53,250

B) $68,250

C) $80,250

D) $60,250

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.40 |
| Direct labor | $ | 3.55 |
| Variable manufacturing overhead | $ | 1.70 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.60 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.40 |

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

A) $3.75

B) $2.40

C) $2.70

D) $3.00

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.40 |
| Direct labor | $ | 3.55 |
| Variable manufacturing overhead | $ | 1.70 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.60 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.40 |

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

A) $13,500

B) $18,000

C) $12,000

D) $15,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.40 |
| Direct labor | $ | 3.55 |
| Variable manufacturing overhead | $ | 1.70 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.60 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.40 |

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

A) $20,500

B) $23,000

C) $18,000

D) $19,250

199) Wessner Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |   |   |
| Direct labor | $ | 2.80 |   |   |   |   |
| Variable manufacturing overhead | $ | 1.45 |   |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 12,000 |   |
| Sales commissions | $ | 1.00 |   |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,000 |   |

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

A) $18,000

B) $19,250

C) $18,625

D) $20,500

200) Wessner Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |   |   |
| Direct labor | $ | 2.80 |   |   |   |   |
| Variable manufacturing overhead | $ | 1.45 |   |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 12,000 |   |
| Sales commissions | $ | 1.00 |   |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,000 |   |

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

A) $9.00

B) $16.00

C) $11.55

D) $13.00

201) Wessner Corporation has provided the following information:

|  |  |  |
| --- | --- | --- |
|   | Cost per Unit | Cost per Period |
| Direct materials | $ | 6.20 |   |   |   |   |
| Direct labor | $ | 2.80 |   |   |   |   |
| Variable manufacturing overhead | $ | 1.45 |   |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 12,000 |   |
| Sales commissions | $ | 1.00 |   |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,000 |   |

The incremental manufacturing cost that the company will incur if it increases production from 4,000 to 4,001 units is closest to:

A) $16.00

B) $14.05

C) $10.45

D) $13.45

202) Pedregon Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 6.35 |   |   |   |
| Direct labor | $ | 3.75 |   |   |   |
| Variable manufacturing overhead | $ | 1.50 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 15,000 |
| Sales commissions | $ | 0.50 |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,500 |

If 4,000 units are sold, the variable cost per unit sold is closest to:

A) $16.55

B) $11.60

C) $12.65

D) $14.60

203) Pedregon Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 6.35 |   |   |   |
| Direct labor | $ | 3.75 |   |   |   |
| Variable manufacturing overhead | $ | 1.50 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 15,000 |
| Sales commissions | $ | 0.50 |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,500 |

If 4,000 units are sold, the total variable cost is closest to:

A) $58,400

B) $66,200

C) $50,600

D) $46,400

204) Pedregon Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 6.35 |   |   |   |
| Direct labor | $ | 3.75 |   |   |   |
| Variable manufacturing overhead | $ | 1.50 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 15,000 |
| Sales commissions | $ | 0.50 |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,500 |

If 4,000 units are produced, the total amount of manufacturing overhead cost is closest to:

A) $21,000

B) $14,000

C) $28,000

D) $17,500

205) Pedregon Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 6.35 |   |   |   |
| Direct labor | $ | 3.75 |   |   |   |
| Variable manufacturing overhead | $ | 1.50 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 15,000 |
| Sales commissions | $ | 0.50 |   |   |   |
| Variable administrative expense | $ | 0.55 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,500 |

If the selling price is $20.60 per unit, the contribution margin per unit sold is closest to:

A) $4.05

B) $6.00

C) $7.95

D) $10.50

206) Pedregon Corporation has provided the following information:

|  |  |
| --- | --- |
|   |   |
| Direct materials | $ | 51,000 |
| Direct labor cost | $ | 54,000 |
| Manufacturing overhead | $ | 82,000 |
| Selling expense | $ | 18,000 |
| Administrative expense | $ | 42,000 |

The conversion cost for November was:

A) $187,000

B) $112,000

C) $136,000

D) $140,000

207) Pedregon Corporation has provided the following information:

|  |  |
| --- | --- |
|   |   |
| Direct materials | $ | 51,000 |
| Direct labor cost | $ | 54,000 |
| Manufacturing overhead | $ | 82,000 |
| Selling expense | $ | 18,000 |
| Administrative expense | $ | 42,000 |

The prime cost for November was:

A) $136,000

B) $60,000

C) $105,000

D) $112,000

208) Management of Mcgibboney Corporation has asked your help as an intern in preparing some key reports for November. Direct materials cost was $42,000, direct labor cost was $25,000, and manufacturing overhead was $62,000.  Selling expense was $21,000 and administrative expense was $38,000.

The conversion cost for November was:

A) $116,000

B) $79,000

C) $87,000

D) $129,000

209) Management of Mcgibboney Corporation has asked your help as an intern in preparing some key reports for November. Direct materials cost was $42,000, direct labor cost was $25,000, and manufacturing overhead was $62,000.  Selling expense was $21,000 and administrative expense was $38,000.

The prime cost for November was:

A) $79,000

B) $59,000

C) $67,000

D) $87,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.60 |
| Direct labor | $ | 3.65 |
| Variable manufacturing overhead | $ | 1.65 |
| Fixed manufacturing overhead | $ | 2.80 |
| Fixed selling expense | $ | 0.70 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

If 4,000 units are sold, the variable cost per unit sold is closest to:

A) $16.75

B) $12.85

C) $11.90

D) $14.70

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 6.60 |
| Direct labor | $ | 3.65 |
| Variable manufacturing overhead | $ | 1.65 |
| Fixed manufacturing overhead | $ | 2.80 |
| Fixed selling expense | $ | 0.70 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

If 4,000 units are sold, the total variable cost is closest to:

A) $67,000

B) $47,600

C) $51,400

D) $58,800

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.95 |
| Direct labor | $ | 3.30 |
| Variable manufacturing overhead | $ | 1.60 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.50 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.50 |
| Variable administrative expense | $ | 0.50 |

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

A) $43,400

B) $55,400

C) $59,400

D) $12,000

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

|  |  |
| --- | --- |
|   | Average Cost per Unit |
| Direct materials | $ | 5.95 |
| Direct labor | $ | 3.30 |
| Variable manufacturing overhead | $ | 1.60 |
| Fixed manufacturing overhead | $ | 3.00 |
| Fixed selling expense | $ | 0.50 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.50 |
| Variable administrative expense | $ | 0.50 |

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

A) $7,700

B) $11,600

C) $3,600

D) $8,000

214) Lagle Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 4.85 |   |   |   |
| Direct labor | $ | 3.35 |   |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 8,000 |
| Sales commissions | $ | 1.50 |   |   |   |
| Variable administrative expense | $ | 0.45 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,400 |

For financial reporting purposes, the total amount of product costs incurred to make 4,000 units is closest to:

A) $46,200

B) $38,200

C) $8,000

D) $50,200

215) Lagle Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 4.85 |   |   |   |
| Direct labor | $ | 3.35 |   |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 8,000 |
| Sales commissions | $ | 1.50 |   |   |   |
| Variable administrative expense | $ | 0.45 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,400 |

For financial reporting purposes, the total amount of period costs incurred to sell 4,000 units is closest to:

A) $12,200

B) $7,800

C) $4,400

D) $8,100

216) Lagle Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 4.85 |   |   |   |
| Direct labor | $ | 3.35 |   |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 8,000 |
| Sales commissions | $ | 1.50 |   |   |   |
| Variable administrative expense | $ | 0.45 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,400 |

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

A) $14.60

B) $11.50

C) $9.55

D) $11.55

217) Lagle Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 4.85 |   |   |   |
| Direct labor | $ | 3.35 |   |   |   |
| Variable manufacturing overhead | $ | 1.35 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 8,000 |
| Sales commissions | $ | 1.50 |   |   |   |
| Variable administrative expense | $ | 0.45 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 4,400 |

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

A) $47,750

B) $73,000

C) $57,500

D) $57,750

218) Bowering Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 6.60 |   |   |   |
| Direct labor | $ | 3.85 |   |   |   |
| Variable manufacturing overhead | $ | 1.50 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 81,000 |
| Sales commissions | $ | 0.50 |   |   |   |
| Variable administrative expense | $ | 0.50 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 44,550 |

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

A) $81,000

B) $188,500

C) $107,550

D) $197,550

219) Bowering Corporation has provided the following information:

|  |  |  |  |
| --- | --- | --- | --- |
|   | Cost per Unit |   | Cost per Period |
| Direct materials | $ | 6.60 |   |   |   |
| Direct labor | $ | 3.85 |   |   |   |
| Variable manufacturing overhead | $ | 1.50 |   |   |   |
| Fixed manufacturing overhead |   |   |   | $ | 81,000 |
| Sales commissions | $ | 0.50 |   |   |   |
| Variable administrative expense | $ | 0.50 |   |   |   |
| Fixed selling and administrative expense |   |   |   | $ | 44,550 |

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

A) $35,700

B) $9,000

C) $53,550

D) $44,550

220) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

The salary that Mark earns at his present employ is:

A) a variable cost

B) a fixed cost

C) a product cost

D) an opportunity cost

221) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

Mark purchased a machine two years ago to make experimental boards. The machine will be used to manufacture the new board. The cost of this machine is:

A) an opportunity cost

B) a sunk cost

C) a differential cost

D) a period cost

222) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

The cost of the raw materials that will be used in manufacturing the computer board is:

A) a sunk cost

B) a fixed cost

C) a period cost

D) a variable cost

223) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

Rent on the administrative office space is:

A) a variable cost

B) an opportunity cost

C) a period cost

D) a product cost

224) Mark is an engineer who has designed a telecommunications device. He is convinced that there is a big potential market for the device. Accordingly, he has decided to quit his present job and start a company to manufacture and market the device.

Property taxes on the building that will be purchased to house the manufacturing facility are:

A) a product cost

B) a variable cost

C) an opportunity cost

D) a period cost

225) At a sales volume of 38,000 units, Tirri Corporation's property taxes (a cost that is fixed with respect to sales volume) total $733,400.

To the nearest whole dollar, what should be the total property taxes at a sales volume of 37,200 units? (Assume that this sales volume is within the relevant range.)

A) $725,680

B) $733,400

C) $749,172

D) $717,960

226) At a sales volume of 38,000 units, Tirri Corporation's property taxes (a cost that is fixed with respect to sales volume) total $733,400.

To the nearest whole cent, what should be the average property tax per unit at a sales volume of 37,300 units? (Assume that this sales volume is within the relevant range.)

A) $19.30

B) $19.66

C) $19.72

D) $19.48

227) Leas Corporation staffs a helpline to answer questions from customers. The costs of operating the helpline are variable with respect to the number of calls in a month. At a volume of 25,000 calls in a month, the costs of operating the helpline total $452,500.

To the nearest whole dollar, what should be the total cost of operating the helpline costs at a volume of 23,900 calls in a month? (Assume that this call volume is within the relevant range.)

A) $442,545

B) $452,500

C) $473,326

D) $432,590

228) Leas Corporation staffs a helpline to answer questions from customers. The costs of operating the helpline are variable with respect to the number of calls in a month. At a volume of 25,000 calls in a month, the costs of operating the helpline total $452,500.

To the nearest whole cent, what should be the average cost of operating the helpline per call at a volume of 25,300 calls in a month? (Assume that this call volume is within the relevant range.)

A) $18.93

B) $18.00

C) $17.89

D) $18.10

229) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

Dizzy gives out a free T-shirt to every 100th customer entering the park. The cost of this T-shirt would best be described as a:

A) fixed cost

B) mixed cost

C) step-variable cost

D) true variable cost

230) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

For liability insurance, Dizzy pays a set monthly fee plus a small additional amount for every patron entering the park. The cost of liability insurance would best be described as a:

A) fixed cost

B) mixed cost

C) step-variable cost

D) true variable cost

231) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

Dizzy employees a certified operator for each of its 35 rides. Each operator is paid $20 per hour. The cost of the certified operators would best be described as a:

A) fixed cost

B) mixed cost

C) step-variable cost

D) true variable cost

232) Dizzy Amusement Park is open from 8:00 am till midnight every day of the year. Dizzy charges its patrons a daily entrance fee of $30 per person which gives them unlimited access to all of the park's 35 rides.

Dizzy donates $2 of every entrance fee to a local homeless shelter. This charitable contribution would best be described as a:

A) fixed cost

B) mixed cost

C) step-variable cost

D) true variable cost

233) At a sales volume of 20,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $132,000.

To the nearest whole dollar, what should be the total sales commissions at a sales volume of 18,400 units? (Assume that this sales volume is within the relevant range.)

A) $126,720

B) $132,000

C) $121,440

D) $143,478

234) At a sales volume of 20,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total $132,000.

To the nearest whole cent, what should be the average sales commission per unit at a sales volume of 18,500 units? (Assume that this sales volume is within the relevant range.)

A) $6.60

B) $6.87

C) $7.17

D) $7.14

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

|  |  |
| --- | --- |
|   | AverageCost per Unit |
| Direct materials | $ | 6.25 |
| Direct labor | $ | 2.80 |
| Variable manufacturing overhead | $ | 1.55 |
| Fixed manufacturing overhead | $ | 2.40 |
| Fixed selling expense | $ | 0.50 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.50 |

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

A) $13.00

B) $10.60

C) $12.10

D) $15.40

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

|  |  |
| --- | --- |
|   | AverageCost per Unit |
| Direct materials | $ | 6.25 |
| Direct labor | $ | 2.80 |
| Variable manufacturing overhead | $ | 1.55 |
| Fixed manufacturing overhead | $ | 2.40 |
| Fixed selling expense | $ | 0.50 |
| Fixed administrative expense | $ | 0.40 |
| Sales commissions | $ | 1.00 |
| Variable administrative expense | $ | 0.50 |

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

A) $53,000

B) $65,000

C) $60,500

D) $77,000

237) Batterson Corporation leases its corporate headquarters building. This lease cost is fixed with respect to the company's sales volume. In a recent month in which the sales volume was 28,000 units, the lease cost was $697,200.

To the nearest whole dollar, what should be the total lease cost at a sales volume of 29,200 units in a month? (Assume that this sales volume is within the relevant range.)

A) $712,140

B) $697,200

C) $727,080

D) $668,548

238) Batterson Corporation leases its corporate headquarters building. This lease cost is fixed with respect to the company's sales volume. In a recent month in which the sales volume was 28,000 units, the lease cost was $697,200.

To the nearest whole cent, what should be the average lease cost per unit at a sales volume of 26,400 units in a month? (Assume that this sales volume is within the relevant range.)

A) $25.66

B) $24.90

C) $23.88

D) $26.41

239) Oerther Corporation reports that at an activity level of 5,000 units, its total variable cost is $131,750 and its total fixed cost is $31,200.

What would be the total variable cost at an activity level of 5,200 units? Assume that this level of activity is within the relevant range.

A) $137,020

B) $131,750

C) $162,950

D) $32,448

240) Oerther Corporation reports that at an activity level of 5,000 units, its total variable cost is $131,750 and its total fixed cost is $31,200.

What would be the average fixed cost per unit at an activity level of 5,200 units? Assume that this level of activity is within the relevant range.

A) $6.24

B) $6.00

C) $14.94

D) $32.59

241) At an activity level of 9,000 machine-hours in a month, Moffatt Corporation's total variable maintenance cost is $390,240 and its total fixed maintenance cost is $368,280.

What would be the total variable maintenance cost at an activity level of 9,300 machine-hours in a month? Assume that this level of activity is within the relevant range.

A) $758,520

B) $403,248

C) $390,240

D) $380,556

242) At an activity level of 9,000 machine-hours in a month, Moffatt Corporation's total variable maintenance cost is $390,240 and its total fixed maintenance cost is $368,280.

What would be the average fixed maintenance cost per unit at an activity level of 9,300 machine-hours in a month? Assume that this level of activity is within the relevant range.

A) $40.92

B) $84.28

C) $39.60

D) $54.93

243) At a sales volume of 40,000 units, Lonnie Company's total fixed costs are $40,000 and total variable costs are $60,000. The relevant range is 30,000 to 50,000 units.

If Lonnie were to sell 42,000 units, the total expected cost would be:

A) $105,000

B) $100,000

C) $103,000

D) $102,000

244) At a sales volume of 40,000 units, Lonnie Company's total fixed costs are $40,000 and total variable costs are $60,000. The relevant range is 30,000 to 50,000 units.

If Lonnie were to sell 50,000 units, the total expected cost per unit would be:

A) $2.20

B) $2.30

C) $2.50

D) $2.00

245) Erkkila Inc. reports that at an activity level of 2,100 machine-hours in a month, its total variable inspection cost is $69,846 and its total fixed inspection cost is $9,072.

What would be the average fixed inspection cost per unit at an activity level of 2,400 machine-hours in a month? Assume that this level of activity is within the relevant range.

A) $37.58

B) $4.32

C) $15.23

D) $3.78

246) Erkkila Inc. reports that at an activity level of 2,100 machine-hours in a month, its total variable inspection cost is $69,846 and its total fixed inspection cost is $9,072.

What would be the total variable inspection cost at an activity level of 2,400 machine-hours in a month? Assume that this level of activity is within the relevant range.

A) $78,918

B) $69,846

C) $79,824

D) $10,368

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

|  |  |
| --- | --- |
|   | AverageCost per Unit |
| Direct materials | $ | 4.85 |
| Direct labor | $ | 4.20 |
| Variable manufacturing overhead | $ | 1.55 |
| Fixed manufacturing overhead | $ | 9.00 |
| Fixed selling expense | $ | 3.15 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

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

A) $13.45

B) ($0.50)

C) $5.40

D) $15.95

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

|  |  |
| --- | --- |
|   | AverageCost per Unit |
| Direct materials | $ | 4.85 |
| Direct labor | $ | 4.20 |
| Variable manufacturing overhead | $ | 1.55 |
| Fixed manufacturing overhead | $ | 9.00 |
| Fixed selling expense | $ | 3.15 |
| Fixed administrative expense | $ | 1.80 |
| Sales commissions | $ | 0.50 |
| Variable administrative expense | $ | 0.45 |

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

A) $10.60

B) $22.75

C) $19.60

D) $25.50

249) The University Store, Inc. is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

|  |
| --- |
| University Store, Inc. |
| Income Statement |
| For the Quarter Ended March 31 |
| Sales |   |   | $ | 800,000 |
| Cost of goods sold |   |   |   | 560,000 |
| Gross margin |   |   |   | 240,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 110,000 |   | 210,000 |
| Net operating income |   |   | $ | 30,000 |

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

The contribution margin for the University Store for the first quarter is:

A) $660,000

B) $700,000

C) $180,000

D) $140,000

250) The University Store, Inc. is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

|  |
| --- |
| University Store, Inc. |
| Income Statement |
| For the Quarter Ended March 31 |
| Sales |   |   | $ | 800,000 |
| Cost of goods sold |   |   |   | 560,000 |
| Gross margin |   |   |   | 240,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 110,000 |   | 210,000 |
| Net operating income |   |   | $ | 30,000 |

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

The net operating income computed using the contribution approach for the first quarter is:

A) $30,000

B) $180,000

C) $140,000

D) $0

251) The University Store, Inc. is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

|  |
| --- |
| University Store, Inc. |
| Income Statement |
| For the Quarter Ended March 31 |
| Sales |   |   | $ | 800,000 |
| Cost of goods sold |   |   |   | 560,000 |
| Gross margin |   |   |   | 240,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 110,000 |   | 210,000 |
| Net operating income |   |   | $ | 30,000 |

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

The cost formula for selling and administrative expenses with "X" equal to the number of books sold is:

A) Y = $105,000 + $3X

B) Y = $105,000 + $5X

C) Y = $110,000 + $5X

D) Y = $110,000 + $33X

252) The University Store, Inc. is the major bookseller for four nearby colleges. An income statement for the first quarter of the year is presented below:

|  |
| --- |
| University Store, Inc. |
| Income Statement |
| For the Quarter Ended March 31 |
| Sales |   |   | $ | 800,000 |
| Cost of goods sold |   |   |   | 560,000 |
| Gross margin |   |   |   | 240,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 110,000 |   | 210,000 |
| Net operating income |   |   | $ | 30,000 |

On average, a book sells for $40.00. Variable selling expenses are $3.00 per book; the remaining selling expenses are fixed. The variable administrative expenses are 5% of sales; the remainder of the administrative expenses are fixed.

If 25,000 books are sold during the second quarter and this activity is within the relevant range, the company's expected contribution margin would be:

A) $875,000

B) $300,000

C) $175,000

D) $65,000

253) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

|  |
| --- |
| Sam's Bookstore |
| Income Statement |
| For Quarter Ended March 31 |
| Sales |   |   | $ | 900,000 |
| Cost of goods sold |   |   |   | 630,000 |
| Gross margin |   |   |   | 270,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 104,000 |   | 204,000 |
| Net operating income |   |   | $ | 66,000 |

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

The contribution margin for Sam's Bookstore for the first quarter is:

A) $180,000

B) $774,000

C) $144,000

D) $756,000

254) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

|  |
| --- |
| Sam's Bookstore |
| Income Statement |
| For Quarter Ended March 31 |
| Sales |   |   | $ | 900,000 |
| Cost of goods sold |   |   |   | 630,000 |
| Gross margin |   |   |   | 270,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 104,000 |   | 204,000 |
| Net operating income |   |   | $ | 66,000 |

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

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

A) $270,000

B) $180,000

C) $144,000

D) $66,000

255) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

|  |
| --- |
| Sam's Bookstore |
| Income Statement |
| For Quarter Ended March 31 |
| Sales |   |   | $ | 900,000 |
| Cost of goods sold |   |   |   | 630,000 |
| Gross margin |   |   |   | 270,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 104,000 |   | 204,000 |
| Net operating income |   |   | $ | 66,000 |

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

The cost formula for selling and administrative expenses with "X" equal to the number of books sold is:

A) Y = $102,000 + $5X

B) Y = $102,000 + $7X

C) Y = $78,000 + $7X

D) Y = $78,000 + $9X

256) An income statement for Sam's Bookstore for the first quarter of the year is presented below:

|  |
| --- |
| Sam's Bookstore |
| Income Statement |
| For Quarter Ended March 31 |
| Sales |   |   | $ | 900,000 |
| Cost of goods sold |   |   |   | 630,000 |
| Gross margin |   |   |   | 270,000 |
| Selling and administrative expenses |   |   |   |   |
| Selling | $ | 100,000 |   |   |
| Administration |   | 104,000 |   | 204,000 |
| Net operating income |   |   | $ | 66,000 |

On average, a book sells for $50. Variable selling expenses are $5 per book with the remaining selling expenses being fixed. The variable administrative expenses are 4% of sales with the remainder being fixed.

If 20,000 books are sold during the second quarter and this activity is within the relevant range, the company's expected contribution margin would be:

A) $300,000

B) $160,000

C) $860,000

D) $58,000

257) Dominik Corporation purchased a machine 5 years ago for $527,000 when it launched product M08Y. Unfortunately, this machine has broken down and cannot be repaired. The machine could be replaced by a new model 310 machine costing $545,000 or by a new model 240 machine costing $450,000. Management has decided to buy the model 240 machine. It has less capacity than the model 310 machine, but its capacity is sufficient to continue making product M08Y. Management also considered, but rejected, the alternative of dropping product M08Y and not replacing the old machine. If that were done, the $450,000 invested in the new machine could instead have been invested in a project that would have returned a total of $532,000.

In making the decision to buy the model 240 machine rather than the model 310 machine, the differential cost was:

A) $95,000

B) $5,000

C) $77,000

D) $18,000

258) Dominik Corporation purchased a machine 5 years ago for $527,000 when it launched product M08Y. Unfortunately, this machine has broken down and cannot be repaired. The machine could be replaced by a new model 310 machine costing $545,000 or by a new model 240 machine costing $450,000. Management has decided to buy the model 240 machine. It has less capacity than the model 310 machine, but its capacity is sufficient to continue making product M08Y. Management also considered, but rejected, the alternative of dropping product M08Y and not replacing the old machine. If that were done, the $450,000 invested in the new machine could instead have been invested in a project that would have returned a total of $532,000.

In making the decision to buy the model 240 machine rather than the model 310 machine, the sunk cost was:

A) $545,000

B) $450,000

C) $527,000

D) $532,000

259) Dominik Corporation purchased a machine 5 years ago for $527,000 when it launched product M08Y. Unfortunately, this machine has broken down and cannot be repaired. The machine could be replaced by a new model 310 machine costing $545,000 or by a new model 240 machine costing $450,000. Management has decided to buy the model 240 machine. It has less capacity than the model 310 machine, but its capacity is sufficient to continue making product M08Y. Management also considered, but rejected, the alternative of dropping product M08Y and not replacing the old machine. If that were done, the $450,000 invested in the new machine could instead have been invested in a project that would have returned a total of $532,000.

In making the decision to invest in the model 240 machine, the opportunity cost was:

A) $545,000

B) $450,000

C) $532,000

D) $527,000

260) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $360,000 or a new model 220 machine costing $340,000 to replace a machine that was purchased 7 years ago for $348,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $340,000 in the new machine, the money could be invested in a project that would return a total of $411,000.

In making the decision to buy the model 220 machine rather than the model 370 machine, the sunk cost was:

A) $348,000

B) $340,000

C) $360,000

D) $411,000

261) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $360,000 or a new model 220 machine costing $340,000 to replace a machine that was purchased 7 years ago for $348,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $340,000 in the new machine, the money could be invested in a project that would return a total of $411,000.

In making the decision to buy the model 220 machine rather than the model 370 machine, the differential cost was:

A) $20,000

B) $8,000

C) $12,000

D) $63,000

262) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing $360,000 or a new model 220 machine costing $340,000 to replace a machine that was purchased 7 years ago for $348,000. The old machine was used to make product I43L until it broke down last week. Unfortunately, the old machine cannot be repaired.

Management has decided to buy the new model 220 machine. It has less capacity than the new model 370 machine, but its capacity is sufficient to continue making product I43L.

Management also considered, but rejected, the alternative of simply dropping product I43L. If that were done, instead of investing $340,000 in the new machine, the money could be invested in a project that would return a total of $411,000.

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

A) $348,000

B) $340,000

C) $360,000

D) $411,000

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

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Sales | $ | 4,096,400 |
| Cost of goods sold (all variable) | $ | 2,194,500 |
| Total variable selling expense | $ | 238,700 |
| Total fixed selling expense | $ | 144,700 |
| Total variable administrative expense | $ | 238,700 |
| Total fixed administrative expense | $ | 282,900 |

The gross margin for October is:

A) $1,424,500

B) $1,901,900

C) $996,900

D) $3,668,800

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

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Sales | $ | 4,096,400 |
| Cost of goods sold (all variable) | $ | 2,194,500 |
| Total variable selling expense | $ | 238,700 |
| Total fixed selling expense | $ | 144,700 |
| Total variable administrative expense | $ | 238,700 |
| Total fixed administrative expense | $ | 282,900 |

The contribution margin for October is:

A) $1,424,500

B) $3,191,400

C) $1,901,900

D) $996,900

265) Streif Inc., a local retailer, has provided the following data for the month of June:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Merchandise inventory, beginning balance | $ | 46,000 |
| Merchandise inventory, ending balance | $ | 52,000 |
| Sales | $ | 260,000 |
| Purchases of merchandise inventory | $ | 128,000 |
| Selling expense | $ | 13,000 |
| Administrative expense | $ | 40,000 |

The cost of goods sold for June was:

A) $128,000

B) $181,000

C) $122,000

D) $134,000

266) Streif Inc., a local retailer, has provided the following data for the month of June:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Merchandise inventory, beginning balance | $ | 46,000 |
| Merchandise inventory, ending balance | $ | 52,000 |
| Sales | $ | 260,000 |
| Purchases of merchandise inventory | $ | 128,000 |
| Selling expense | $ | 13,000 |
| Administrative expense | $ | 40,000 |

The net operating income for June was:

A) $132,000

B) $126,000

C) $85,000

D) $79,000

267) Boersma Sales, Inc., a merchandising company, reported sales of 7,100 units in September at a selling price of $682 per unit. Cost of goods sold, which is a variable cost, was $317 per unit. Variable selling expenses were $44 per unit and variable administrative expenses were $22 per unit. The total fixed selling expenses were $157,200 and the total administrative expenses were $338,000.

The contribution margin for September was:

A) $3,878,400

B) $2,122,900

C) $2,591,500

D) $1,627,700

268) Boersma Sales, Inc., a merchandising company, reported sales of 7,100 units in September at a selling price of $682 per unit. Cost of goods sold, which is a variable cost, was $317 per unit. Variable selling expenses were $44 per unit and variable administrative expenses were $22 per unit. The total fixed selling expenses were $157,200 and the total administrative expenses were $338,000.

The gross margin for September was:

A) $2,122,900

B) $2,591,500

C) $1,627,700

D) $4,347,000

269) Delongis Corporation, a merchandising company, reported the following results for June:

|  |  |  |  |
| --- | --- | --- | --- |
|   |   |   |   |
| Number of units sold | $ | 1,200 |  units |
| Selling price per unit | $ | 221 |  per unit |
| Unit cost of goods sold | $ | 97  |  per unit |
| Variable selling expense per unit |   | 12 |  per unit |
| Total fixed selling expense | $ | 7,300 |   |
| Variable administrative expense per unit | $ | 8 |  per unit |
| Total fixed administrative expense | $ | 15,300 |   |

The gross margin for June is:

A) $242,600

B) $148,800

C) $124,800

D) $102,200

270) Delongis Corporation, a merchandising company, reported the following results for June:

|  |  |  |  |
| --- | --- | --- | --- |
|   |   |   |   |
| Number of units sold | $ | 1,200 |  units |
| Selling price per unit | $ | 221 |  per unit |
| Unit cost of goods sold | $ | 97 |  per unit |
| Variable selling expense per unit |   | 12 |  per unit |
| Total fixed selling expense | $ | 7,300 |   |
| Variable administrative expense per unit | $ | 8 |  per unit |
| Total fixed administrative expense | $ | 15,300 |   |

The contribution margin for June is:

A) $148,800

B) $102,200

C) $218,600

D) $124,800

271) Salomon Marketing, Inc., a merchandising company, reported sales of $1,555,500 and cost of goods sold of $1,025,100 for December. The company's total variable selling expense was $96,900; its total fixed selling expense was $34,300; its total variable administrative expense was $71,400; and its total fixed administrative expense was $100,100. The cost of goods sold in this company is a variable cost.

The contribution margin for December is:

A) $530,400

B) $227,700

C) $1,252,800

D) $362,100

272) Salomon Marketing, Inc., a merchandising company, reported sales of $1,555,500 and cost of goods sold of $1,025,100 for December. The company's total variable selling expense was $96,900; its total fixed selling expense was $34,300; its total variable administrative expense was $71,400; and its total fixed administrative expense was $100,100. The cost of goods sold in this company is a variable cost.

The gross margin for December is:

A) $530,400

B) $227,700

C) $362,100

D) $1,421,100

273) A number of costs are listed below.

|  |  |  |
| --- | --- | --- |
|   | Cost Description | Cost Object |
| 1. | Wages of carpenters on a home building site | A particular home |
| 2. | Cost of wiring used in making a personal computer | A particular personal computer |
| 3. | Manager's salary at a hotel run by a chain of hotels | A particular hotel guest |
| 4. | Manager's salary at a hotel run by a chain of hotels | The particular hotel |
| 5. | Cost of aluminum mast installed in a yacht at a yacht manufacturer | A particular yacht |
| 6. | Monthly lease cost of X-ray equipment at a hospital | The Radiology (X-Ray) Department |
| 7. | Cost of screws used to secure wood trim in a yacht at a yacht manufacturer | A particular yacht |
| 8. | Cost of electronic navigation system installed in a yacht at a yacht manufacturer | A particular yacht |
| 9. | Cost of a replacement battery installed in a car at the auto repair shop of an automobile dealer | The auto repair shop |
| 10. | Cost of a measles vaccine administered at an outpatient clinic at a hospital | A particular patient |

**Required:**

For each item above, indicate whether the cost is direct or indirect with respect to the cost object listed next to it.

274) A partial listing of costs incurred at Boylen Corporation during March appears below:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Direct materials | $ | 181,000 |
| Utilities, factory | $ | 10,000 |
| Sales commissions | $ | 69,000 |
| Administrative salaries | $ | 99,000 |
| Indirect labor | $ | 32,000 |
| Advertising | $ | 75,000 |
| Depreciation of production equipment | $ | 28,000 |
| Direct labor | $ | 120,000 |
| Depreciation of administrative equipment | $ | 49,000 |

**Required**:

a. What is the total amount of product cost listed above? Show your work.

b. What is the total amount of period cost listed above? Show your work.

275) Marquess Corporation has provided the following partial listing of costs incurred during May:

|  |  |  |
| --- | --- | --- |
|   |   |   |
| Marketing salaries | $ | 39,000 |
| Property taxes, factory | $ | 8,000 |
| Administrative travel | $ | 102,000 |
| Sales commissions | $ | 73,000 |
| Indirect labor | $ | 31,000 |
| Direct materials | $ | 197,000 |
| Advertising | $ | 145,000 |
| Depreciation of production equipment | $ | 39,000 |
| Direct labor | $ | 78,000 |

**Required**:

a. What is the total amount of product cost listed above? Show your work.

b. What is the total amount of period cost listed above? Show your work.

276) A number of costs and measures of activity are listed below.

|  |  |  |
| --- | --- | --- |
|   | Cost Description | Possible Measure of Activity |
| 1. | Salary of production manager at a surfboard manufacturer | Surfboards produced |
| 2. | Cost of solder used in making computers | Computers produced |
| 3. | Cost of dough used at a pizza shop | Pizzas cooked |
| 4. | Janitorial wages at a surfboard manufacturer | Surfboards produced |
| 5. | Salary of the controller at a hospital | Number of patients |
| 6. | Cost of sales at an electronics store | Dollar sales |
| 7. | Cost of testing materials used in a medical lab | Tests run |
| 8. | Cost of heating an electronics store | Dollar sales |
| 9. | Cost of electricity for production equipment at a surfboard manufacturer | Surfboards produced |
| 10. | Depreciation on shelving at a book store | Dollar sales |

**Required**:

For each item above, indicate whether the cost is MAINLY fixed or variable with respect to the possible measure of activity listed next to it.

277) At an activity level of 6,800 units, Henkes Corporation's total variable cost is $125,188 and its total fixed cost is $164,152.

**Required**:

For the activity level of 7,100 units, compute: (a) the total variable cost; (b) the total fixed cost; (c) the total cost; (d) the average variable cost per unit; (e) the average fixed cost per unit; and (f) the average total cost per unit. Assume that this activity level is within the relevant range.

278) Hinrichs Corporation reports that at an activity level of 2,400 units, its total variable cost is $174,504 and its total fixed cost is $55,080.

**Required**:

For the activity level of 2,700 units, compute: (a) the total variable cost; (b) the total fixed cost; (c) the total cost; (d) the average variable cost per unit; (e) the average fixed cost per unit; and (f) the average total cost per unit. Assume that this activity level is within the relevant range.

279) A number of costs and measures of activity are listed below.

|  |  |  |
| --- | --- | --- |
|   | Cost Description | Possible Measure of Activity |
| 1. | Cost of vaccine used at a clinic | Vaccines administered |
| 2. | Building rent at a taco shop | Dollar sales |
| 3. | Salary of production manager at a snowboard manufacturer | Snowboards produced |
| 4. | Cost of electricity for production equipment at a snowboard manufacturer | Snowboards produced |
| 5. | Ferry captain's salary on a regularly scheduled passenger ferry | Number of passengers |
| 6. | Cost of glue used in furniture production | Units produced |
| 7. | Janitorial wages at a snowboard manufacturer | Snowboards produced |
| 8. | Depreciation on factory building at a snowboard manufacturer | Snowboards produced |
| 9. | Cost of advertising at a snowboard company | Snowboards sold |
| 10. | Cost of shipping bags of fertilizer to a customer at a chemical plant | Bags shipped |

**Required**:

For each item above, indicate whether the cost is MAINLY fixed or variable with respect to the possible measure of activity listed next to it.