

Extracts from cost information of Herb Corp.:

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	Simple L3 Pack	Complex L7 Pack	Total
Setup cost allocated using direct labor-hours	\$18,750	\$6,250	\$25,000
Setup cost allocated using setup-hours	\$13,200	\$11,800	\$25,000

Under traditional costing, if direct labour hours are used instead of setup hours, L3 Pack setup costs are overcosted by:

(DO NOT USE COMMAS OR ANY SYMBOLS)

The first step in activity-based costing is to

- a. identify the cost driver that has a strong correlation to the activity cost pool.
- b. assign manufacturing overhead costs for each activity cost pool to products.
- c. identify and classify the major activities involved in the manufacture of specific products.
- d. compute the activity-based overhead rate per cost driver.

Clear my choice

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Flag
question

Time left 1:52:24

Direct materials	\$50
Direct manufacturing labor	10
Variable manufacturing overhead	15
Fixed manufacturing overhead	30
Total manufacturing costs	\$105

The plant has capacity for 3,000 tables and is considering expanding production to 3,000 tables. What is the total cost of producing 3,000 tables?

- a. \$225,000
- b. \$175,000
- c. \$235,000
- d. \$255,000

Bensen Golf Company sells a special putter for \$20 each. In March, it sold 28,000 putters while manufacturing 30,000. There was no beginning inventory on March 1. Production information for March was:

Fixed selling and administrative costs	\$ 40,000
Fixed manufacturing overhead	132,000
Direct materials cost per unit	2
Direct labor cost per unit	24
Variable manufacturing overhead per unit	4
Variable selling expenses per unit	2

Compute the dollar value of ending inventory under absorption costing

(DO NOT USE COMMAS OR ANY SYMBOLS)

The contribution-margin format is used for _____.



When comparing the operating incomes between absorption costing and variable costing, and ending finished inventory exceeds beginning finished inventory, it may be assumed that _____.

Select one:

- A. variable cost per unit is more than fixed cost per unit
- B. sales decreased during the period
- C. absorption costing operating income exceeds variable costing operating income
- D. there is a favorable production-volume variance

Question 6

Not yet
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question

Time left 1:40:03

IMS Company provides the following ABC costing information:

<u>Activities</u>	<u>Total Costs</u>	<u>Activity-cost drivers</u>
Labor	\$384,000	8,000 hours
Gas	\$36,000	6,000 gallons
Invoices	\$180,000	7,500 invoices
Total costs	<u>\$600,000</u>	

The above activities used by their three departments are:

<u>Department</u>	<u>Lawn Department</u>	<u>Bush Department</u>	<u>Plowing</u>
Labor	2,500 hours	1,400 hours	4,100 hours
Gas	1,800 gallons	1,000 gallons	3,200 gallons
Invoices	1,300 invoices	300 invoices	5,900 invoices

How much of invoice cost will be assigned to the Bush Department?

Select one:

- A. \$141,600
 B. \$7,200
 C. \$180,000
 D. \$31,200



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Question 4

Not yet answered

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Flag question

When comparing the operating incomes between absorption costing and variable costing, and ending finished inventory exceeds beginning finished inventory, it may be assumed that _____.

Select one:

- A. variable cost per unit is more than fixed cost per unit
- B. sales decreased during the period
- C. absorption costing operating income exceeds variable costing operating income
- D. there is a favorable production-volume variance

Clear my choice

Question 5

Not yet answered

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Flag question

Under the FIFO method, the units accounted for in the physical units schedule include the beginning work in process units and the units

- a. started into production.
- b. started and completed.
- c. started into production plus the ending work in process units.
- d. started and completed plus the ending work in process units.

1	2	3
9	10	11
17	18	19
25	26	27
33	34	35

Finish attempt

Question 4

Not yet answered

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Flag question

Activity-based costing allocates overhead to multiple cost pools and assigns the cost pools to products using cost drivers.

Select one:

- True
- False

Question 5

Not yet answered

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Flag question

Costs of normal spoilage are usually accounted for as _____.

- a. a liability on a balance sheet
- b. a component of the costs of good units manufactured
- c. a "loss from normal spoilage account" in income statement
- d. a deduction from the cost of goods sold

[Clear my choice](#)

Question 6

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Flag question

Absorption-costing income statements usually do not differentiate between variable and fixed costs.

- True
- False

Diana Inc. reports the following cost information for

March:

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Cost of Goods Manufactured	\$75,000
Manufacturing Overhead	18,000
Finished Goods Inventory, March 1	5,000
Finished Goods Inventory, March 31	2,000
Work-in-Process Inventory, March 1	9,980
Work-in-Process Inventory, March 31	1,160
Direct Materials Used	25,400

What is the amount of direct labor incurred by Diana Inc. in March?

(DO NOT USE COMMAS OR ANY SYMBOLS)

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Answer: 31600 I

Sandra Designs manufactures metal trim used for a variety of projects. Sandra Designs' activity-based costing overhead rates are:

Purchasing

\$170 per order

Wood used to manufacture chairs is considered a direct variable cost.

Select one:

- True
- False



Lisa Manufacturing reported the following:

Revenue	\$450,000
Beginning inventory of direct materials, January 1, 2015	20,000
Purchases of direct materials	156,000
Ending inventory of direct materials, December 31, 2015	18,000
Direct manufacturing labor	21,000
Indirect manufacturing costs	42,000
Beginning inventory of finished goods, January 1, 2015	40,000
Cost of goods manufactured	114,000
Ending inventory of finished goods, December 31, 2015	45,000
Operating costs	150,000

What is Lisa's operating income?

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(DO NOT USE COMMAS OR ANY SYMBOLS)

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Answer:



For a manufacturing company, indirect manufacturing costs may be included in _____.

- a. direct materials inventory, work-in-process inventory, and finished goods inventory accounts
- b. both work-in-process inventory and finished goods inventory
- c. direct materials inventory only
- d. merchandise inventory only

A department adds raw materials to a process at the beginning of the process and incurs conversion costs uniformly throughout the process. For the month of January, there were no units in the beginning work in process inventory; 20,000 units were started into production in January; and there were 5,000 units that were 40% complete in the ending work in process inventory at the end of January. What were the equivalent units of production for conversion costs for the month of January?

- a. 20,000 equivalent units
- b. 18,000 equivalent units
- c. 17,000 equivalent units
- d. 15,000 equivalent units

Clear my choice

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Question 7

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question

Jane Company started its operations at the beginning of 2016. The production and sales data of for the year 2016 were as follows:

Variable costs per unit:

- Direct materials: \$20
- Direct labor: \$10
- Variable manufacturing overhead: \$4
- Variable selling and administrative expenses: \$8

Fixed costs per year:

- Fixed manufacturing overhead: \$180,000
- Fixed selling and administrative expenses: \$600,000

During the year 2016, Jane Company manufactured 30,000 units out of which 22,000 units were sold. What is the cost of goods sold using absorption costing?

(DO NOT USE COMMAS OR ANY SYMBOLS)

Bensen Golf Company sells a special putter for \$20 each. In March, it sold 26,000 putters while manufacturing 30,000. There was no beginning inventory on March 1. Production information for March was:

Fixed selling and administrative costs	\$ 40,000
Fixed manufacturing overhead	132,000
Direct materials cost per unit	2
Direct labor cost per unit	24
Variable manufacturing overhead per unit	4
Variable selling expenses per unit	2

Jane Company started its operations at the beginning of 2016. The production and sales data of for the year 2016 were as follows:

Variable costs per unit:

- Direct materials: \$20
- Direct labor: \$10
- Variable manufacturing overhead: \$4
- Variable selling and administrative expenses: \$8

Fixed costs per year:

- Fixed manufacturing overhead: \$180,000
- Fixed selling and administrative expenses: \$600,000

During the year 2016, Jane Company manufactured 30,000 units out of which 22,000 units were sold. What is the cost of goods sold using absorption costing?

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(DO NOT USE COMMAS OR ANY SYMBOLS)

Answer: 1496000

Bensen Golf Company sells a special putter for \$20 each. In March, it sold 26,000 putters while manufacturing 30,000. There was no beginning inventory on March 1. Production information for March was:

Fixed selling and administrative costs	\$ 40,000
Fixed manufacturing overhead	132,000
Direct materials cost per unit	2
Direct labor cost per unit	24
Variable manufacturing overhead per unit	4
Variable selling expenses per unit	2

Compute the dollar value of ending inventory under absorption costing

(DO NOT USE COMMAS OR ANY SYMBOLS)

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One of Lara Dole Company's activity cost pools is machine setups, with estimated overhead of \$300,000. Dole produces flares (400 setups) and health packs (600 setups). How much of the machine setup cost pool should be assigned to flares?

- a. \$120,000
- b. \$0
- c. \$180,000
- d. \$150,000

[Clear my choice](#)

Select one:

Time left 1:17:41

- True
- False

The following information is available for completed Job No. 422: Direct materials, \$20,000; direct labor, \$30,000; manufacturing overhead allocated, \$15,000; units produced, 5,000 units; units sold, 4,000 units. The cost of the finished goods on hand from this job is

- a. \$13,000
- b. \$10,000
- c. \$52,000
- d. \$65,000

[Clear my choice](#)

Next page

Question 10

Not yet answered

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The basis of the difference between variable costing and absorption costing is how fixed manufacturing costs are accounted for.

Select one:

- True
- False

Question 11

Not yet answered

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Flag question

Two or more support departments whose costs are being allocated can also provide support to each other and as well as to operating departments.

Select one:

- True
- False

Which of the following statements is true about the step-down method?

Select one:

- A. all provided answers are correct
- B. It is conceptually the most precise method
- C. it results in allocating only the support costs used by operating departments
- D. it does not recognize the total services that support departments provide to each other

[Clear my choice](#)

The physical units in a department are another name for the equivalent units of production.

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Select one:

- True
- False

Flag question

False

Question 12

Not yet answered

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Flag question

The predetermined overhead rate is computed using

- a. estimated overhead costs
- b. allocated overhead costs
- c. actual overhead costs.
- d. predetermined operating costs

Clear my choice

Question 13

Not yet answered

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Flag question

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Mission Enterprises manufactures digital video equipment. For each unit, \$3,000 of direct material is used and there is \$2,000 of direct manufacturing labor at \$20 per hour. Manufacturing overhead is applied at \$25 per direct manufacturing labor hour. Calculate the profit earned on 50 units if each unit sells for \$9,500.

(DO NOT USE COMMAS OR ANY SYMBOLS)

Answer: 75000

Question 14

Not yet answered

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Rework refers to units of production that are NOT in accordance with customer desires. The product is redone and sold as finished goods.

Select one:

True

False

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Question 15

Alfred's Inc. produces and sells a decorative pillow for \$98.00 per unit. In the first month of operation,

Question 15

Not yet answered

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Flag question

Alfred's Inc. produces and sells a decorative pillow for \$98.00 per unit. In the first month of operation, 2,300 units were produced and 1,800 units were sold. Actual fixed costs are the same as the amount budgeted for the month. Other information for the month includes:

Variable manufacturing costs	\$23.00 per unit
Variable marketing costs	\$6.00 per unit
Fixed manufacturing costs	\$15 per unit
Administrative expenses, all fixed	\$21.00 per unit
Ending inventories:	
Direct materials	-0-
WIP	-0-
Finished goods	500 units

What is the contribution margin using variable costing?

Select one:

- STUDENTS-HUB.com
- A. \$123,500
 - B. \$135,000
 - C. \$165,600
 - D. \$124,200

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Lisa Manufacturing reported the following:

Revenue	\$450,000
Beginning inventory of direct materials, January 1, 2015	20,000
Purchases of direct materials	156,000
Ending inventory of direct materials, December 31, 2015	18,000
Direct manufacturing labor	21,000
Indirect manufacturing costs	42,000
Beginning inventory of finished goods, January 1, 2015	40,000
Cost of goods manufactured	114,000
Ending inventory of finished goods, December 31, 2015	45,000
Operating costs	150,000

What is Lisa's operating income?
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(DO NOT USE COMMAS OR ANY SYMBOLS)

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Answer: 191000

Stevens Manufacturing Company reported the following year-end information: beginning work in process inventory, \$180,000; cost of goods manufactured, \$516,000; beginning finished goods inventory, \$252,000; ending work in process inventory, \$220,000; and ending finished goods inventory, \$264,000. Stevens Manufacturing Company's cost of goods sold for the year is

- a. \$476,000
- b. \$252,000.
- c. \$528,000
- d. \$504,000.

Clear my choice

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Management accounting _____.

For Erica Company, the predetermined overhead rate is 70% of direct labor cost. During the month, \$720,000 of factory labor costs are incurred of which \$200,000 is indirect labor. Actual overhead incurred was \$360,000. The amount of overhead debited to Work in Process Inventory should be:

- a. \$520,000
- b. \$360,000
- c. \$504,000
- d. \$364,000

Clear my choice

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Management accounting _____.

- a. focuses on estimating future revenues, costs, and other measures to forecast activities and their results
- b. provides information that is generally available only on a quarterly or annual basis
- c. reports information that has occurred in the past that is verifiable and reliable
- d. provides information about the company as a whole

Clear my choice

Alfred's Inc. produces and sells a decorative pillow for \$98.00 per unit. In the first month, 2,200 units were produced and 1,800 units were sold. Actual fixed costs are the same as the amount budgeted for the month. Other information for the month includes:

Variable manufacturing costs	\$22.00 per unit
Variable marketing costs	\$3.90 per unit
Fixed manufacturing costs	\$14 per unit produced
Administrative expenses, all fixed	\$19.50 per unit produced
Ending inventories:	
Direct materials	-0-
WIP	-0-
Finished goods	400 units

What is the operating income using variable costing?

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Select one:

- A. \$56,080
- B. \$69,480
- C. \$104,580
- D. \$129,780

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RELAX Corporation manufactures two models of office chairs, a standard and a deluxe model. The following activity and cost information has been compiled:

Product	Number of Setups	Number of Components	Number of Direct Labor Hours
Standard	12	8	255
Deluxe	28	12	245
Overhead costs	\$52,000	\$78,000	

Number of setups and number of components are identified as activity-cost drivers for overhead. Assuming an activity-based costing system is used, what is the total amount of overhead costs assigned to the deluxe model?

a. \$84,400

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b. \$83,200

c. \$82,600

d. \$80,800

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