

※ 考生請注意：本試題可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

一、選擇題：(90%, 3% each)

Instructions: Select the best answer for each of the following 30 multiple choice questions.

1. If breakeven point is 1,000 units, each unit sells for \$30, and fixed costs are \$10,000, then on a graph the _____.

- A) total revenue line and the total cost line will intersect at \$30,000 of revenue
- B) total cost line will be zero at zero units sold
- C) revenue line will start at \$10,000
- D) total revenue line and the total cost line will intersect at \$40,000 of revenue

2. Sales total \$400,000 when variable costs total \$300,000 and fixed costs total \$50,000. The breakeven point in sales dollars is _____.

- A) \$200,000
- B) \$120,000
- C) \$170,000
- D) \$210,000

3. Taiwan Plastics manufactures and sells 50 bottles per day. Fixed costs are \$30,000 and the variable costs for manufacturing 50 bottles are \$10,000. Each bottle is sold for \$1,000. How would the daily profit be affected if the daily volume of sales drop by 10%?

- A) profits are reduced by \$4,000
- B) profits are reduced by \$1,000
- C) profits are reduced by \$5,000
- D) profits are reduced by \$6,000

4. Jenny's Bridal Store sells wedding dresses. The average selling price of each dress is \$1,000, variable costs are \$400, and fixed costs are \$90,000. How many dresses must the Bridal Shoppe sell to yield after-tax net income of \$18,000, assuming the tax rate is 40%?

- A) 200 dresses
- B) 170 dresses

- C) 150 dresses
- D) 145 dresses

5. Which of the following differentiates job costing from process costing?

- A) Job costing is used when each unit of output is identical, and process costing deals with unique products.
- B) Job costing is used when each unit of output is identical and not produced in batches, and process costing deals with unique products produced on large scale.
- C) Process costing is used when each unit of output is identical, and job costing deals with unique products not produced in batches.
- D) Job costing is used by manufacturing industries, and process costing is used by service industries.

6. Which of the following costs will be treated as period costs under absorption costing?

- A) raw materials used in the production
- B) sales commission paid on sale of product
- C) depreciation on factory equipment
- D) rent for factory building

7. Water Corporation used the following data to evaluate their current operating system. The company sells items for \$18 each and used a budgeted selling price of \$18 per unit.

	<u>Actual</u>	<u>Budgeted</u>
Units sold	41,000 units	40,000 units
Variable costs	\$164,000	\$156,000
Fixed costs	\$46,000	\$48,000

What is the static-budget variance of operating income?

- A) \$10,000 favorable
- B) \$10,000 unfavorable
- C) \$12,000 favorable
- D) \$12,000 unfavorable

8. Many companies have switched from absorption costing to variable costing for internal reporting

_____.

- A) to comply with external reporting requirements as required by GAAP
- B) to increase bonuses for managers
- C) to reduce the undesirable incentive to build up inventories
- D) so the denominator level is more accurate

9. Which of the following information is needed to prepare a flexible budget?

- A) actual units sold
- B) actual variable cost
- C) actual selling price per unit
- D) actual fixed cost

10. A favorable price variance for direct manufacturing labor might indicate that _____.

- A) employees were paid more than planned
- B) unexpected increase in direct labor rates
- C) underskilled employees are being hired
- D) congestion due to scheduling problems

11. The flexible-budget variance for materials is \$5,000 (U). The sales-volume variance is \$13,000 (U). The price variance for material is \$31,000 (F). The efficiency variance for direct manufacturing labor is \$7,000 (F). Calculate the efficiency variance for materials.

- A) \$36,000 favorable
- B) \$13,000 unfavorable
- C) \$6,000 favorable
- D) \$36,000 unfavorable

12. Orange Corporation manufactures baseball uniforms and uses budgeted machine-hours to allocate variable manufacturing overhead. The following information relates to the company's manufacturing overhead data:

Budgeted output units	11,250 units
Budgeted machine-hours	22,500 hours
Budgeted variable manufacturing overhead costs for 22,500 hours	\$213,750

Actual output units produced 11,500 units

Actual machine-hours used	22,000 hours
Actual variable manufacturing overhead costs	\$225,000

What is the flexible-budget variance for variable manufacturing overhead?

- A) \$6,500 unfavorable
- B) \$6,500 favorable
- C) \$11,250 unfavorable
- D) \$11,250 favorable

Answer the following questions 13 and 14 using the information below:

13. Crown Corporation manufactured 16,000 air conditioners during November. The overhead cost-allocation base is \$31.50 per machine-hour. The following variable overhead data pertain to November:

	<u>Actual</u>	<u>Budgeted</u>
Production	16,000 units	18,000 units
Machine-hours	7,875 hours	9,000 hours
Variable overhead cost per machine-hour:	\$31.00	\$31.50

What is the total variable overhead variance?

- A) \$7,875 unfavorable
- B) \$3,937.50 f unfavorable
- C) \$7,875 favorable
- D) \$3,937.50 f favorable

14. What is the variable overhead efficiency variance?

- A) \$3,937.50 favorable
- B) \$3,937.50 unfavorable
- C) \$4,500 favorable
- D) \$4,500 unfavorable

15. Motor Corporation manufactured 37,500 grooming kits for horses during March. The following fixed overhead data relates to March:

	<u>Actual</u>	<u>Static Budget</u>
Production	37,500 units	36,000 units
Machine-hours	6,100 hours	5,940 hours
Fixed overhead costs for March	\$133,000	\$124,740

What is the amount of fixed overhead allocated to production?

- A) \$134,375.50
- B) \$124,740.00
- C) \$133,000.00
- D) \$129,937.50

16. One possible means of determining the difference between operating incomes for absorption costing and variable costing is by _____.

- A) subtracting sales of the previous period from sales of this period
- B) subtracting fixed manufacturing overhead in beginning inventory from fixed manufacturing overhead in ending inventory
- C) multiplying the number of units produced by the budgeted fixed manufacturing cost rate
- D) adding fixed manufacturing costs to the production-volume variance

17. The static-budget variance will be favorable, when _____.

- A) budgeted unit sales are more than actual unit sales
- B) the actual contribution margin is less than the static-budget contribution margin
- C) the actual sales mix shifts toward the less profitable units
- D) the flexible-budget and the sales-volume variance are favorable

18. To allocate corporate costs to divisions, the allocation base used should _____.

- A) be an output unit-level base
- B) have the best cause-and-effect relationship with the costs
- C) combine administrative costs and human resource management costs
- D) allocate the fixed costs only

19. Given a constant contribution margin per unit and constant fixed costs, the period-to-period change in operating income under variable costing is driven solely by _____.

- A) changes in the quantity of units actually sold
- B) changes in the quantity of units produced
- C) changes in ending inventory
- D) changes in sales price per unit

20. The Five Star Hotel has assembled the following data pertaining to certain costs that cannot be easily identified as either fixed or variable. It has heard about a method of measuring cost functions called the high-low method and has decided to use it in this situation.

<u>Cost</u>	<u>Hours</u>
\$24,700	5,000
26,000	5,500
34,000	7,500
45,370	10,300
38,000	9,500

What is the cost function?

- A) $y = \$45,370 + \$4.19X$
- B) $y = \$24,700 + \$4.40X$
- C) $y = \$34,000 + \$4.94X$
- D) $y = \$5,200 + \$3.90X$

21. What does the margin of safety in units measure?

- A) how far fixed costs can rise before an operating loss occurs
- B) how far variable costs can rise before an operating loss occurs
- C) how far total costs can rise before an operating loss occurs
- D) how far sales can fall before an operating loss occurs

22. When deciding to accept a one-time-only special order from a wholesaler, management should _____.

- A) consider the sunk costs and opportunity costs
- B) not consider the special order's impact on future prices of their products
- C) determine whether excess capacity is available
- D) verify past design costs for the product

23. Telecom Company has three products, A, B, and C. The following information is available:

	<u>Product A</u>	<u>Product B</u>	<u>Product C</u>
Sales	\$60,000	\$90,000	\$24,000
Variable costs	<u>36,000</u>	<u>48,000</u>	<u>15,000</u>
Contribution margin	24,000	42,000	9,000
Fixed costs:			
Avoidable	6,000	15,000	4,000
Unavoidable	<u>7,000</u>	<u>9,000</u>	<u>5,400</u>
Operating income	<u>\$ 11,000</u>	<u>\$18,000</u>	<u>\$ (400)</u>

Telecom Company is thinking of dropping Product C because it is reporting a loss. Assuming Telecom drops Product C and does NOT replace it, operating income will _____.

- A) increase by \$400
- B) increase by \$4,000
- C) decrease by \$5,000
- D) decrease by \$9,400

24. Express Services, Inc., is considering replacing a machine. The following data are available:

	<u>Old Machine</u>	<u>Replacement Machine</u>
Original cost	\$630,000	\$490,000
Useful life in years	10	5
Current age in years	5	0
Book value	\$350,000	—
Disposal value now	\$112,000	—
Disposal value in 5 years	0	0
Annual cash operating costs	\$98,000	\$56,000

The difference between keeping the old machine and replacing the old machine is _____.

- A) \$518,000 in favor of keeping the old machine
- B) \$168,000 in favor of keeping the old machine
- C) \$518,000 in favor of replacing the old machine

D) \$168,000 in favor of replacing the old machine

25. Western Coffee Products manufactures coffee tables. Western Coffee Products has a policy of adding a 20% markup to full costs and currently has excess capacity. The following information pertains to the company's normal operations per month:

Output units	20,000 tables
Machine-hours	8,000 hours
Direct manufacturing labor-hours	10,000 hours
Direct materials per unit	\$105
Direct manufacturing labor per hour	\$10
Variable manufacturing overhead costs	\$322,500
Fixed manufacturing overhead costs	\$1,200,000
Product and process design costs	\$1,100,000
Marketing and distribution costs	\$1,125,000

Western Coffee Products is approached by an overseas customer to fulfill a one-time-only special order for 1,000 units. All cost relationships remain the same except for a one-time setup charge of \$20,000. No additional design, marketing, or distribution costs will be incurred. What is the minimum acceptable bid per unit on this one-time-only special order?

- A) \$146.125
- B) \$1346.125
- C) \$126.125
- D) \$946.125

26. Which of the following scenarios is an example of predatory pricing?

- A) Stone Corp sells its products below average total costs during off-peak seasons.
- B) Amanda flowers has arrived at an informal agreement with other sellers in the area to charge a very high selling price.
- C) International Machine Inc., sells its products for \$25 in the U.S, however it can sell the same product for double the price in its home country.
- D) Business Equipment Inc., is launching a new product and has decided to sell its product below its average variable costs until it drives competitors out of market.

27. Fraser Corporation, whose tax rate is 40%, has two sources of funds: long-term debt with a market value

of \$8,000,000 and an interest rate of 8%, and equity capital with a market value of \$12,000,000 and a cost of equity of 12%. Fraser has two operating divisions, the Blue division and the White division, with the following financial measures for the current year:

	Total Assets	Current Liabilities	Operating Income
Blue Div.	\$9,500,000	\$2,800,000	\$1,055,000
White Div.	\$11,000,000	\$2,200,000	\$1,200,000

What is Economic Value Added for the Blue Division?

- A) -\$233,400
- B) \$21,960
- C) \$188,600
- D) \$433,960

28. Which statement would NOT be a reason for a flexible budget variance?

- A) Material prices were different than expected.
- B) Labor prices were different than expected.
- C) Actual volume of activity was different than expected.
- D) Amount of labor used per unit of output was different than expected.

29. For most organizations, an effective management control system requires performance measures that are _____ and _____.

- A) rolling; static
- B) flexible; static
- C) strategic; continuous
- D) financial; nonfinancial

30. ABC Corp sells several products. Information of average revenue and costs is as follows:

Selling price per unit	\$28.50
Variable costs per unit:	
Direct material	\$5.50
Direct manufacturing labor	\$1.15
Manufacturing overhead	\$0.85

Selling costs	\$2.50
Annual fixed costs	\$125,000

If the company decides to lower its selling price by 12.25%, the operating income is reduced by _____.

- A) \$52,500
- B) \$50,500
- C) \$55,500
- D) \$29,500

二、簡答題：(10%, 5% each)

1. Define sunk costs. (2%)

Explain why sunk costs are not considered relevant when choosing among alternatives. Provide an example of sunk costs in your explanation. (3%)

2. Are relevant revenues and relevant costs the only information needed by managers to select among alternatives in a make-or-buy decision? (In your answer, state: Yes or No) (2%)

Explain your answer. (3%)