

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

5) Selling costs are indirect costs.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

- 7) The three cost elements ordinarily included in product costs are direct materials, direct labor, and manufacturing overhead.
- ☐ true
 - ☐ false
- 8) Administrative costs are indirect costs.
- ☐ true
 - ☐ false
- 9) Depreciation is always considered a period cost for external financial reporting purposes in a manufacturing company.
- ☐ true
 - ☐ false
- 10) Opportunity costs at a manufacturing company are not part of manufacturing overhead.
- ☐ true
 - ☐ false
- 11) Conversion cost is the sum of direct labor cost and manufacturing overhead cost.
- ☐ true
 - ☐ false
- 12) In a manufacturing company, all costs are period costs.
- ☐ true
 - ☐ false
- 13) Advertising is not considered as a product cost even if it promotes a specific product.
- ☐ true
 - ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

17) Product costs are also known as inventoriable costs.

- ☐ true
- ☐ false

18) Prime cost equals manufacturing overhead cost.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

47) Differential costs can only be variable.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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.

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

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

- ☐ true
- ☐ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

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

- A) Choice A
- B) Choice B
- C) Choice C
- D) Choice D

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 supervisor of the warehouse where raw materials and parts are temporarily stored before being used in production is 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 at 100	Cost at 140
	units	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?

	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?

	Traditional Approach	Contribution Approach
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:

	Average Cost 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	\$ 7.05	
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		\$ 44,550

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:

	Average Cost 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	\$43,100
Direct labor	\$36,200
Manufacturing overhead	\$23,800
Selling expenses	\$18,000
Administrative expenses	\$40,700

Conversion costs during the month totaled:

- A) \$60,000
- B) \$66,900
- C) \$161,800
- D) \$79,300

120) 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

121) Abburi Company's manufacturing overhead is 55% of its total conversion costs. If direct labor is \$58,500 and if direct materials are \$29,200, the manufacturing overhead is:

- A) \$71,500
- B) \$47,864
- C) \$35,689
- D) \$107,189

122) 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

123) During the month of May, direct labor cost totaled \$9,240 and direct labor cost was 30% of prime cost. If total manufacturing costs during May were \$80,100, the manufacturing overhead was:

- A) \$21,560
- B) \$30,800
- C) \$70,860
- D) \$49,300

124) 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

125) In May direct labor was 40% of conversion cost. If the manufacturing overhead for the month was \$120,600 and the direct materials cost was \$29,200, the direct labor cost was:

- A) \$180,900
- B) \$80,400
- C) \$43,800
- D) \$19,467

126) 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

127) The following costs were incurred in May:

Direct materials	\$44,300
Direct labor	\$25,900
Manufacturing overhead	\$23,400
Selling expenses	\$17,900
Administrative expense	\$32,300

Prime costs during the month totaled:

- A) \$93,600
- B) \$143,800
- C) \$70,200
- D) \$49,300

128) 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

129) 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

130) Pertee Corporation's relevant range of activity is 6,600 units to 13,000 units. When it produces and sells 9,800 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$7.30
Direct labor	\$3.70
Variable manufacturing overhead	\$1.80
Fixed manufacturing overhead	\$3.10
Fixed selling expense	\$0.70
Fixed administrative expense	\$0.40
Sales commissions	\$0.50
Variable administrative expense	\$0.55

If 6,400 units are produced, the total amount of manufacturing overhead cost is closest to:

- A) \$31,360
- B) \$54,060
- C) \$41,900
- D) \$24,320

131) Pertee 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	\$6.70
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

132) A manufacturing company prepays its insurance coverage for a three-year period. The premium for the three years is \$3,090 and is paid at the beginning of the first year. Ninety percent of the premium applies to manufacturing operations and ten 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)	\$ 103	\$ 927
B)	\$ 1,030	\$ 0
C)	\$ 0	\$ 1,030
D)	\$ 927	\$ 103

- A) Choice A
- B) Choice B
- C) Choice C
- D) Choice D

133) 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

134) 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

135) 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:

	Average Cost 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

136) 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) \$55,750
- B) \$65,750
- C) \$10,000
- D) \$70,750

137) 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:

	Average Cost 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

138) 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. **(Round intermediate calculations to 2 decimal places.)**

- A) \$1,197,658
- B) \$1,191,000
- C) \$1,179,090
- D) \$1,202,910

139) 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

140) At an activity level of 9,300 machine-hours in a month, Falks Corporation's total variable production engineering cost is \$766,320 and its total fixed production engineering cost is \$191,040. What would be the total production engineering cost per machine-hour, both fixed and variable, at an activity level of 9,600 machine-hours in a month? Assume that this level of activity is within the relevant range. **(Round intermediate calculations to 2 decimal places.)**

- A) \$99.73
- B) \$102.94
- C) \$102.30
- D) \$100.10

141) 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. **(Round intermediate calculations to 2 decimal places.)**

- A) \$107.93
- B) \$107.18
- C) \$108.67
- D) \$108.24

142) Mullenex 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	\$ 1.25
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

143) 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

144) 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

145) 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

146) 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

147) 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. **(Round intermediate calculations to 2 decimal places.)**

- A) \$1,175,210
- B) \$1,169,685
- C) \$1,161,384
- D) \$1,168,297

148) 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	?

Other production costs	20,000	?
Total cost	\$ 58,000	\$ 61,300

Assuming that these activity levels are within the relevant range, the other production costs for July were: **(Round intermediate calculations to 2 decimal places.)**

- A) \$21,600
- B) \$20,000
- C) \$22,000
- D) \$19,500

149) Paolucci Corporation's relevant range of activity is 4,500 units to 10,500 units. When it produces and sells 7,500 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 6.45
Direct labor	\$ 3.35
Variable manufacturing overhead	\$ 1.35
Fixed manufacturing overhead	\$ 3.80
Fixed selling expense	\$ 1.30
Fixed administrative expense	\$ 0.85
Sales commissions	\$ 1.25
Variable administrative expense	\$ 0.75

If 6,500 units are sold, the variable cost per unit sold is closest to:

- A) \$19.10
- B) \$11.15
- C) \$14.95
- D) \$13.15

150) 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:

	Average Cost 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

151) Schonhardt Corporation's relevant range of activity is 2,900 units to 7,500 units. When it produces and sells 5,200 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 7.20
Direct labor	\$ 3.40
Variable manufacturing overhead	\$ 1.25
Fixed manufacturing overhead	\$ 3.50
Fixed selling expense	\$ 0.85
Fixed administrative expense	\$ 0.55
Sales commissions	\$ 0.65
Variable administrative expense	\$ 0.55

If 6,500 units are produced, the total amount of fixed manufacturing cost incurred is closest to:

- A) \$23,400
- B) \$22,620
- C) \$18,460
- D) \$18,200

152) 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:

	Average Cost 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

153) 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: **(Round intermediate calculations to 2 decimal places.)**

- A) \$35,600
- B) \$21,600
- C) \$32,000
- D) \$18,000

154) 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:

	Average Cost 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

155) 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

156) Tirri Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 7.25	
Direct labor	\$ 3.35	
Variable manufacturing overhead	\$ 1.30	
Fixed manufacturing overhead		\$ 23,900
Sales commissions	\$ 1.05	
Variable administrative expense	\$ 0.60	
Fixed selling and administrative expense		\$ 8,300

If the selling price is \$27.60 per unit, the contribution margin per unit sold is closest to:

- A) \$14.05
- B) \$7.32
- C) \$17.00
- D) \$9.18

157) 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

158) Macy Corporation's relevant range of activity is 8,400 units to 17,000 units. When it produces and sells 12,700 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 5.55
Direct labor	\$ 4.00
Variable manufacturing overhead	\$ 2.00
Fixed manufacturing overhead	\$ 3.60
Fixed selling expense	\$ 1.30
Fixed administrative expense	\$ 0.60
Sales commissions	\$ 1.25
Variable administrative expense	\$ 0.50

If the selling price is \$32.50 per unit, the contribution margin per unit sold is closest to:

- A) \$11.55
- B) \$7.35
- C) \$22.95
- D) \$19.20

159) 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

160) Bellucci Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 7.10	
Direct labor	\$ 4.30	
Variable manufacturing overhead	\$ 1.60	
Fixed manufacturing overhead		\$ 100,000
Sales commissions	\$ 1.20	
Variable administrative expense	\$ 0.45	
Fixed selling and administrative expense		\$ 36,800

The incremental manufacturing cost that the company will incur if it increases production from 8,000 to 8,001 units is closest to (assume that the increase is within the relevant range):

- A) \$27.55
- B) \$13.00
- C) \$31.75
- D) \$25.50

161) 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 (assume that the increase is within the relevant range):

- A) \$26.75
- B) \$12.80
- C) \$30.05
- D) \$24.50

162) Fiori Corporation's relevant range of activity is 2,800 units to 6,000 units. When it produces and sells 4,400 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 6.65
Direct labor	\$ 3.00
Variable manufacturing overhead	\$ 1.70
Fixed manufacturing overhead	\$ 2.50
Fixed selling expense	\$ 1.00
Fixed administrative expense	\$ 0.90
Sales commissions	\$ 1.30
Variable administrative expense	\$ 0.80

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

- A) \$17.85
- B) \$11.35
- C) \$13.85
- D) \$14.85

163) 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

164) Haack Incorporated is a merchandising company. Last month the company's cost of goods sold was \$65,500. The company's beginning merchandise inventory was \$19,400 and its ending merchandise inventory was \$26,600. What was the total amount of the company's merchandise purchases for the month?

- A) \$65,500
- B) \$58,300
- C) \$72,700
- D) \$111,500

165) Haack Incorporated 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

166) Gabel Incorporated 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

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

Corporate headquarters building lease	\$ 85,200
Cosmetics Department sales commissions-Northridge Store	\$ 5,610
Corporate legal office salaries	\$ 58,200
Store manager's salary-Northridge Store	\$ 14,600
Heating-Northridge Store	\$ 17,600
Cosmetics Department cost of sales-Northridge Store	\$ 39,700
Central warehouse lease cost	\$ 6,900
Store security-Northridge Store	\$ 19,500
Cosmetics Department manager's salary-Northridge Store	\$ 4,240

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) \$101,250
- B) \$49,550
- C) \$45,310
- D) \$39,700

168) The following cost data pertain to the operations of Quinonez Department Stores, Incorporated, 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

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

Corporate headquarters building lease	\$ 81,200
Cosmetics Department sales commissions-Northridge Store	\$ 5,690

Corporate legal office salaries	\$ 61,200
Store manager's salary-Northridge Store	\$ 14,500
Heating-Northridge Store	\$ 13,300
Cosmetics Department cost of sales-Northridge Store	\$ 33,700
Central warehouse lease cost	\$ 8,500
Store security-Northridge Store	\$ 14,900
Cosmetics Department manager's salary-Northridge Store	\$ 4,290

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) \$150,900
- B) \$42,700
- C) \$43,680
- D) \$81,200

170) The following cost data pertain to the operations of Quinonez Department Stores, Incorporated, 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

171) The following cost data pertain to the operations of Ladwig Department Stores, Incorporated, 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

172) The following cost data pertain to the operations of Ladwig Department Stores, Incorporated, 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

173) Dake Corporation's relevant range of activity is 3,800 units to 9,000 units. When it produces and sells 6,400 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 6.65
Direct labor	\$ 3.70
Variable manufacturing overhead	\$ 1.40
Fixed manufacturing overhead	\$ 3.50
Fixed selling expense	\$ 1.00
Fixed administrative expense	\$ 0.70
Sales commissions	\$ 0.80
Variable administrative expense	\$ 0.70

For financial reporting purposes, the total amount of product costs incurred to make 6,400 units is closest to:

- A) \$97,600
- B) \$75,200
- C) \$104,000
- D) \$22,400

174) 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

175) 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

176) Dake Corporation's relevant range of activity is 2,300 units to 5,500 units. When it produces and sells 3,900 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 6.80
Direct labor	\$ 4.00
Variable manufacturing overhead	\$ 1.55
Fixed manufacturing overhead	\$ 2.50
Fixed selling expense	\$ 1.15
Fixed administrative expense	\$ 0.85
Sales commissions	\$ 0.95
Variable administrative expense	\$ 0.85

If 2,900 units are produced, the total amount of direct manufacturing cost incurred is closest to:

- A) \$31,320
- B) \$35,815
- C) \$43,065
- D) \$39,875

177) 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

178) Dake Corporation's relevant range of activity is 3,800 units to 9,000 units. When it produces and sells 6,400 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 6.65
Direct labor	\$ 3.70
Variable manufacturing overhead	\$ 1.40
Fixed manufacturing overhead	\$ 3.50
Fixed selling expense	\$ 1.00
Fixed administrative expense	\$ 0.70
Sales commissions	\$ 0.80
Variable administrative expense	\$ 0.70

If 5,400 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

- A) \$7,560
- B) \$22,400
- C) \$29,960
- D) \$26,460

179) 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

180) 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

181) 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

182) 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

183) 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

184) 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

185) 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

186) 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

187) 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

188) Schwiesow Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 8.05	
Direct labor	\$ 4.30	
Variable manufacturing overhead	\$ 1.65	
Fixed manufacturing overhead		\$ 18,500
Sales commissions	\$ 1.00	
Variable administrative expense	\$ 0.50	
Fixed selling and administrative expense		\$ 6,900

If 7,000 units are produced, the total amount of manufacturing overhead cost is closest to:

- A) \$25,550
- B) \$30,050
- C) \$21,050
- D) \$46,150

189) 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

190) 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
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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

191) 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

192) 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

193) 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

194) 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

195) 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

196) 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

197) 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

198) 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

199) 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

200) 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

201) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.25	
Direct labor	\$ 3.20	
Variable manufacturing overhead	\$ 1.20	
Fixed manufacturing overhead		\$ 13,200
Sales commissions	\$ 1.20	
Variable administrative expense	\$ 0.50	
Fixed selling and administrative expense		\$ 3,300

If 6,500 units are produced, the total amount of indirect manufacturing cost incurred is closest to:

- A) \$7,800
- B) \$19,420
- C) \$21,000
- D) \$13,200

202) 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

203) Kesterson Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.95	
Direct labor	\$ 3.80	
Variable manufacturing overhead	\$ 1.35	
Fixed manufacturing overhead		\$ 11,500
Sales commissions	\$ 1.70	
Variable administrative expense	\$ 0.70	

Fixed selling and administrative expense	\$ 5,000
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The incremental manufacturing cost that the company will incur if it increases production from 5,000 to 5,001 units is closest to:

- A) \$12.10
- B) \$14.95
- C) \$17.80
- D) \$15.80

204) 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

205) 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	\$ 60,000
Wages paid to the workers who paint the figurines	\$ 91,000
Wages paid to the sales manager's secretary	\$ 23,000
Cost of junk mail advertising	\$ 40,000

What is the total of the direct costs above?

- A) \$60,000
- B) \$114,000
- C) \$151,000
- D) \$191,000

206) 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

207) 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	\$ 63,000
Wages paid to the workers who paint the figurines	\$ 80,000
Wages paid to the sales manager's secretary	\$ 32,000
Cost of junk mail advertising	\$ 49,000

What is the total of the product costs above?

- A) \$0
- B) \$81,000
- C) \$143,000
- D) \$161,000

208) 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

209) 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	\$ 69,000
Wages paid to the workers who paint the figurines	\$ 83,000
Wages paid to the sales manager's secretary	\$ 35,000
Cost of junk mail advertising	\$ 52,000

What is the total of the conversion costs above?

- A) \$69,000
- B) \$87,000
- C) \$83,000
- D) \$152,000

210) 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

211) 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

212) 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

213) 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

214) 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

215) 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

216) 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

217) 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

218) 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

219) 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

220) 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

221) 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

222) 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

223) 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

224) 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

225) 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

226) 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

227) 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

228) 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

229) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.80	
Direct labor	\$ 4.00	
Variable manufacturing overhead	\$ 1.60	
Fixed manufacturing overhead		\$ 12,000
Sales commissions	\$ 0.80	
Variable administrative expense	\$ 0.85	
Fixed selling and administrative expense		\$ 5,700

If 3,000 units are sold, the total variable cost is closest to:

- A) \$46,800
- B) \$55,500
- C) \$42,150
- D) \$37,200

230) 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

231) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.40	
Direct labor	\$ 3.20	
Variable manufacturing overhead	\$ 1.20	
Fixed manufacturing overhead		\$ 14,400
Sales commissions	\$ 0.40	
Variable administrative expense	\$ 0.45	
Fixed selling and administrative expense		\$ 3,300

If 4,500 units are produced, the total amount of manufacturing overhead cost is closest to:

- A) \$19,800
- B) \$12,600
- C) \$15,900
- D) \$27,000

232) 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

233) Pedregon Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.55	
Direct labor	\$ 3.50	
Variable manufacturing overhead	\$ 1.35	
Fixed manufacturing overhead		\$ 21,000
Sales commissions	\$ 0.55	
Variable administrative expense	\$ 0.60	

Fixed selling and administrative expense	\$ 6,300
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If the selling price is \$20.50 per unit, the contribution margin per unit sold is closest to:

- A) \$3.85
- B) \$5.70
- C) \$7.95
- D) \$10.45

234) 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

235) Fassino Corporation reported the following data for the month of November:

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

236) Fassino Corporation reported the following data for the month of November:

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

237) 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

238) 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

239) 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

240) 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

241) 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

242) 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

243) 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

244) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 5.20	
Direct labor	\$ 3.80	
Variable manufacturing overhead	\$ 1.35	
Fixed manufacturing overhead		\$ 7,600
Sales commissions	\$ 1.70	
Variable administrative expense	\$.30	
Fixed selling and administrative expense		\$ 5,000

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

- A) \$13,000
- B) \$8,000
- C) \$5,000
- D) \$7,600

245) 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

246) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 5.40	
Direct labor	\$ 4.20	
Variable manufacturing overhead	\$ 1.55	
Fixed manufacturing overhead		\$ 11,400
Sales commissions	\$ 2.10	
Variable administrative expense	\$ 0.45	
Fixed selling and administrative expense		\$ 4,900

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

- A) \$17.70
- B) \$13.70
- C) \$11.15
- D) \$13.80

247) 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

248) Lagle Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 4.75	
Direct labor	\$ 3.70	

Variable manufacturing overhead	\$ 1.45	
Fixed manufacturing overhead		\$ 18,200
Sales commissions	\$ 1.70	
Variable administrative expense	\$.55	
Fixed selling and administrative expense		\$ 4,800

If 8,000 units are sold, the total variable cost is closest to:

- A) \$79,200
- B) \$129,000
- C) \$97,200
- D) \$97,600

249) 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

250) 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) \$188,550
- C) \$107,550
- D) \$197,550

251) 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

252) 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

253) 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

254) 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

255) 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

256) 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

257) 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

258) 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

259) 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.) **(Round intermediate calculations to 2 decimal places.)**

- A) \$442,545
- B) \$452,500
- C) \$473,326
- D) \$432,590

260) 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

261) 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

262) 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

263) 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 employs 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

264) 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

265) At a sales volume of 38,000 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total \$752,400. To the nearest whole dollar, what should be the total sales commissions at a sales volume of 34,300 units? (Assume that this sales volume is within the relevant range.) **(Round intermediate calculations to 2 decimal places.)**

- A) \$715,770
- B) \$752,400
- C) \$679,140
- D) \$833,563

266) 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.) **(Round intermediate calculations to 2 decimal places.)**

- A) \$126,720
- B) \$132,000
- C) \$121,440
- D) \$143,478

267) At a sales volume of 36,500 units, Choice Corporation's sales commissions (a cost that is variable with respect to sales volume) total \$576,700. To the nearest whole cent, what should be the average sales commission per unit at a sales volume of 41,800 units? (Assume that this sales volume is within the relevant range.)

- A) \$15.80
- B) \$14.80
- C) \$16.48
- D) \$13.80

268) 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

269) 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:

	Average Cost 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

270) 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:

	Average Cost 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

271) 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

272) 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

273) 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. **(Round intermediate calculations to 2 decimal places.)**

- A) \$137,020
- B) \$131,750
- C) \$162,950
- D) \$32,448

274) 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

275) 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. **(Round intermediate calculations to 2 decimal places.)**

- A) \$758,520
- B) \$403,248
- C) \$390,240
- D) \$380,556

276) 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

277) 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

278) 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: **(Round intermediate calculations to 2 decimal places.)**

- A) \$2.20
- B) \$2.30
- C) \$2.50
- D) \$2.00

279) Erkkila Incorporated reports that at an activity level of 6,600 machine-hours in a month, its total variable inspection cost is \$426,230 and its total fixed inspection cost is \$188,301. What would be the average fixed inspection cost per unit at an activity level of 6,900 machine-hours in a month? Assume that this level of activity is within the relevant range.

- A) \$93.11
- B) \$28.53
- C) \$37.29
- D) \$27.29

280) Erkkila Incorporated 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

281) Erkkila Incorporated 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. **(Round intermediate calculations to 2 decimal places.)**

- A) \$78,918
- B) \$69,846
- C) \$79,824
- D) \$10,368

282) 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:

	Average Cost per Unit
Direct materials	\$ 5.30
Direct labor	\$ 5.60
Variable manufacturing overhead	\$ 1.35
Fixed manufacturing overhead	\$ 11.00
Fixed selling expense	\$ 3.90
Fixed administrative expense	\$ 1.70
Sales commissions	\$ 0.50
Variable administrative expense	\$ 0.45

If the selling price is \$29.00 per unit, the contribution margin per unit sold is closest to:

- A) \$15.80
- B) (\$0.80)
- C) \$5.75
- D) \$18.10

283) 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:

	Average Cost 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

284) 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:

	Average Cost 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

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

University Store, Incorporated		
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	
Administrative	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

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

University Store, Incorporated

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	
Administrative	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

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

University Store, Incorporated
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	

Administrative	110,000	210,000
Net operating income		<u>\$ 30,000</u>

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

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

University Store, Incorporated		
Income Statement		
For the Quarter Ended March 31		
Sales		\$ 800,000
Cost of goods sold		560,000
Gross margin		<u>240,000</u>
Selling and administrative expenses		
Selling	\$ 100,000	
Administrative	110,000	210,000
Net operating income		<u>\$ 30,000</u>

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

289) 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		\$ 950,000
Cost of goods sold		660,000
Gross margin		290,000
Selling and administrative expenses		
Selling	\$ 106,000	
Administrative	116,000	222,000
Net operating income		\$ 68,000

On average, a book sells for \$50. Variable selling expenses are \$4 per book with the remaining selling expenses being fixed. The variable administrative expenses are 5% of sales with the remainder being fixed. The contribution margin for Sam's Bookstore for the first quarter is:

- A) \$214,000
- B) \$826,500
- C) \$166,500
- D) \$783,500

290) 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		<u>270,000</u>
Selling and administrative expenses		
Selling	\$ 100,000	
Administrative	104,000	204,000
Net operating income		<u>\$ 66,000</u>

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

291) 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		\$ 910,000
Cost of goods sold		645,000
Gross margin		<u>265,000</u>
Selling and administrative expenses		
Selling	\$ 103,000	
Administrative	110,000	<u>213,000</u>

Net operating income

\$ 52,000

On average, a book sells for \$65. Variable selling expenses are \$6 per book with the remaining selling expenses being fixed. The variable administrative expenses are 5% of sales with the remainder being fixed. The net operating income using the contribution approach for the first quarter is:

- A) \$265,000
- B) \$181,000
- C) \$135,500
- D) \$52,000

292) 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		<u>270,000</u>
Selling and administrative expenses		
Selling	\$ 100,000	
Administrative	104,000	204,000
Net operating income		<u>\$ 66,000</u>

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

293) 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		\$ 910,000
Cost of goods sold		560,000
Gross margin		350,000
Selling and administrative expenses		
Selling	\$ 119,000	
Administrative	142,000	261,000
Net operating income		\$ 89,000

On average, a book sells for \$65. Variable selling expenses are \$4 per book with the remaining selling expenses being fixed. The variable administrative expenses are 3% 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) $Y = \$116,300 + \$4.00X$
- B) $Y = \$116,300 + \$5.95X$
- C) $Y = \$177,700 + \$5.95X$
- D) $Y = \$177,700 + \$7.90X$

294) 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	
Administrative	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) $Y = \$78,000 + \$9X$

295) 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	
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Administrative	104,000	204,000
Net operating income		<u>\$ 66,000</u>

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

296) 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

297) 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

298) 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

299) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing \$447,000 or a new model 220 machine costing \$402,000 to replace a machine that was purchased 7 years ago for \$435,000. 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 \$402,000 in the new machine, the money could be invested in a project that would return a total of \$432,000. In making the decision to buy the model 220 machine rather than the model 370 machine, the sunk cost was:

- A) \$435,000
- B) \$402,000
- C) \$447,000
- D) \$432,000

300) 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

301) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing \$446,000 or a new model 220 machine costing \$408,000 to replace a machine that was purchased 9 years ago for \$426,000. 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 \$408,000 in the new machine, the money could be invested in a project that would return a total of \$20,000. In making the decision to buy the model 220 machine rather than the model 370 machine, the differential cost was:

- A) \$38,000
- B) \$18,000
- C) \$20,000
- D) \$14,000

302) 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

303) Management of Plascencia Corporation is considering whether to purchase a new model 370 machine costing \$525,000 or a new model 220 machine costing \$423,000 to replace a machine that was purchased 8 years ago for \$488,000. 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 \$423,000 in the new machine, the money could be invested in a project that would return a total of \$450,000. In making the decision to invest in the model 220 machine, the opportunity cost was:

- A) \$488,000
- B) \$423,000
- C) \$525,000
- D) \$450,000

304) 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

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

Sales	\$ 407,000
Cost of goods sold (all variable)	\$ 173,400

Total variable selling expense	\$ 20,400
Total fixed selling expense	\$ 22,200
Total variable administrative expense	\$ 14,800
Total fixed administrative expense	\$ 39,700

The gross margin for October is:

- A) \$198,400
- B) \$233,600
- C) \$136,500
- D) \$345,100

306) 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

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

Sales	\$ 467,000
Cost of goods sold (all variable)	\$ 173,200
Total variable selling expense	\$ 19,500
Total fixed selling expense	\$ 17,500
Total variable administrative expense	\$ 10,100
Total fixed administrative expense	\$ 34,000

The contribution margin for October is:

- A) \$264,200
- B) \$415,500
- C) \$293,800
- D) \$212,700

308) 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

309) Streif Incorporated 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

310) Streif Incorporated 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

311) Boersma Sales, Incorporated 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

312) Boersma Sales, Incorporated 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

313) 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

Cost of goods sold is a variable cost in this company. The gross margin for June is:

- A) \$242,600
- B) \$148,800
- C) \$124,800
- D) \$102,200

314) 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

Cost of goods sold is a variable cost in this company. The contribution margin for June is:

- A) \$148,800
- B) \$102,200
- C) \$218,600
- D) \$124,800

315) Salomon Marketing, Incorporated 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

316) Salomon Marketing, Incorporated 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

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

317) Dobosh Corporation has provided the following information:

Cost per Unit	Cost per Period
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Direct materials	\$ 7.05	
Direct labor	\$ 3.65	
Variable manufacturing overhead	\$ 1.60	
Fixed manufacturing overhead		\$ 113,400
Sales commissions	\$ 1.50	
Variable administrative expense	\$ 0.55	
Fixed selling and administrative expense		\$ 36,450

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 9,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 9,000 units?c. If 10,000 units are sold, what is the variable cost per unit sold?d. If 10,000 units are sold, what is the total amount of variable costs related to the units sold?e. If 10,000 units are produced, what is the total amount of manufacturing overhead cost incurred?f. If the selling price is \$21.60 per unit, what is the contribution margin per unit sold?g. If 8,000 units are produced, what is the total amount of direct manufacturing cost incurred?h. If 8,000 units are produced, what is the total amount of indirect manufacturing costs incurred?i. What incremental manufacturing cost will the company incur if it increases production from 9,000 to 9,001 units?

318) Saxbury Corporation's relevant range of activity is 3,000 units to 7,000 units. When it produces and sells 5,800 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$5.70
Direct labor	\$3.75
Variable manufacturing overhead	\$2.00
Fixed manufacturing overhead	\$4.10
Fixed selling expense	\$0.90
Fixed administrative expense	\$0.75

Sales commissions	\$0.65
Variable administrative expense	\$0.65

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,800 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,800 units?c. If 6,800 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**d. If 6,800 units are sold, what is the total amount of variable costs related to the units sold?e. If 6,800 units are produced, what is the average fixed manufacturing cost per unit produced? **(Round "Per unit" answer to 2 decimal places.)**f. If 6,800 units are produced, what is the total amount of fixed manufacturing cost incurred?g. If 6,800 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis? **(Round "Per unit" answer to 2 decimal places.)**h. If the selling price is \$23.20 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**i. If 4,800 units are produced, what is the total amount of direct manufacturing cost incurred?j. If 4,800 units are produced, what is the total amount of indirect manufacturing cost incurred?k. What incremental manufacturing cost will the company incur if it increases production from 5,800 to 5,801 units? **(Round "Per unit" answer to 2 decimal places.)**

319) Saxbury 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	\$5.30
Direct labor	\$3.65
Variable manufacturing overhead	\$1.50
Fixed manufacturing overhead	\$3.90
Fixed selling expense	\$0.75
Fixed administrative expense	\$0.60
Sales commissions	\$0.50
Variable administrative expense	\$0.50

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,000 units?c. If 6,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**d. If 6,000 units are sold, what is the total amount of variable costs related to the units sold?e. If 6,000 units are produced, what is the average fixed manufacturing cost per unit produced? **(Round "Per unit" answer to 2 decimal places.)**f. If 6,000 units are produced, what is the total amount of fixed manufacturing cost incurred?g. If 6,000 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis? **(Round "Per unit" answer to 2 decimal places.)**h. If the selling price is \$22.90 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**i. If 4,000 units are produced, what is the total amount of direct manufacturing cost incurred?j. If 4,000 units are produced, what is the total amount of indirect manufacturing cost incurred?k. What incremental manufacturing cost will the company incur if it increases production from 5,000 to 5,001 units? **(Round "Per unit" answer to 2 decimal places.)**

320) Myklebust 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	\$6.40
Direct labor	\$3.80
Variable manufacturing overhead	\$1.60
Fixed manufacturing overhead	\$3.00
Fixed selling expense	\$0.75
Fixed administrative expense	\$0.60
Sales commissions	\$1.50
Variable administrative expense	\$0.45

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 6,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 6,000 units?c. If the selling price is \$20.20 per unit, what is the contribution margin per unit sold?d. If 7,000 units are produced, what is the total amount of direct manufacturing cost incurred?e. If 7,000 units are produced, what is the total amount of indirect manufacturing cost incurred?f. What incremental manufacturing cost will the company incur if it increases production from 6,000 to 6,001 units?

321) Learned Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 5.20	
Direct labor	\$ 3.85	
Variable manufacturing overhead	\$ 1.35	
Fixed manufacturing overhead		\$ 27,000
Sales commissions	\$ 0.50	
Variable administrative expense	\$ 0.40	
Fixed selling and administrative expense		\$ 9,000

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 6,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 6,000 units?c. If the selling price is \$22.40 per unit, what is the contribution margin per unit sold? (**Round your answer to 2 decimal places.**)d. If 7,000 units are produced, what is the total amount of direct manufacturing cost incurred?e. If 7,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

322) Learned Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 5.40	
Direct labor	\$ 3.80	
Variable manufacturing overhead	\$ 1.40	
Fixed manufacturing overhead		\$ 38,250
Sales commissions	\$ 0.80	
Variable administrative expense	\$ 0.70	
Fixed selling and administrative expense		\$ 12,750

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 8,500 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 8,500 units?c. If the selling price is \$22.90 per unit, what is the contribution margin per unit sold? **(Round your answer to 2 decimal places.)**d. If 9,500 units are produced, what is the total amount of direct manufacturing cost incurred?e. If 9,500 units are produced, what is the total amount of indirect manufacturing costs incurred?

323) Arman 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	\$6.10
Direct labor	\$2.90
Variable manufacturing overhead	\$1.25
Fixed manufacturing overhead	\$3.00
Fixed selling expense	\$1.05
Fixed administrative expense	\$0.60
Sales commissions	\$1.50
Variable administrative expense	\$0.55

Required:a. If 6,000 units are produced, what is the total amount of fixed manufacturing cost incurred?b. If 6,000 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis?c. If 4,000 units are produced, what is the total amount of direct manufacturing cost incurred?d. If 4,000 units are produced, what is the total amount of indirect manufacturing cost incurred?

324) Skolnick Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 5.70	
Direct labor	\$ 3.90	
Variable manufacturing overhead	\$ 2.00	
Fixed manufacturing overhead		\$ 136,000
Sales commissions	\$ 1.20	
Variable administrative expense	\$ 0.65	
Fixed selling and administrative expense		\$ 39,100

Required:a. If 8,500 units are produced, what is the total amount of direct manufacturing cost incurred? **(Do not round intermediate calculations.)**b. If 8,500 units are produced, what is the total amount of indirect manufacturing costs incurred?

325) Skolnick Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 5.70	
Direct labor	\$ 3.60	
Variable manufacturing overhead	\$ 1.50	
Fixed manufacturing overhead		\$ 121,500
Sales commissions	\$ 1.00	
Variable administrative expense	\$ 0.45	
Fixed selling and administrative expense		\$ 36,450

Required:a. If 8,000 units are produced, what is the total amount of direct manufacturing cost incurred? **(Do not round intermediate calculations.)**b. If 8,000 units are produced, what is the total amount of indirect manufacturing costs incurred?

326) Karpowicz 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	\$ 6.25
Direct labor	\$ 4.15
Variable manufacturing overhead	\$ 1.60
Fixed manufacturing overhead	\$ 12.60
Fixed selling expense	\$ 3.15
Fixed administrative expense	\$ 1.80
Sales commissions	\$ 1.50
Variable administrative expense	\$ 0.45

Required:a. If the selling price is \$21.40 per unit, what is the contribution margin per unit sold?b. If 8,000 units are produced, what is the total amount of direct manufacturing cost incurred?c. If 8,000 units are produced, what is the total amount of indirect manufacturing cost incurred?d. What incremental manufacturing cost will the company incur if it increases production from 9,000 to 9,001 units?

327) Parlavecchio 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	\$5.20
Direct labor	\$3.40
Variable manufacturing overhead	\$1.35
Fixed manufacturing overhead	\$3.00
Fixed selling expense	\$0.70
Fixed administrative expense	\$0.40
Sales commissions	\$1.50
Variable administrative expense	\$0.45

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 4,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 4,000 units?c. If 5,000 units are sold, what is the variable cost per unit sold?d. If 5,000 units are sold, what is the total amount of variable costs related to the units sold?e. If 5,000 units are produced, what is the average fixed manufacturing cost per unit produced?f. If 5,000 units are produced, what is the total amount of fixed manufacturing cost incurred?g. If 5,000 units are produced, what is the total amount of manufacturing overhead cost incurred? What is this total amount expressed on a per unit basis?

328) Menk Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.25	
Direct labor	\$ 3.25	
Variable manufacturing overhead	\$ 1.45	
Fixed manufacturing overhead		\$ 18,000
Sales commissions	\$ 0.50	
Variable administrative expense	\$ 0.40	
Fixed selling and administrative expense		\$ 9,000

Required: a. If 5,000 units are sold, what is the variable cost per unit sold?b. If 5,000 units are sold, what is the total amount of variable costs related to the units sold?c. If 5,000 units are produced, what is the total amount of manufacturing overhead cost incurred?

329) Mary Tappin, an assistant Vice President at Galaxy Toys, was disturbed to find on her desk a memo from her boss, Gary Resnick, to the controller of the company. The memo appears below:

GALAXY TOYS INTERNAL MEMO

Sept 15

To: Harry Wilson, Controller

Fm: Gary Resnick, Executive Vice President

As you know, we won't start recording many sales until October when stores start accepting shipments from us for the Christmas season. Meanwhile, we are producing flat-out and are building up our finished goods inventories so that we will be ready to ship next month.

Unfortunately, we are in a bind right now since it looks like the net income for the quarter ending on Sept 30 is going to be pretty awful. This may get us in trouble with the bank since they always review the quarterly financial reports and may call in our loan if they don't like what they see. Is there any possibility that we could change the classification of some of our period costs to product costs-such as the rent on the finished goods warehouse?

Please let me know as soon as possible. The President is pushing for results.

Mary didn't know what to do about the memo. It wasn't intended for her, but its contents were alarming.

Required:a. Why has Gary Resnick suggested reclassifying some period costs as product costs?b. Why do you think Mary was alarmed about the memo?

330) Classify the following costs for an auto manufacturer as either direct materials, direct labor, manufacturing overhead, or period costs.

	Direct Materials	Direct Labor	Manufacturing Overhead	Period Cost
a. Steel used in automobiles				
b. Assembly department employee wages				
c. Utility costs used in executive building				
d. Travel costs of sales personnel				
e. Cost of shipping goods to customers				
f. Property taxes on assembly plant				
g. Glass used in automobiles				
h. Factory maintenance supplies				
i. Depreciation on assembly plant				
j. Plant manager's salary				
k. CEO's salary				
l. Depreciation on executive building				
m. Salary of marketing executive				
n. Tires installed on automobiles				
o. Advertising				

Required: Complete the answer sheet above by placing an "X" under each heading that identifies the cost involved.

331) Asplund Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.25	
Direct labor	\$ 2.90	
Variable manufacturing overhead	\$ 1.30	
Fixed manufacturing overhead		\$ 18,000
Sales commissions	\$ 1.50	
Variable administrative expense	\$ 0.45	
Fixed selling and administrative expense		\$ 7,500

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 5,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 5,000 units?

332) Balerio Corporation's relevant range of activity is 6,000 units to 11,000 units. When it produces and sells 8,000 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 7.00
Direct labor	\$ 3.60

Variable manufacturing overhead	\$ 1.90
Fixed manufacturing overhead	\$ 13.80
Fixed selling expense	\$ 2.50
Fixed administrative expense	\$ 2.20
Sales commissions	\$ 0.70
Variable administrative expense	\$ 0.60

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 8,000 units? **(Do not round intermediate calculations.)**b. If 10,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**c. If 10,000 units are sold, what is the total amount of variable costs related to the units sold? **(Do not round intermediate calculations. Round "Per unit" answer to 2 decimal places.)**d. If the selling price is \$18.60 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**e. What incremental manufacturing cost will the company incur if it increases production from 8,000 to 8,001 units? **(Round "Per unit" answer to 2 decimal places.)**

333) Balerio 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	\$ 6.80
Direct labor	\$ 3.20
Variable manufacturing overhead	\$ 1.60
Fixed manufacturing overhead	\$ 13.50
Fixed selling expense	\$ 2.25
Fixed administrative expense	\$ 1.80
Sales commissions	\$ 0.50
Variable administrative expense	\$ 0.40

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 9,000 units? **(Do not round intermediate calculations.)**b. If 10,000 units are sold, what is the variable cost per unit sold? **(Round "Per unit" answer to 2 decimal places.)**c. If 10,000 units are sold, what is the total amount of variable costs related to the units sold? **(Do not round intermediate calculations. Round "Per unit" answer to 2 decimal places.)**d. If the selling price is \$18.20 per unit, what is the contribution margin per unit sold? **(Round "Per unit" answer to 2 decimal places.)**e. What incremental manufacturing cost will the company incur if it increases production from 9,000 to 9,001 units? **(Round "Per unit" answer to 2 decimal places.)**

334) Glisan 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	\$ 5.75
Direct labor	\$ 3.00
Variable manufacturing overhead	\$ 1.60
Fixed manufacturing overhead	\$ 4.50
Fixed selling expense	\$ 0.75
Fixed administrative expense	\$ 0.60
Sales commissions	\$ 1.50
Variable administrative expense	\$ 0.55

Required:a. For financial reporting purposes, what is the total amount of product costs incurred to make 6,000 units?b. For financial reporting purposes, what is the total amount of period costs incurred to sell 6,000 units?c. If 5,000 units are sold, what is the total amount of variable costs related to the units sold?d. If the selling price is \$19.10 per unit, what is the contribution margin per unit sold?e. What incremental manufacturing cost will the company incur if it increases production from 6,000 to 6,001 units?

335) Morrisroe Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 6.65	
Direct labor	\$ 3.30	
Variable manufacturing overhead	\$ 1.70	
Fixed manufacturing overhead		\$ 10,000
Sales commissions	\$ 1.00	
Variable administrative expense	\$ 0.50	
Fixed selling and administrative expense		\$ 5,000

Required:a. If the selling price is \$25.90 per unit, what is the contribution margin per unit sold?b. What incremental manufacturing cost will the company incur if it increases production from 5,000 to 5,001 units?

336) In April, Holderness Incorporated, a merchandising company, had sales of \$291,000, selling expenses of \$21,000, and administrative expenses of \$32,000. The cost of merchandise purchased during the month was \$169,000. The beginning balance in the merchandise inventory account was \$41,000 and the ending balance was \$55,000.**Required:**Prepare a traditional format income statement for April.

337) In April, Holderness Incorporated, a merchandising company, had sales of \$221,000, selling expenses of \$14,000, and administrative expenses of \$25,000. The cost of merchandise purchased during the month was \$155,000. The beginning balance in the merchandise inventory account was \$34,000 and the ending balance was \$48,000. **Required:** Prepare a traditional format income statement for April.

338) Fanelli Corporation, a merchandising company, reported the following results for July:

Number of units sold	6,000
Selling price per unit	\$ 610
Unit cost of goods sold	\$ 412
Variable selling expense per unit	\$ 70
Total fixed selling expense	\$ 125,500
Variable administrative expense per unit	\$ 26
Total fixed administrative expense	\$ 207,400

Cost of goods sold is a variable cost in this company.

Required: a. Prepare a traditional format income statement for July. b. Prepare a contribution format income statement for July.

339) Fanelli Corporation, a merchandising company, reported the following results for July:

Number of units sold	5,300
Selling price per unit	\$ 590
Unit cost of goods sold	\$ 403
Variable selling expense per unit	\$ 58
Total fixed selling expense	\$ 124,400
Variable administrative expense per unit	\$ 22
Total fixed administrative expense	\$ 206,300

Cost of goods sold is a variable cost in this company.

Required:a. Prepare a traditional format income statement for July.b. Prepare a contribution format income statement for July.

340) Weingartner Corporation, a merchandising company, reported sales of 4,800 units for July at a selling price of \$269 per unit. The cost of goods sold (all variable) was \$114 per unit and the variable selling expense was \$6 per unit. The total fixed selling expense was \$38,100. The variable administrative expense was \$14 per unit and the total fixed administrative expense was \$59,900.

Required:a. Prepare a contribution format income statement for July.b. Prepare a traditional format income statement for July.

341) Wippert Corporation, a merchandising company, reported the following results for December:

Sales	\$ 2,296,200
Cost of goods sold (all variable)	\$ 997,600
Total variable selling expense	\$ 86,000
Total fixed selling expense	\$ 57,100
Total variable administrative expense	\$ 43,000
Total fixed administrative expense	\$ 148,100

Required:a. Prepare a traditional format income statement for December.b. Prepare a contribution format income statement for December.

342) Bauman Sales Corporation, a merchandising company, reported total sales of \$4,069,800 for November. The cost of goods sold (all variable) was \$2,351,100, the total variable selling expense was \$204,000, the total fixed selling expense was \$117,700, the total variable administrative expense was \$102,000, and the total fixed administrative expense was \$267,000.

Required:a. Prepare a contribution format income statement for November.b. Prepare a traditional format income statement for November.

343) 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.

344) 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:

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

345) 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:

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

346) 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	Tests run

- lab
- | | |
|---|---------------------|
| 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.

347) 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.

348) 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.

349) 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.

Answer Key

Test name: chapter 1

- 1) TRUE
- 2) TRUE
- 3) TRUE
- 4) TRUE
- 5) FALSE
- 6) TRUE
- 7) TRUE
- 8) FALSE
- 9) FALSE
- 10) TRUE
- 11) TRUE
- 12) FALSE
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- 62) A
- 63) C
- 64) B
- 65) C
- 66) D
- 67) C
- 68) D
- 69) A
- 70) A
- 71) A
- 72) C
- 73) D
- 74) B
- 75) C
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297) C

298) C

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301) A

302) A

303) D

304) D

305) B

306) B

307) A

308) A

309) C

310) C

311) B

312) B

313) B

314) D

315) D

316) A

317) a.

Direct materials	\$ 7.05
Direct labor	3.65
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	<u>\$ 12.30</u>
Total variable manufacturing cost (\$12.30 per unit × 9,000 units produced)	<u>\$ 110,700</u>
Total fixed manufacturing overhead cost	113,400
Total product (manufacturing) cost	<u>\$ 224,100</u>

b.

Sales commissions	\$ 1.50
Variable administrative expense	<u>0.55</u>

Variable selling and administrative expense per unit	\$ 2.05
Total variable selling and administrative expense (\$2.05 per unit × 9,000 units sold)	<u>\$ 18,450</u>
Total fixed selling and administrative expense	36,450
Total period (nonmanufacturing) cost	<u><u>\$ 54,900</u></u>

C.

Direct materials	\$ 7.05
Direct labor	3.65
Variable manufacturing overhead	1.60
Sales commissions	1.50
Variable administrative expense	0.55
Variable cost per unit sold	<u>\$ 14.35</u>

d.

Variable cost per unit sold (a)	\$ 14.35
Number of units sold (b)	10,000
Total variable costs (a) × (b)	\$ 143,500

e.

Total variable manufacturing overhead cost (\$1.60 per unit × 10,000 units)	\$ 16,000
Total fixed manufacturing overhead cost	113,400
Total manufacturing overhead cost (a)	<u><u>\$ 129,400</u></u>

f.

Selling price per unit	\$ 21.60
Direct materials	\$ 7.05
Direct labor	3.65
Variable manufacturing overhead	1.60
Sales commissions	1.50
Variable administrative expense	0.55
Variable cost per unit sold	<u>14.35</u>

Contribution margin per unit	\$ 7.25
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g.

Direct materials	\$ 7.05
Direct labor	3.65
Direct manufacturing cost per unit (a)	<u>\$ 10.70</u>
Number of units produced (b)	8,000
Total direct manufacturing cost (a) × (b)	\$ 85,600

h.

Total variable manufacturing overhead cost (\$1.60 per unit × 8,000 units)	\$ 12,800
Total fixed manufacturing overhead cost	113,400
Total indirect manufacturing cost	<u>\$ 126,200</u>

i.

Direct materials	\$ 7.05
Direct labor	3.65
Variable manufacturing overhead	1.60
Incremental manufacturing cost	<u>\$ 12.30</u>

318) a.

Direct materials	\$ {[a(1)]:#,###.00}
Direct labor	{[a(2)]:#,###.00}
Variable manufacturing overhead	{[a(3)]:#,###.00}
Variable manufacturing cost per unit	<u>\$ {[a(14)]:#,###.00}</u>
Total variable manufacturing cost (\$ {[a(14)]:#,###.00} per unit × {[a(9)]:#,###} units produced)	\$ {[a(15)]:#,###}
Total fixed manufacturing overhead cost (\$ {[a(4)]:#,###.00} per unit × {[a(9)]:#,###} units produced)	{[a(16)]:#,###}
Total product (manufacturing) cost	<u><u>\$ {[a(17)]:#,###}</u></u>

b.

Sales commissions	\$ {[a(7)]:#,##0.00}
Variable administrative expense	{[a(8)]:#,##0.00}
Variable selling and administrative expense per unit	<u><u>\$ {[a(18)]:#,##0.00}</u></u>

Total variable selling and administrative expense	\$ {[a(19)]:#,###}
(\$ {[a(18)]:#,##0.00} per unit × {[a(9)]:#,###} units sold)	
Total fixed selling and administrative expense	{[a(20)]:#,###}
(\$ {[a(5)]:#,##0.00} per unit × {[a(9)]:#,###} units + \$ {[a(6)]:#,##0.00} per unit × {[a(9)]:#,###} units)	
Total period (nonmanufacturing) cost	<u>\$ {[a(21)]:#,###}</u>

C.

Direct materials	\$ {[a(1)]:#,###.00}
Direct labor	{[a(2)]:#,###.00}
Variable manufacturing overhead	{[a(3)]:#,###.00}
Sales commissions	{[a(7)]:#,##0.00}
Variable administrative expense	{[a(8)]:#,##0.00}
Variable cost per unit sold	<u>\$ {[a(22)]:#,###.00}</u>

d.

Variable cost per unit sold (a)	\$ {[a(22)]:#,###.00}
Number of units sold (b)	{[a(10)]:#,###}
Total variable costs (a) × (b)	\$ {[a(23)]:#,###}

e.

Total fixed manufacturing overhead cost	\$ {[a(16)]:#,###}
(\$ {[a(4)]:#,###.00} per unit × {[a(9)]:#,###} units*) (a)	
Number of units produced (b)	{[a(10)]:#,###}
Average fixed manufacturing cost per unit produced (a) ÷ (b)	\$ {[a(24)]:#,###.00}

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by {[a(9)]:#,###} units.f.

Fixed manufacturing overhead per unit	\$ {[a(4)]:#,###.00}
Number of units produced	{[a(9)]:#,###}
Total fixed manufacturing overhead cost	\$ {[a(16)]:#,###}

g.

Total variable manufacturing overhead cost	\$ {[a(26)]:#,###}
(\$ {[a(3)]:#,###.00} per unit × {[a(10)]:#,###} units)	
Total fixed manufacturing overhead cost	{[a(16)]:#,###}
(\$ {[a(4)]:#,###.00} per unit ×	

{{{[a(9)]:#,###}} units*)			
Total manufacturing overhead cost (a)	\$ {{{[a(27)]:#,###}}}		
Number of units produced (b)	{{[a(10)]:#,###}}		
Manufacturing overhead per unit (a) ÷ (b)	\$ {{{[a(28)]:#,###.00}}}		
*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by {{{[a(9)]:#,###}} units.h.			
Selling price per unit	\$ {{{[a(11)]:#,###.00}}}		
Direct materials	\$ {{{[a(1)]:#,###.00}}}		
Direct labor	{{[a(2)]:#,###.00}}		
Variable manufacturing overhead	{{[a(3)]:#,###.00}}		
Sales commissions	{{[a(7)]:#,##0.00}}		
Variable administrative expense	{{[a(8)]:#,##0.00}}		
Variable cost per unit sold	<table> <tr> <td></td><td>{{[a(22)]:#,###.00}}</td></tr> </table>		{{[a(22)]:#,###.00}}
	{{[a(22)]:#,###.00}}		
Contribution margin per unit	\$ {{{[a(29)]:#,###.00}}}		
i.			
Direct materials	\$ {{{[a(1)]:#,###.00}}}		
Direct labor	{{[a(2)]:#,###.00}}		
Direct manufacturing cost per unit (a)	\$ {{{[a(30)]:#,###.00}}}		
Number of units produced (b)	{{[a(12)]:#,###}}		
Total direct manufacturing cost (a) × (b)	\$ {{{[a(31)]:#,###}}}		
j.			
Total variable manufacturing overhead cost (\${{{[a(3)]:#,###.00}} per unit × {{{[a(12)]:#,###}} units)	\$ {{{[a(32)]:#,###}}}		
Total fixed manufacturing overhead cost (\${{{[a(4)]:#,###.00}} per unit × {{{[a(9)]:#,###}} units*)	{{[a(16)]:#,###}}		
Total indirect manufacturing cost	\$ {{{[a(33)]:#,###}}}		

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by $\{\{[a(9)]:\#,###\}\}$ units.k.

Direct materials	\$ $\{\{[a(1)]:\#,###.00\}\}$
Direct labor	$\{\{[a(2)]:\#,###.00\}\}$
Variable manufacturing overhead	$\{\{[a(3)]:\#,###.00\}\}$
Incremental manufacturing cost	<u>\$ $\{\{[a(34)]:\#,###.00\}\}$</u>

319) a.

Direct materials	\$ 5.30
Direct labor	3.65
Variable manufacturing overhead	1.50
Variable manufacturing cost per unit	<u>\$ 10.45</u>
Total variable manufacturing cost (\$10.45 per unit × 5,000 units produced)	<u>\$ 52,250</u>
Total fixed manufacturing overhead cost (\$3.90 per unit × 5,000 units produced)	19,500
Total product (manufacturing) cost	<u>\$ 71,750</u>

b.

Sales commissions	\$ 0.50
Variable administrative expense	0.50
Variable selling and administrative expense per unit	<u>\$ 1.00</u>
Total variable selling and administrative expense (\$1.00 per unit × 5,000 units sold)	<u>\$ 5,000</u>
Total fixed selling and administrative expense (\$0.75 per unit × 5,000 units + \$0.60 per unit × 5,000 units)	6,750
Total period (nonmanufacturing) cost	<u>\$ 11,750</u>

C.

Direct materials	\$ 5.30
Direct labor	3.65
Variable manufacturing overhead	1.50
Sales commissions	0.50
Variable administrative expense	0.50
Variable cost per unit sold	<u>\$ 11.45</u>

d.

Variable cost per unit sold (a)	\$ 11.45
Number of units sold (b)	6,000
Total variable costs (a) × (b)	\$ 68,700

e.

Total fixed manufacturing overhead cost (\$3.90 per unit × 5,000 units*) (a)	\$ 19,500
Number of units produced (b)	6,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	\$ 3.25

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

f.

Fixed manufacturing overhead per unit	\$ 3.90
Number of units produced	5,000
Total fixed manufacturing overhead cost	\$ 19,500

g.

Total variable manufacturing overhead cost (\$1.50 per unit × 6,000 units)	\$ 9,000
Total fixed manufacturing overhead cost (\$3.90 per unit × 5,000 units*)	19,500
Total manufacturing overhead cost (a)	\$ 28,500
Number of units produced (b)	6,000
Manufacturing overhead per unit (a) ÷ (b)	\$ 4.75

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

h.

Selling price per unit	\$ 22.90
Direct materials	\$5.30
Direct labor	3.65

Variable manufacturing overhead	1.50	
Sales commissions	0.50	
Variable administrative expense	0.50	
Variable cost per unit sold		<u>11.45</u>
Contribution margin per unit		<u><u>\$ 11.45</u></u>

i.

Direct materials	\$ 5.30
Direct labor	3.65
Direct manufacturing cost per unit (a)	<u>\$ 8.95</u>
Number of units produced (b)	4,000
Total direct manufacturing cost (a) × (b)	\$ 35,800

j.

Total variable manufacturing overhead cost (\$1.50 per unit × 4,000 units)	\$ 6,000
Total fixed manufacturing overhead cost (\$3.90 per unit × 5,000 units*)	19,500
Total indirect manufacturing cost	<u><u>\$ 25,500</u></u>

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

k.

Direct materials	\$ 5.30
Direct labor	3.65
Variable manufacturing overhead	1.50
Incremental manufacturing cost	<u><u>\$ 10.45</u></u>

320) a.

Direct materials	\$ 6.40
Direct labor	3.80
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	<u>\$ 11.80</u>
Total variable manufacturing cost (\$11.80 per unit × 6,000 units produced)	<u><u>\$ 70,800</u></u>

Total fixed manufacturing overhead cost (\$3.00 per unit × 6,000 units produced)	18,000
Total product (manufacturing) cost	<u>\$ 88,800</u>

b.

Sales commissions	\$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	<u>\$ 1.95</u>
Total variable selling and administrative expense (\$1.95 per unit × 6,000 units sold)	<u>\$ 11,700</u>
Total fixed selling and administrative expense (\$0.75 per unit × 6,000 units + \$0.60 per unit × 6,000 units)	8,100
Total period (nonmanufacturing) cost	<u>\$ 19,800</u>

c.

Selling price per unit	\$ 20.20
Direct materials	\$ 6.40
Direct labor	3.80
Variable manufacturing overhead	1.60
Sales commissions	1.50
Variable administrative expense	0.45
Variable cost per unit sold	<u>13.75</u>
Contribution margin per unit	<u>\$ 6.45</u>

d.

Direct materials	\$ 6.40
Direct labor	3.80
Direct manufacturing cost per unit (a)	<u>\$ 10.20</u>
Number of units produced (b)	7,000
Total direct manufacturing cost (a) × (b)	\$ 71,400

e.

Total variable manufacturing overhead cost (\$1.60 per unit × 7,000 units)	\$ 11,200
Total fixed manufacturing overhead cost (\$3.00 per unit × 6,000 units*)	18,000
Total indirect manufacturing cost	<u>\$ 29,200</u>

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 6,000 units.

f.

Direct materials	\$ 6.40
Direct labor	3.80
Variable manufacturing overhead	1.60
Incremental manufacturing cost	<u>\$ 11.80</u>

321) a.

Direct materials	\$ 5.20
Direct labor	3.85
Variable manufacturing overhead	1.35
Variable manufacturing cost per unit	<u>\$ 10.40</u>
Total variable manufacturing cost (\$10.40 per unit × 6,000 units produced)	<u>\$ 62,400</u>
Total fixed manufacturing overhead cost	27,000
Total product (manufacturing) cost	<u>\$ 89,400</u>

b.

Sales commissions	\$ 0.50
Variable administrative expense	0.40
Variable selling and administrative expense per unit	<u>\$ 0.90</u>
Total variable selling and administrative expense (\$0.90 per unit × 6,000 units sold)	<u>\$ 5,400</u>
Total fixed selling and administrative expense	9,000
Total period (nonmanufacturing) cost	<u>\$ 14,400</u>

C.

Selling price per unit	\$ 22.40
Direct materials	\$ 5.20

Direct labor	3.85	
Variable manufacturing overhead	1.35	
Sales commissions	0.50	
Variable administrative expense	0.40	
Variable cost per unit sold		11.30
Contribution margin per unit		\$ 11.10

d.

Direct materials	\$ 5.20
Direct labor	3.85
Direct manufacturing cost per unit (a)	\$ 9.05
Number of units produced (b)	7,000
Total direct manufacturing cost (a) × (b)	\$ 63,350

e.

Total variable manufacturing overhead cost (\$1.35 per unit × 7,000 units)	\$ 9,450
Total fixed manufacturing overhead cost	27,000
Total indirect manufacturing cost	\$ 36,450

322) a.

Direct materials	\$ {[a(1)]:#,###.00}
Direct labor	{[a(2)]:#,###.00}
Variable manufacturing overhead	{[a(3)]:#,###.00}
Variable manufacturing cost per unit	\$ {[a(11)]:#,###.00}
Total variable manufacturing cost (\$ {[a(11)]:#,###.00} per unit × {[a(8)]:#,###} units produced)	\$ {[a(12)]:#,###}
Total fixed manufacturing overhead cost	{[a(4)]:#,###}
Total product (manufacturing) cost	\$ {[a(13)]:#,###}

b.

Sales commissions	\$ {[a(5)]:#,##0.00}
Variable administrative expense	{[a(6)]:#,##0.00}
Variable selling and administrative expense per	\$ {[a(14)]:#,###.00}

unit

Total variable selling and administrative expense	\$ {{[a(15)]:#,###}}
(\${{[a(14)]:#,##0.00}} per unit × {{[a(8)]:#,###}} units sold)	
Total fixed selling and administrative expense	{{[a(7)]:#,###}}
Total period (nonmanufacturing) cost	\$ {{[a(16)]:#,###}}

C.

Selling price per unit	\$ {{[a(9)]:#,###.00}}
Direct materials	\$ {{[a(1)]:#,###.00}}
Direct labor	{{[a(2)]:#,###.00}}
Variable manufacturing overhead	{{[a(3)]:#,###.00}}
Sales commissions	{{[a(5)]:#,##0.00}}
Variable administrative expense	{{[a(6)]:#,##0.00}}
Variable cost per unit sold	{{[a(17)]:#,###.00}}
Contribution margin per unit	\$ {{[a(18)]:#,###.00}}

d.

Direct materials	\$ {{[a(1)]:#,###.00}}
Direct labor	{{[a(2)]:#,###.00}}
Direct manufacturing cost per unit (a)	\$ {{[a(19)]:#,###.00}}
Number of units produced (b)	{{[a(10)]:#,###}}
Total direct manufacturing cost (a) × (b)	\$ {{[a(20)]:#,###}}

e.

Total variable manufacturing overhead cost	\$ {{[a(21)]:#,###}}
(\${{[a(3)]:#,###.00}} per unit × {{[a(10)]:#,###}} units)	
Total fixed manufacturing overhead cost	{{[a(4)]:#,###}}
Total indirect manufacturing cost	\$ {{[a(22)]:#,###}}

323) a.

Fixed manufacturing overhead per unit	\$ 3.00
Number of units produced	5,000
Total fixed manufacturing overhead cost	\$ 15,000

b.

Total variable manufacturing overhead cost (\$1.25 per unit × 6,000 units)	\$ 7,500
Total fixed manufacturing overhead cost (\$3.00 per unit × 5,000 units*)	15,000
Total manufacturing overhead cost (a)	\$ 22,500
Number of units produced (b)	6,000
Manufacturing overhead per unit (a) ÷ (b)	\$ 3.75

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

c.

Direct materials	\$ 6.10
Direct labor	2.90
Direct manufacturing cost per unit (a)	\$ 9.00
Number of units produced (b)	4,000
Total direct manufacturing cost (a) × (b)	\$ 36,000

d.

Total variable manufacturing overhead cost (\$1.25 per unit × 4,000 units)	\$ 5,000
Total fixed manufacturing overhead cost (\$3.00 per unit × 5,000 units*)	15,000
Total indirect manufacturing cost	\$ 20,000

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 5,000 units.

324) a.

Direct materials	\$ {[a(1)]:#,###.00}
Direct labor	{[a(2)]:#,###.00}
Direct manufacturing cost per unit (a)	\$ {[a(9)]:#,###.00}
Number of units produced (b)	{[a(8)]:#,###}
Total direct manufacturing cost (a) × (b)	\$ {[a(10)]:#,###}

Total direct manufacturing cost (a) × (b)	\$ 83,200
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C.

Total variable manufacturing overhead cost (\$1.60 per unit × 8,000 units)	\$ 12,800
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Total fixed manufacturing overhead cost (\$12.60 per unit × 9,000 units*)	113,400
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Total indirect manufacturing cost	<u>\$ 126,200</u>
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*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 9,000 units.

d.

Direct materials	\$ 6.25
Direct labor	4.15
Variable manufacturing overhead	1.60
Incremental manufacturing cost	<u>\$ 12.00</u>

327) a.

Direct materials	\$ 5.20
Direct labor	3.40
Variable manufacturing overhead	1.35
Variable manufacturing cost per unit	<u>\$ 9.95</u>
Total variable manufacturing cost (\$9.95 per unit × 4,000 units produced)	<u>\$ 39,800</u>
Total fixed manufacturing overhead cost (\$3.00 per unit × 4,000 units produced)	12,000
Total product (manufacturing) cost	<u>\$ 51,800</u>

b.

Sales commissions	\$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	<u>\$ 1.95</u>
Total variable selling and administrative expense (\$1.95 per unit × 4,000 units sold)	<u>\$ 7,800</u>
Total fixed selling and administrative expense (\$0.70 per unit × 4,000 units + \$0.40 per unit × 4,000 units)	4,400
Total period (nonmanufacturing) cost	<u>\$ 12,200</u>

C.

Direct materials	\$ 5.20
Direct labor	3.40
Variable manufacturing overhead	1.35
Sales commissions	1.50
Variable administrative expense	0.45
Variable cost per unit sold	<u>\$ 11.90</u>

d.

Variable cost per unit sold (a)	\$ 11.90
Number of units sold (b)	5,000
Total variable costs (a) × (b)	\$ 59,500

e.

Total fixed manufacturing overhead cost (\$3.00 per unit × 4,000 units*) (a)	\$ 12,000
Number of units produced (b)	5,000
Average fixed manufacturing cost per unit produced (a) ÷ (b)	\$ 2.40

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

f.

Fixed manufacturing overhead per unit	\$ 3.00
Number of units produced	4,000
Total fixed manufacturing overhead cost	\$ 12,000

g.

Total variable manufacturing overhead cost (\$1.35 per unit × 5,000 units)	\$ 6,750
Total fixed manufacturing overhead cost (\$3.00 per unit × 4,000 units*)	12,000
Total manufacturing overhead cost (a)	<u>\$ 18,750</u>
Number of units produced (b)	5,000
Manufacturing overhead per unit (a) ÷ (b)	\$ 3.75

*The average fixed manufacturing overhead cost per unit was determined by dividing the total fixed manufacturing overhead cost by 4,000 units.

328) a.

Direct materials	\$ 6.25
Direct labor	3.25
Variable manufacturing overhead	1.45
Sales commissions	0.50
Variable administrative expense	0.40
Variable cost per unit sold	<u>\$ 11.85</u>

b.

Variable cost per unit sold (a)	\$ 11.85
Number of units sold (b)	5,000
Total variable costs (a) × (b)	\$ 59,250

c.

Total variable manufacturing overhead cost (\$1.45 per unit × 5,000 units)	\$ 7,250
Total fixed manufacturing overhead cost	18,000
Total manufacturing overhead cost (a)	<u>\$ 25,250</u>

329) a. Gary Resnick has suggested reclassifying some period costs as product costs since the company is building up large finished goods inventories in anticipation of the Christmas selling season. Product costs are inventoried and flow through to the income statement only when products are sold. Period expenses, in contrast, flow directly to the income statement. Because most of the finished goods inventories will be held over to the next quarter, reclassifying period costs as product costs will effectively defer recognition of expenses until next quarter and therefore will improve the current quarter's net operating income.

b. Mary Tappin is probably alarmed by both the economic situation the company finds itself in and by the apparent willingness of top management to bend the rules. Improperly reclassifying costs is an indication that top management does not feel like it has to play by the rules or be honest in its dealings with the bank. With such loose ethical standards, Mary may wonder what other unethical things they are doing.

330)

	Direct Materials	Direct Labor	Manufacturing Overhead	Period Cost
a. Steel used in automobiles	X			
b. Assembly department employee wages		X		
c. Utility costs used in executive building				X
d. Travel costs of sales personnel				X
e. Cost of shipping goods to customers				X
f. Property taxes on assembly plant			X	
g. Glass used in automobiles	X			
h. Factory maintenance supplies			X	
i. Depreciation on assembly plant			X	
j. Plant manager's salary			X	
k. CEO's salary				X
l. Depreciation on executive building				X
m. Salary of marketing executive				X
n. Tires installed on automobiles	X			
o. Advertising				X

331) a.

Direct materials	\$ 6.25
Direct labor	2.90
Variable manufacturing overhead	1.30
Variable manufacturing cost per unit	<u>\$ 10.45</u>
Total variable manufacturing cost (\$10.45 per unit × 5,000 units produced)	\$ 52,250
Total fixed manufacturing overhead cost	18,000
Total product (manufacturing) cost	<u><u>\$ 70,250</u></u>

b.

Sales commissions	\$ 1.50
Variable administrative expense	0.45
Variable selling and administrative expense per unit	<u>\$ 1.95</u>
Total variable selling and administrative expense (\$1.95 per unit × 5,000 units sold)	<u>\$ 9,750</u>
Total fixed selling and administrative expense	7,500
Total period (nonmanufacturing) cost	<u>\$ 17,250</u>

332) a.

Direct materials	\$ {[a(3)]:#,###.00}}
Direct labor	{[a(4)]:#,###.00}}
Variable manufacturing overhead	{[a(5)]:#,###.00}}
Variable manufacturing cost per unit	<u>\$ {[a(15)]:#,###.00}}</u>
Total variable manufacturing cost (\$ {[a(15)]:#,###.00} per unit × {[a(11)]:#,###} units produced)	\$ {[a(16)]:#,###}}
Total fixed manufacturing overhead cost (\$ {[a(6)]:#,###.00} per unit × {[a(11)]:#,###} units produced)	{[a(17)]:#,###}}
Total product (manufacturing) cost	<u>\$ {[a(18)]:#,###}</u>

b.

Direct materials	\$ {[a(3)]:#,###.00}}
Direct labor	{[a(4)]:#,###.00}}
Variable manufacturing overhead	{[a(5)]:#,###.00}}
Sales commissions	{[a(9)]:#,###0.00}}
Variable administrative expense	{[a(10)]:#,###0.00}}
Variable cost per unit sold	<u>\$ {[a(19)]:#,###.00}}</u>

c.

Variable cost per unit sold (a)	\$ {[a(19)]:#,###.00}}
Number of units sold (b)	{[a(12)]:#,###}}
Total variable costs (a) × (b)	\$ {[a(20)]:#,###}}

d.

Selling price per unit	\$ {[a(13)]:#,###.00}}
Direct materials	\$ {[a(3)]:#,###.00}}

Direct labor	{{[a(4)]:#,###.00}}
Variable manufacturing overhead	{{[a(5)]:#,###.00}}
Sales commissions	{{[a(9)]:#,###0.00}}
Variable administrative expense	{{[a(10)]:#,###0.00}}
Variable cost per unit sold	{{[a(19)]:#,###.00}}
Contribution margin per unit	\$ {{[a(21)]:#,###.00}}

e.

Direct materials	\$ {{[a(3)]:#,###.00}}
Direct labor	{{[a(4)]:#,###.00}}
Variable manufacturing overhead	{{[a(5)]:#,###.00}}
Incremental manufacturing cost	\$ {{[a(22)]:#,###.00}}

333) a.

Direct materials	\$ 6.80
Direct labor	3.20
Variable manufacturing overhead	1.60
Variable manufacturing cost per unit	\$ 11.60

Total variable manufacturing cost (\$11.60 per unit × 9,000 units produced)	\$ 104,400
Total fixed manufacturing overhead cost (\$13.50 per unit × 9,000 units produced)	121,500
Total product (manufacturing) cost	\$ 225,900

b.

Direct materials	\$ 6.80
Direct labor	3.20
Variable manufacturing overhead	1.60
Sales commissions	0.50
Variable administrative expense	0.40
Variable cost per unit sold	\$ 12.50

c.

Variable cost per unit sold (a)	\$ 12.50
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Number of units sold (b)	10,000	
Total variable costs (a) × (b)	\$ 125,000	
d.		
Selling price per unit		\$ 18.20
Direct materials	\$ 6.80	
Direct labor	3.20	
Variable manufacturing overhead	1.60	
Sales commissions	0.50	
Variable administrative expense	0.40	
Variable cost per unit sold		12.50
Contribution margin per unit		\$ 5.70

e.		
Direct materials	\$ 6.80	
Direct labor	3.20	
Variable manufacturing overhead	1.60	
Incremental manufacturing cost	\$ 11.60	

334) a.		
Direct materials	\$ 5.75	
Direct labor	3.00	
Variable manufacturing overhead	1.60	
Variable manufacturing cost per unit	\$ 10.35	
Total variable manufacturing cost (\$10.35 per unit × 6,000 units produced)	\$ 62,100	
Total fixed manufacturing overhead cost (\$4.50 per unit × 6,000 units produced)	27,000	
Total product (manufacturing) cost	\$ 89,100	

b.		
Sales commissions	\$ 1.50	
Variable administrative expense	0.55	
Variable selling and administrative expense per unit	\$ 2.05	
Total variable selling and administrative expense (\$2.05 per unit × 6,000 units sold)	\$ 12,300	

Total fixed selling and administrative expense	8,100
(\$0.75 per unit × 6,000 units + \$0.60 per unit × 6,000 units)	
Total period (nonmanufacturing) cost	<u>\$ 20,400</u>

C.

Variable cost per unit sold (a)	\$ 12.40
Number of units sold (b)	5,000
Total variable costs (a) × (b)	\$ 62,000

d.

Selling price per unit	\$ 19.10
Direct materials	\$ 5.75
Direct labor	3.00
Variable manufacturing overhead	1.60
Sales commissions	1.50
Variable administrative expense	0.55
Variable cost per unit sold	<u>12.40</u>
Contribution margin per unit	<u>\$ 6.70</u>

e.

Direct materials	\$ 5.75
Direct labor	3.00
Variable manufacturing overhead	1.60
Incremental manufacturing cost	<u>\$ 10.35</u>

335) a.

Selling price per unit	\$ 25.90
Direct materials	\$ 6.65
Direct labor	3.30
Variable manufacturing overhead	1.70

Sales commissions	1.00	
Variable administrative expense	0.50	
Variable cost per unit sold		13.15
Contribution margin per unit		\$ 12.75

b.

Direct materials	\$ 6.65
Direct labor	3.30
Variable manufacturing overhead	1.70
Incremental manufacturing cost	\$ 11.65

336)

Traditional Format Income Statement

Sales	\$ {[a(1)]:#,###}}
Cost of goods sold*	{[a(7)]:#,###}
Gross margin	{[a(8)]:#,###}
Selling and administrative expenses:	
Selling expenses	\$ {[a(2)]:#,###}
Administrative expenses	{[a(3)]:#,###} {[a(9)]:#,###}
Net operating income	\$ {[a(10)]:#,###}

*Cost of goods sold = Beginning merchandise inventory + Purchases – Ending merchandise inventory
Cost of goods sold = \$ {[a(5)]:#,###} + \$ {[a(4)]:#,###} – \$ {[a(6)]:#,###} = \$ {[a(7)]:#,###}

337)

Traditional Format Income Statement

Sales	\$ 221,000
Cost of goods sold*	141,000
Gross margin	80,000

Selling and administrative expenses:

Selling expenses	\$ 14,000	
Administrative expenses	25,000	39,000
Net operating income		\$ 41,000

*Cost of goods sold = Beginning merchandise inventory + Purchases – Ending merchandise inventory
Cost of goods sold = \$34,000 + \$155,000 – \$48,000 = \$141,000

338) a.

Traditional Format Income Statement

Sales ({{{[a(1)]:#}} units × \${{{[a(2)]:#}} per unit)	\$ {{{[a(8)]:#}}}
Cost of goods sold ({{{[a(1)]:#}} units × \${{{[a(3)]:#}} per unit)	{{[a(9)]:#}}
Gross margin	{{[a(10)]:#}}

Selling and administrative expenses:

Selling expense ({{{[a(1)]:#}} units × \${{{[a(4)]:#}} per unit) + \${{{[a(5)]:#}}}	\$ {{[a(11)]:#}}
Administrative expense ({{{[a(1)]:#}} units × \${{{[a(6)]:#}} per unit) + \${{{[a(7)]:#}}}	{{[a(12)]:#}} {{[a(13)]:#}}
Net operating income	\$ {{[a(14)]:#}}

b.

Contribution Format Income Statement

Sales ({{{[a(1)]:#}} units × \${{{[a(2)]:#}} per unit)	\$ {{{[a(8)]:#}}}
Variable expenses:	
Cost of goods sold ({{{[a(1)]:#}} units ×	\$ {{{[a(9)]:#}}}

\${{[a(3)]:#}} per unit)	
Variable selling expense	{{[a(15)]:#}}
({{[a(1)]:#}} units ×	
\${{[a(4)]:#}} per unit)	
Variable administrative expense	{{[a(16)]:#}} {{[a(17)]:#}}
({{[a(1)]:#}} units ×	
\${{[a(6)]:#}} per unit)	
Contribution margin	{{[a(18)]:#}}

Fixed expenses:

Fixed selling expense	{{[a(5)]:#}}
Fixed administrative expense	{{[a(7)]:#}} {{[a(19)]:#}}
Net operating income	\$ {{[a(20)]:#}}

339) a.

Traditional Format Income Statement

Sales (5,300 units × \$590 per unit)	\$ 3,127,000
Cost of goods sold (5,300 units × \$403 per unit)	2,135,900
Gross margin	991,100

Selling and administrative expenses:

Selling expense ((5,300 units × \$58 per unit) + \$124,400)	431,800	
Administrative expense ((5,300 units × \$22 per unit) + \$206,300)	322,900	754,700
Net operating income		\$ 236,400

b.

Contribution Format Income Statement

Sales (5,300 units × \$590 per unit)	\$ 3,127,000
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Variable expenses:

Cost of goods sold (5,300 units × \$403 per unit)	\$ 2,135,900
Variable selling expense (5,300 units × \$58 per unit)	307,400

Variable administrative expense (5,300 units × \$22 per unit)	116,600	2,559,900
Contribution margin		<u>567,100</u>

Fixed expenses:

Fixed selling expense	124,400	
Fixed administrative expense	206,300	330,700
Net operating income		<u>\$ 236,400</u>

340) a.

Contribution Format Income Statement

Sales (4,800 units × \$269 per unit)	\$ 1,291,200
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Variable expenses:

Cost of goods sold (4,800 units × \$114 per unit)	\$ 547,200	
Variable selling expense (4,800 units × \$6 per unit)	28,800	
Variable administrative expense (4,800 units × \$14 per unit)	67,200	643,200
Contribution margin		<u>648,000</u>

Fixed expenses:

Fixed selling expense	38,100	
Fixed administrative expense	59,900	98,000
Net operating income		<u>\$ 550,000</u>

b.

Traditional Format Income Statement

Sales (4,800 units × \$269 per unit)	\$ 1,291,200
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Cost of goods sold (4,800 units × \$114 per unit)	547,200
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Gross margin	<u>744,000</u>
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Selling and administrative expenses:

Selling expense ((4,800 units × \$6 per unit) + \$38,100)	\$ 66,900	
Administrative expense ((4,800 units × \$14 per unit) + \$59,900)	127,100	194,000
Net operating income		<u>\$ 550,000</u>

341) a.

Traditional Format Income Statement

Sales		\$ 2,296,200
Cost of goods sold		997,600
Gross margin		<u>1,298,600</u>

Selling and administrative expenses:

Selling expense	\$ 143,100	
Administrative expense	191,100	334,200
Net operating income		<u>\$ 964,400</u>

b.

Contribution Format Income Statement

Sales		\$ 2,296,200
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Variable expenses:

Cost of goods sold	\$ 997,600	
Variable selling expense	86,000	
Variable administrative expense	43,000	1,126,600
Contribution margin		<u>1,169,600</u>

Fixed expenses:

Fixed selling expense	57,100	
Fixed administrative expense	148,100	205,200
Net operating income		<u>\$ 964,400</u>

342) a.

Contribution Format Income Statement

Sales		\$ 4,069,800
Variable expenses:		
Cost of goods sold	\$ 2,351,100	
Variable selling expense	204,000	
Variable administrative expense	102,000	2,657,100
Contribution margin		<u>1,412,700</u>
Fixed expenses:		
Fixed selling expense	117,700	
Fixed administrative expense	267,000	384,700
Net operating income		<u>\$ 1,028,000</u>

b.

Traditional Format Income Statement

Sales		\$ 4,069,800
Cost of goods sold		2,351,100
Gross margin		<u>1,718,700</u>
Selling and administrative expenses:		
Selling expense	\$ 321,700	
Administrative expense	369,000	690,700
Net operating income		<u>\$ 1,028,000</u>

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

344) a. Product costs consist of direct materials, direct labor, and manufacturing overhead:

Direct materials		\$ 181,000
Direct labor		120,000
Manufacturing overhead:		
Utilities, factory	\$ 10,000	
Indirect labor	32,000	
Depreciation of production equipment	28,000	70,000
Total product cost		<u>\$ 371,000</u>

b. Period costs consist of all costs other than product costs:

Sales commissions	\$ 69,000
Administrative salaries	99,000
Advertising	75,000
Depreciation of administrative equipment	49,000
Total period cost	<u><u>\$ 292,000</u></u>

345) a. Product costs consist of direct materials, direct labor, and manufacturing overhead:

Direct materials		\$ 197,000
Direct labor		78,000
Manufacturing overhead:		
Utilities, factory	\$ 8,000	
Indirect labor	31,000	
Depreciation of production equipment	39,000	78,000
Total product cost		<u>\$ 353,000</u>

b. Period costs consist of all costs other than product costs:

Marketing salaries	\$ 39,000
Administrative travel	102,000
Sales commissions	73,000
Advertising	145,000
Total period cost	<u>\$ 359,000</u>

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

347) Variable cost = $\$125,188 \div 6,800 \text{ units} = \18.41 per unit

Activity level	7,100
Total cost:	

Variable cost (a) [7,100 units × \$18.41 per unit]	\$ 130,711
Fixed cost (b)	164,152
Total (c)	<u>\$ 294,863</u>
Cost per unit:	

Variable cost (d)	\$ 18.41
Fixed cost (e) [\$164,152 ÷ 7,100 units]	23.12
Total (f)	<u>\$ 41.53</u>

348) Variable cost = \$174,504 ÷ 2,400 units = \$72.71 per unit

Activity level	2,700
Total cost:	

Variable cost (a) [2,700 units × \$72.71 per unit]	\$ 196,317
Fixed cost (b)	55,080
Total (c)	<u>\$ 251,397</u>
Cost per unit:	

Variable cost (d)	\$ 72.71
Fixed cost (e) [\$55,080 ÷ 2,700 units]	20.40
Total (f)	<u>\$ 93.11</u>

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