

**Financial & Managerial Accounting for MBAs, 5th Edition  
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**Practice Quiz**

**Module 23—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:

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Units	<u>7,400</u>	<u>6,600</u>	
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	<u>107,000</u>	<u>115,000</u>	<u>8,000 F</u>
Total costs	<u>\$496,500</u>	<u>\$445,000</u>	<u>\$51,500 U</u>

The total flexible budget variance is:

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