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I. Multiple-Choice Questions (60%): Select the best answer for each question (4% for each question)

1. Taylor, Inc. produces only two products, Acdom and Belnom. These account for 60% and 40% of the total sales dollars of Taylor, respectively. The unit variable expense as a percentage of the selling price is 60% for Acdom and 85% for Belnom. Total fixed expenses are $150,000. There are no other costs. What is Taylor's break-even point in sales dollars?
(A)$150,000; (B)$214,286; (C)$300,000; (D)$500,000; (E)none of the above.

2. Bugos Company makes a household appliance with model number XX300. The goal for 20X4 is to reduce direct materials usage per unit. No defective units are currently produced. Manufacturing conversion costs depend on production capacity defined in terms of XX300 units that can be produced. The industry market size for appliances increased 5% from 20X3 to 20X4. The following additional data are available for 20X3 and 20X4:

	20X3	20X4
Units of XX300 produced and sold	10,000	10,500
Selling price	$100	$95
Direct materials (square feet)	30,000	29,000
Direct material costs per square foot	$10	$11
Manufacturing capacity for XX300 (units)	12,500	12,000
Total conversion costs	$250,000	$240,000
Conversion costs per unit of capacity	$20	$20

Which of the following statements is true?
(A) the revenue effect of the growth component is $50,000 U.
(B) the cost effect of the growth component for conversion costs is $10,000 U.
(C) the cost effect of the growth component for direct materials is $15,000 U.
(D)none of the above.

3. Zorro Company manufactures remote control devices for garage doors. The following information was collected during June:

Actual market size (units):	10,000	Budgeted market size (units):	11,000
Actual market share:	32%	Budgeted market share:	30%
Actual average selling price:	$10.00	Budgeted average selling price	$11.00
		Budgeted contribution margin per composite unit for budgeted mix	$ 5.00

What is the market-size variance?
(A)$500 U; (B)$1,500 U; (C)$1,600 F; (D)$1,000 F; (E)none of the above.

(背面仍有題目,請繼續作答)

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4. Devlin Company has two divisions, C and D. The overall company contribution margin ratio is 30%, with sales in the two divisions totaling $500,000. If variable expenses are $300,000 in Division C, and if Division C's contribution margin ratio is 25%, then sales in Division D must be:
(A)$50,000; (B)$100,000; (C)$150,000; (D)$200,000; (E)none of the above.

5. The management of Lanzilotta Corporation is considering a project that would require an investment of $263,000 and would last for 8 years. The annual net operating income from the project would be $66,000, which includes depreciation of $31,000. The scrap value of the project's assets at the end of the project would be $15,000. The payback period of the project is closest to: (Ignore income taxes in this problem.)
(A)3.8 years; (B)2.6 years; (C)2.7 years; (D)4.0 years; (E)none of the above.

6.Lion Company's direct labor costs for the month of January were as follows:

Actual total direct labor-hours	20,000
Standard total direct labor-hours..............	21,000
Direct labor rate variance—unfavorable...	$3,000
Total direct labor cost..............................	$126,000

What was Lion's direct labor efficiency variance?
(A)$6,000 favorable; (B)$6,150 favorable; (C)$6,300 favorable; (D)$6,450 favorable; (E)none of the above.

7. Kingcade Corporation keeps careful track of the time required to fill orders. Data concerning a particular order appear below:

	Hours		Hours
Wait time...........................	18.3	Move time....................	2.0
Process time	1.1	Queue time	9.1
Inspection time..................	0.1		

The throughput time was:
(A)30.6 hours; (B)3.2 hours; (C)27.4 hours; (D)12.3 hours; (E)none of the above.

8. Darrow Company uses a predetermined overhead rate based on direct labor-hours to apply manufacturing overhead to jobs. Last year, the company worked 10,000 direct labor-hours and incurred $80,000 of actual manufacturing overhead cost. If overhead was underapplied by $2,000, the predetermined overhead rate for the company for the year must have been:
(A)$7.80; (B)$8.00; (C)$8.20; (D)$8.40; (E)none of the above.

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9. Carcia Corporation has provided the following production and average cost data for two levels of monthly production volume. The company produces a single product.

Production volume	6,000 units	7,000 units
Direct materials	$89.40 per unit	$89.40 per unit
Direct labor	$11.20 per unit	$11.20 per unit
Manufacturing overhead	$107.70 per unit	$95.70 per unit

The best estimate of the total cost to manufacture 6,300 units is closest to:
(A) $1,274,490; (B)$1,287,090; (C)$1,312,290; (D)$1,236,690; (E)none of the above.

10. Abel Company's manufacturing overhead is 20% of its total conversion costs. If direct labor is $38,000 and if direct materials are $47,000, the manufacturing overhead is:
(A)$152,000 ; (B)$11,750; (C)$21,250; (D)$9,500; (E)none of the above.

11. Hopi Corporation expects the following operating results for next year:

Sales	$400,000
Margin of safety	$100,000
Contribution margin ratio	75%
Degree of operating leverage	4

What is Hopi expecting total fixed expenses to be next year?
(A)$75,000; (B)$100,000; (C)$200,000; (D)$225,000; (E)none of the above.

12. Net operating income under absorption costing may differ from net operating income determined under variable costing. How is this difference calculated?
(A) change in the quantity of units in inventory times the fixed manufacturing overhead rate per unit.
(B) number of units produced during the period times the fixed manufacturing overhead rate per unit.
(C)change in the quantity of units in inventory times the variable manufacturing cost per unit.
(D) number of units produced during the period times the variable manufacturing cost per unit.
(E)none of the above.

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13. Ean Company's quality cost report is to be based on the following data:

Quality circles	$57,000
Downtime caused by quality problems	$98,000
Debugging software errors	$98,000
Statistical process control activities	$68,000
Test and inspection of in-process goods	$24,000
Final product testing and inspection	$66,000
Cost of field servicing and handling complaints	$87,000
Product recalls	$72,000
Maintenance of test equipment	$75,000

Which of the following statements is true?

(A) the total appraisal cost appearing on the quality cost report is $90,000.

(B) the total prevention cost appearing on the quality cost report is $300,000.

(C) the total internal failure cost appearing on the quality cost report is $196,000.

(D) the total external failure cost appearing on the quality cost report is $257,000.

(E)none of the above.

14. Division A makes a part that it sells to customers outside of the company. Data concerning this part appear below:

Selling price to outside customers	$40
Variable cost per unit	$30
Total fixed costs	$10,000
Capacity in units	20,000

Division B of the same company would like to use the part manufactured by Division A in one of its products. Division B currently purchases a similar part made by an outside company for $38 per unit and would substitute the part made by Division A. Division B requires 5,000 units of the part each period. Division A is already selling all of the units it can produce to outside customers. If Division A sells to Division B rather than to outside customers, the variable cost per unit would be $1 lower. What is the lowest acceptable transfer price from the standpoint of the selling division?

(A)$40; (B)$39; (C)$38; (D)$37; (E)none of the above.

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15.Three potential investment projects (A, B, and C) at Nit Corporation all require the same initial investment, have the same useful life (3 years), and have no expected salvage value. Expected net cash inflows from these three projects each year is as follows:

	A	B	C
Year 1..........	\$1,000	\$2,000	\$3,000
Year 2..........	\$2,000	\$2,000	\$2,000
Year 3..........	\$3,000	\$2,000	\$1,000

What can be determined from the information provided above?

(A)the net present value of project C will be the highest.

(B) the internal rate of return of projects A and C cannot be computed.

(C) the net present value and the internal rate of return will be the same for all three projects.

(D)both A and B above.

(E)none of the above.

II. (15%) Ms. Andrea Chadwick, the company president, has heard that there are multiple breakeven points for every product. She does not believe this and has asked you to provide the evidence of such a possibility. Some information about the company for 20X5 is as follows:

Total fixed manufacturing overhead	\$180,000
Total other fixed expenses	\$200,000
Total variable manufacturing expenses	\$120,000
Total other variable expenses	\$120,000
Units produced	30,000 units
Budgeted production	30,000 units
Units sold	25,000 units
Selling price	\$40

Required:

(1)What are breakeven sales in units using variable costing?

(2)What are breakeven sales in units using absorption costing?

(3)What are breakeven sales in units using absorption costing if the production units are actually 25,000?

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III. (15%) The Bus Company uses a job-order costing system. The following information was recorded for September:

Job Number	September 1 Inventory	Cost Added During September: Direct Materials	Cost Added During September: Direct Labor
1	$1,000	$300	$200
2	$1,400	$250	$300
3	$500	$1,500	$150
4	$750	$4,000	$400

The direct labor wage rate is $10 per hour. Overhead is applied at the rate of $5 per direct labor-hour. Jobs 1, 2, and 3 have been completed and transferred to finished goods. Job 2 has been delivered to the customer.

Required:

(1) Determine the ending Work in Process inventory.

(2) Determine the Cost of Goods Manufactured for September.

(3) Determine the Cost of Goods Sold for September (before disposition of any underapplied or overapplied overhead) .

IV. (10%) The most recent monthly income statement for Benner Stores is given below:

	Total	Store A	Store B
Sales................................	$1,000,000	$400,000	$600,000
Variable expenses.............	580,000	160,000	420,000
Contribution margin..........	420,000	240,000	180,000
Traceable fixed expenses...	300,000	100,000	200,000
Store segment margin.......	120,000	140,000	(20,000)
Common fixed expenses ...	50,000	20,000	30,000
Net operating income........	$ 70,000	$120,000	($ 50,000)

Due to its poor showing, consideration is being given to closing Store B. Studies show that if Store B is closed, one-fourth of its traceable fixed expenses will continue unchanged. The studies also show that closing Store B would result in a 10 percent decrease in sales in Store A. The company allocates common fixed expenses to the stores on the basis of sales dollars.

Required: Compute the overall increase or decrease in the company's operating income if Store B is closed.