# Module 3 Quiz

12 questions

Correct  
1 / 1 points

1. A standard is informed by the budget but is calculated at a more fundamental level.

1. **True**
2. False

Correct  
1 / 1 points

2. Which of the following best describes variance analysis?

1. **Provides a comparison of actual and expected performance**
2. Prevents management by exception
3. Performed at the aggregate level
4. Used only on an annual basis

Correct  
1 / 1 points

3. A flexible cost budget presents how much a company should have spent given the actual level of production.

1. False
2. **True**

Correct  
1 / 1 points

4. Which of the following is true regarding a favorable variance?

1. It is more important than unfavorable variances.
2. All else equal, actual net income is less than budgeted net income.
3. **All else equal, actual net income is greater than budgeted net income.**
4. It reflects a desirable scenario.

Correct  
1 / 1 points

5. Which of the following is true regarding cost variances?

1. Fixed overhead costs exhibit efficiency variances.
2. Materials costs have spending variances; labor costs have efficiency variances; overhead costs have activity variances.
3. **Variable costs can exhibit spending, efficiency, and activity variances.**
4. All costs can exhibit spending, efficiency, and activity variances.

Correct  
1 / 1 points

6. Marbles Company has the following information available regarding its materials:

Managers expected to pay $5 per kilogram, but ended up paying $6 per kilogram. Each unit produced should take 2 kilograms; actual total usage was 2,100 kilograms. Finally, the company planned to produce 1,000 units, but only produced 950.

Calculate the materials spending variance.

1. $2,000 (favorable)
2. **$2,100 (unfavorable)**
3. $2,100 (favorable)
4. $2,000 (unfavorable)

1  
point

7. Happinessistheroad Corp. has the following information available regarding its labor:

Managers expected to pay $11 per direct labor hour. Each unit produced should take 1 direct labor hour; actual total usage was 990 direct labor hours. Finally, the company planned to produce 1,000 units, but only produced 950.

The direct labor spending variance is $990 (unfavorable).

How much did the company actually spend on direct labor per hour?

1. **$11.50**
2. **$10.50**
3. $11
4. $12

1  
point

8. Marbles Company has the following information available regarding its materials:

Managers expected to pay $5 per kilogram, but ended up paying $6 per kilogram. Each unit produced should take 2 kilograms; actual total usage was 2,100 kilograms. Finally, the company planned to produce 1,000 units, but only produced 950.

Calculate the materials efficiency variance.

1. $1,400 (unfavorable)
2. $1,000 (unfavorable)
3. $0
4. **$2,100 (unfavorable)**

1  
point

9. Marbles Company has the following information available regarding its materials:

Managers expected to pay $5 per kilogram, but ended up paying $6 per kilogram. Each unit produced should take 2 kilograms; actual total usage was 2,100 kilograms. Finally, the company planned to produce 1,000 units, but only produced 950.

Calculate the materials activity variance.

1. **$550 (unfavorable)**
2. $2,500 (favorable)
3. $550 (favorable)
4. $2,500 (unfavorable)

1  
point

10. Fixed cost variances only include spending variances.

1. True
2. **False**

Correct  
1 / 1 points

11. Revenue variances are classified as favorable or unfavorable via different reasoning than cost variances.

1. True
2. **False**

Correct  
1 / 1 points

12. Soundsthatcantbemade, Inc. produces two versions of its music software – deluxe and professional. The professional version comes with some hardware for connecting instruments to computers and servers.

The deluxe version is supposed to sell for $40 per package; the professional version is supposed to sell for $120 per package.

Given that some discounts were offered, the actual average selling price was $38 per package and $115 per package for the deluxe and professional versions, respectively.

The company had expected to sell 1,000 total copies of its software during the past month. Of these total copies, it was expected that 700 would be the deluxe version and 300 would be the professional version.

At the end of the month, managers realized they sold 800 copies of the deluxe version and 400 copies of the professional version.

The sales price variance is \_\_\_\_\_ for the deluxe product and \_\_\_\_\_ for the professional product.

1. $1,400 (favorable); $1,500 (favorable)
2. **$1,600 (unfavorable); $2,000 (unfavorable)**
3. $1,600 (favorable); $2,000 (favorable)
4. $1,400 (unfavorable); $1,500 (unfavorable)

Correct  
1 / 1 points

13. Which of the following best describes a standard?

1. Reported only in financial terms
2. Broader than a master budget
3. **Reported on a per-unit basis**
4. Determined at the end of an accounting period

Correct  
1 / 1 points

14. Variance analysis allows for a detailed investigation of various sources of differences from expectations.

1. **True**
2. False

Correct  
1 / 1 points

15. Marbles Company has the following information available regarding its labor:

Managers expected to pay $11 per direct labor hour, but ended up paying $10 per labor hour. Each unit produced should take 1 direct labor hour; actual total usage was 990 direct labor hours. Finally, the company planned to produce 1,000 units, but only produced 950.

Calculate the labor spending variance.

1. $1,000 (favorable)
2. $1,000 (unfavorable)
3. $990 (unfavorable)
4. **$990 (favorable)**

16. Marbles Company has the following information available regarding its labor:

Managers expected to pay $11 per direct labor hour, but ended up paying $10 per labor hour. Each unit produced should take 1 direct labor hour; actual total usage was 990 direct labor hours. Finally, the company planned to produce 1,000 units, but only produced 950.

Calculate the labor efficiency variance.

1. $440 (unfavorable)
2. $550 (unfavorable)
3. **$550 (favorable)**
4. $440 (favorable)

Correct  
1 / 1 points

17. Marbles Company has the following information available regarding its labor:

Managers expected to pay $11 per direct labor hour, but ended up paying $10 per labor hour. Each unit produced should take 1 direct labor hour; actual total usage was 990 direct labor hours. Finally, the company planned to produce 1,000 units, but only produced 950.

Calculate the labor activity variance.

1. **$550 (favorable)**
2. $500 (favorable)
3. $550 (unfavorable)
4. $500 (unfavorable)

18.