Managerial Accounting 8th Edition by Hartgraves & Morse
Practice Quiz

Chapter 10—Standard Costs and Performance Reports

1. This is a good example of a cost center:

a. A Kroger Supermarket
b. Apple Computers, Inc.
c. The jet engine division of General Electric
d. The English department of a university

2. Responsibility accounting systems:

a. Are primarily intended to determine who is at fault for errors
b. Should emphasize factors controllable by individual managers or groups
c. Should place significant pressure on managers to meet performance targets
d. Should always emphasize profit, a company's bottom line

3. Presented is an abbreviated performance report for the month of November:

	Actual	**Budget**	**Variance**
Units	7,400	6,600	
Costs:			
Direct materials	$42,000	$ 35,000	$ 7,000 U
Direct labor	162,500	145,000	17,500 U
Variable factory overhead	185,000	150,000	35,000 U
Fixed factory overhead	107,000	115,000	8,000 F
Total costs	$496,500	$445,000	$51,500 U

The total flexible budget variance is:

a. $51,500 Unfavorable
b. $67,500 Unfavorable
c. $11,500 Unfavorable
d. $67,500 Favorable

4. The following additional information is available for the materials costs in Question 3:

- Standard cost per unit produced: 3 liters @ $2.50 per liter
- Actual use of raw materials 19,000 liters @ $4.00 per liter

The materials price and materials quantity variances are:

a. $33,300 U materials price variance and $12,800 F materials quantity variance
b. $28,500 U materials price variance and $8,000 F materials quantity variance
c. $28,500 F materials price variance and $8,000 U materials quantity variance
d. None of the above

5. The following additional information is available for the labor costs in Question 3.

- Standard cost per unit of product 2.0 direct labor hours @ $25 per labor hour
- Actual use of direct labor is 13,500 hours @ $28 per hour

The labor rate and the labor efficiency variances are:

a. $40,500 U labor rate variance and $32,500 F labor efficiency variance
b. $44,400 U labor rate variance and $36,400 F labor efficiency variance
c. $32,500 F labor rate variance and $40,500 U labor efficiency variance
d. None of the above

6. The following additional information is available for the variable overhead costs in Question 3:

- Standard cost per unit of product 3 liters of raw materials @ $15 per liter
- Actual use of raw materials was 19,000 liters and actual variable overhead was $280,000

The variable overhead spending and variable overhead efficiency variances are:

a. $10,000 F spending and $24,000 U efficiency
b. $48,000 F spending and $5,000 F efficiency
c. $5,000 F spending and $63,000 U efficiency
d. $5,000 F spending and $48,000 F efficiency

7. Budgeted October sales of the Cowboy Company include 250 pairs of cowboy boots at $250 each. Actual sales were 130 pairs of boots at $325 each. The October sales price and sales revenue variances for cowboy boots are:

a. $18,750 F sales price variance and $39,000 U sales volume variance
b. $9,750 F sales price variance and $30,000 U sales volume variance
c. $9,750 F sales price variance and $30,000 F sales volume variance
d. None of the above

8. Using the information in Question 7 if the actual and standard cost of a pair of boots was $120 October's net sales volume variance is:

a. $15,600 Unfavorable
b. $14,400 Unfavorable
c. $32,500 Unfavorable
d. $16,900 Unfavorable