

1. The “product full manufacturing cost”:

- ☐ Includes only the costs of “direct” resources (i.e. resources whose consumption by products can be measured in a very accurate and precise way)
- ☐ Includes all manufacturing variable costs incurred in the production of each unit of that item
- ☐ Includes all operating variable and fixed costs concerning that product (depreciation, salary of production supervisors, sales, administration and general expenses etc.)
- ☒ None of the previous answers

2. In a manufacturing company, the depreciation cost of a piece of equipment used to manufacture different products (i.e. different items) is an example of:

- ☐ A variable, direct cost
- ☒ A fixed, indirect (or “manufacturing overhead”) cost
- ☐ A variable, indirect cost
- ☐ A fixed, direct cost

3. XYZ Ltd manufactures only one type of product. In June 2017, the company incurred the following costs:

<i>Direct materials</i>	<i>31,000 €</i>
<i>Direct labour</i>	<i>18,000 €</i>
<i>Factory rent</i>	<i>12,000 €</i>
<i>Equipment depreciation – factory</i>	<i>2,000 €</i>
<i>Equipment depreciation – sales office</i>	<i>750 €</i>
<i>Marketing expenses</i>	<i>2,500 €</i>
<i>Administrative expenses</i>	<i>40,000 €</i>

In the same month 35.000 units were produced. What is the full production (or manufacturing) unitary cost?

- ☒ 1.80 €u
- ☐ Approximately 3.04 €u
- ☐ Approximately 1.82 €u
- ☐ None of the previous answers

4. In terms of precision, Activity Based Costing is supposed to perform better than other product costing systems (such as Job Order Costing) when:

- ☒ Indirect costs are the large majority of product costs AND the company manufactures both niche and mass products using the same (indirect or “common”) resources
- ☐ Indirect costs are the large majority of product costs AND products are very similar (with regard to production processes and lot sizes)
- ☐ Direct costs are the large part of product costs AND the company manufactures niche and mass products with the same resources
- ☐ None of the previous answers

5. With reference to the three possible frameworks that can be used to draft the Profit & Loss Account (P&L):

- ☐ the P&L “by nature” is relevant for cash flows-related analyses, while the P&L “by contribution margin” is relevant for short-term decision-making
- ☐ the P&L “by destination” is relevant for short-term decision-making, while the P&L by contribution margin is relevant for the analysis of product vs period costs

- ☐ P&L “by contribution margin” is relevant for short-term decision-making, while the P&L “by destination” is the only one that leads to the quantification of the gross (industrial) margin
- ☐ None of the previous answers

6. Company A aims at buying the totality of the shares of Company B for 10,000,000 €. The evaluation of Company B assets and liabilities according to the “fair value” approach led to the following results:

	Description	Fair Value
Asset	Inventory	€ 4,500,000
Asset	Accounts Receivable	€ 3,300,000
Asset	Prepaid Assets	€ 600,000
Asset	Property, Plant & Equipment	€ 8,900,000
Asset	Other Long-term Assets	€ 2,000,000
Liability	Accrued Liabilities	€ 1,250,000
Liability	Accounts Payable	€ 2,850,000
Liability	Other Liabilities	€ 8,000,000

According this information, once the business combination takes place the balance sheet of company A will show a goodwill whose value is:

- ☐ -2,100,000 €
- ☐ + 7,200,000 €
- ☐ + 2,800,000 €
- ☐ None of the previous

7. The total value of the Share Capital in the balance sheet of a company is calculated as follows:

- ☐ Fair value of each share * Number of shares
- ☐ Issue value of each share * N. of shares
- ☐ Nominal (or “par”) value of each share * N. of shares
- ☐ Share Capital equals Equity value

8. ABC ltd has three product lines: A, B and C. Existing cost information is as follows:

	A	B	C	Total
<i>Sales</i>	10,000 €	9,000 €	12,000 €	31,000 €
<i>Variable Costs</i>	4,500 €	7,000 €	6,000 €	17,500 €
<i>Fixed Costs</i>	3,500 €	6,000 €	3,000 €	12,500 €
<i>EBIT</i>	2,000 €	- 4,000 €	3,000 €	1,000 €

Product B is unprofitable (EBIT is negative) and management is considering discontinuing this line of product. In your opinion how would the discontinuation of product B affect EBIT in the short term?

- ☐ EBIT would increase by 4,000 €
- ☐ EBIT would decrease by 4,000 €
- ☐ EBIT would increase by 2,000 €
- ☐ EBIT would decrease by 2,000 €

9. Firm XYZ ltd. produces and sales two products (AA and BB), whose sale-mix is 40% AA and 60% BB. The selling price of AA is 15 €u, while its variable cost is 9 €u. BB selling price is 20 €u, while its variable cost is 12 €u. Operating fixed costs are 14,400 €(in total), financial costs are 5,040 € What is the breakeven point (EBIT=0) for XYZ ltd.?

- ☐ 1,800 units
- ☐ 2,200 units
- ☐ 2,700 units
- ☒ None of the previous answers

10. Managers' capability to generate profit by using company's resources that are available for continuing business operations can be assessed through:

- ☐ ROE
- ☒ ROA
- ☐ ROS
- ☐ Asset Turnover Ratio