**Test 2**

1. In order to use process costing, the output of a processing department should be homogeneous.

-True

1. Lutt Company uses the weighted-average method in its process costing system operating data for the first processing department for the month of June appear below:

Units % Complete with respect to Conversion

Beginning Work in Process Inventory 11,000 90%

Started into production during June 58,000

End Working Process Inventory 17,000 10%

According to the Company’s records, the conversion cost in beginning work in process inventory was 79,893 at the beginning of June. Additional Conversion costs of 343,830 were incurred in the department during the month.

What was the cost per equivalent unit for conversion cost for the month?

* $ 7,891

1. Park Company uses the weighted-average method in its process costing system. The Molding Department is the second department in its production processes. The data below summarizes the department’s operations in January:e

Units % Complete with

respect to Conversion

Beginning Working in Process Inventory 9,800 90%

Transferred in from Other Department during Jan. 46,000

Completed Transferred to the next Departments

During Jan. 50,700

End Work in Process Inventory 5, 100 40%

The accounting records indicate that the conversion cost that had been assigned to the

Beginning work in process inventory was 40,484 of a total of 213,890 in conversion cost were incurred in the department during January. The cost per equivalent unit for conversion cost for January in the Molding Department is closest to:

-4,823

1. Binder Company uses the weight-average meht
2. With the relevant range the variable cost per unit

-remains constant as activity changes

1. An increase in the activity level with the relevant range results in:

-a decrease in fixed cost per unit

7. An example of a cost that is variable with respect to the number of units produced and sold is:

-power to run production equipment

8. The contribution approach to the income statement:

-is useful to managers in planning and decision making

9. Shipping Expense is 9,000 for 8,000 pounds shipped and 11,250 for 11,000 pounds shipped assembly that this activity is within the relevant range, if the company ships 9,000 lbs. The first expected shipped expense is closest to:

-9,750

10. Estimate of the manufacturing supplies needed for the month of July when production is expected to be 470,000 units using this data and high-low method what is the best estimate of the cost of manufacturing supplies needed for July

Manufacturing Supplies

March 450,000 723,060

April 540,000 853,560

May 480,000 766,560

-752,060

11. The cost assigned to units in inventory are typically lower order absorption costing than under variable costing

-False

12. Variable Selling and Administrative expenses are part of production cost under variable costing.

-False

13. Which of the following is true:

-The variable cost method is usually not used for external reporting purposes.

14. Period Cost under the variable cost method:

-Depreciation of sales vehicles

15. A cost that would be uncalculated in product cost under both absorption costing and variable costing would be

-variable manufacturing cost

16. Assuming the direct labor is a variable cost, product costs under variable costing include only:

-direct materials, direct labor, variable manufactured overhead

17. The contribution margin ratio measures the effect on the total contribution margin of a given change in total sales

-True

18. Break-even point, variable expense and fixed expense are equal.

-False

19. All other things the same, a decrease in variable expense per unit reduces true break-even point

-True

20. If the sales mix charge changes, the average contribution margin ratio is likely to change as well.

-False

21. If only true break-even point remained:

-Net operating income would increase by the unit, contribution margin ? for each additional item sold

22. Assuming that true unit sales are unchanged, the total contribution margin would decrease.

-Variable expense per unit increase

23. Production Sells……..$30

Variable Cost………..$15

Fixed Manufacturing Overhead……$5

Administrative ……$4

10% \_\_\_\_\_\_\_\_\_

-$8

24. 10,300 Contribution Margin should be

-391,400

25. Sells 9,200 closest to:

-95,800

NOT SURE ON # 3, 4, 10, 14, 21, 23, 24, 25