

### Ch. 10 Practice Quiz

1. The following materials standards have been established for a particular raw material used in the company's sole product:

|                                      |                   |
|--------------------------------------|-------------------|
| Standard quantity per unit of output | 0.1 pound         |
| Standard price                       | \$18.20 per pound |

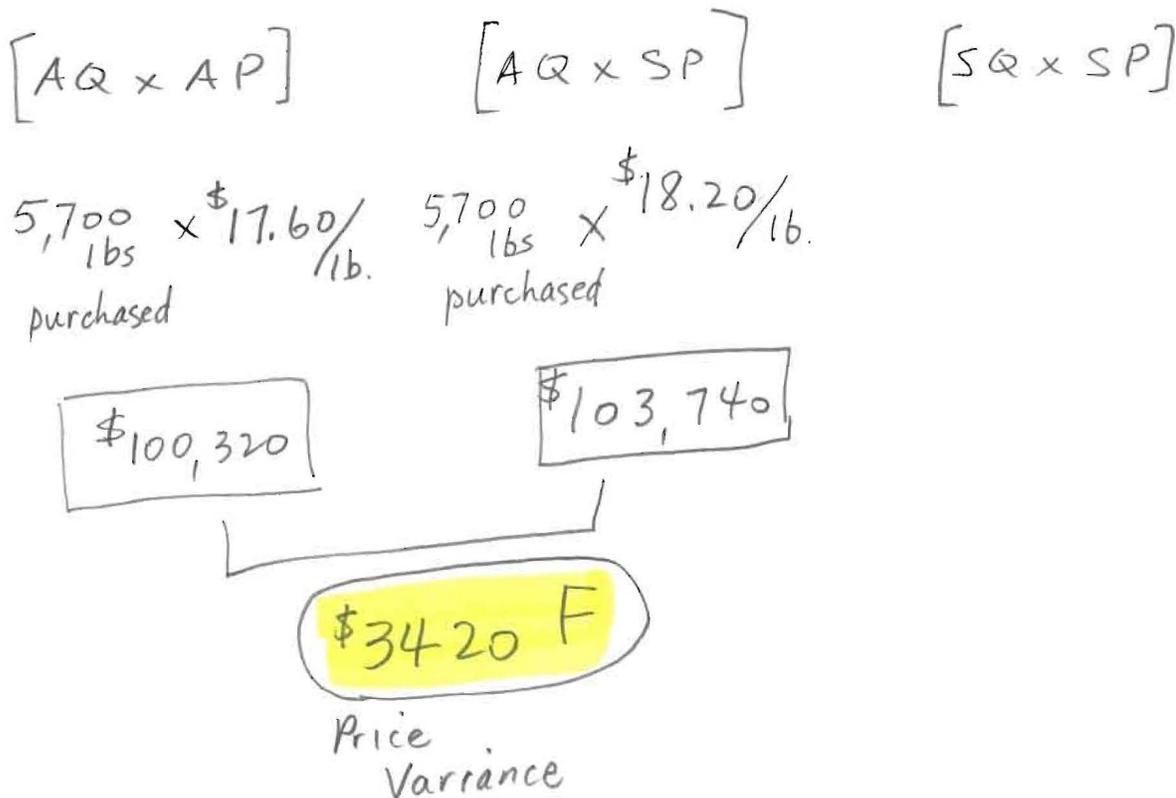
The following data pertain to operations for the last month:

|                                     |              |
|-------------------------------------|--------------|
| Actual materials purchased          | 5,700 pounds |
| Actual cost of materials purchased  | \$100,320    |
| Actual materials used in production | 5,600 pounds |
| Actual output                       | 55,800 units |

What is the materials price variance for the month?

- A) \$1,820 U
- B) \$1,760 U
- C) \$3,420 F
- D) \$352 U

Answer: C Level: Easy LO: 2



2. A quantity of a particular raw material was purchased for \$43,250. The standard cost of the material was \$2.00 per kilogram and there was an unfavorable materials price variance of \$3,250. How many kilograms were purchased?

- A) 20,000
- B) 21,625
- C) 23,250
- D) 24,875

Answer: A Level: Hard LO: 2 Source: CIMA, adapted

$$\begin{array}{l} [AQ \times AP] \qquad [AQ \times SP] \qquad [SQ \times SP] \\ 20,000 \text{ Kg.} \times 2.17/\text{kg} \qquad 20,000 \text{ Kg.} \times \$2.00/\text{kg} \qquad \$2.00/\text{kg.} \\ \boxed{\$43,250} \qquad \qquad \qquad \boxed{\$40,000} \qquad \qquad \qquad \\ \hline \boxed{\$3,250 \text{ U}} \\ \text{Price Variance} \end{array}$$

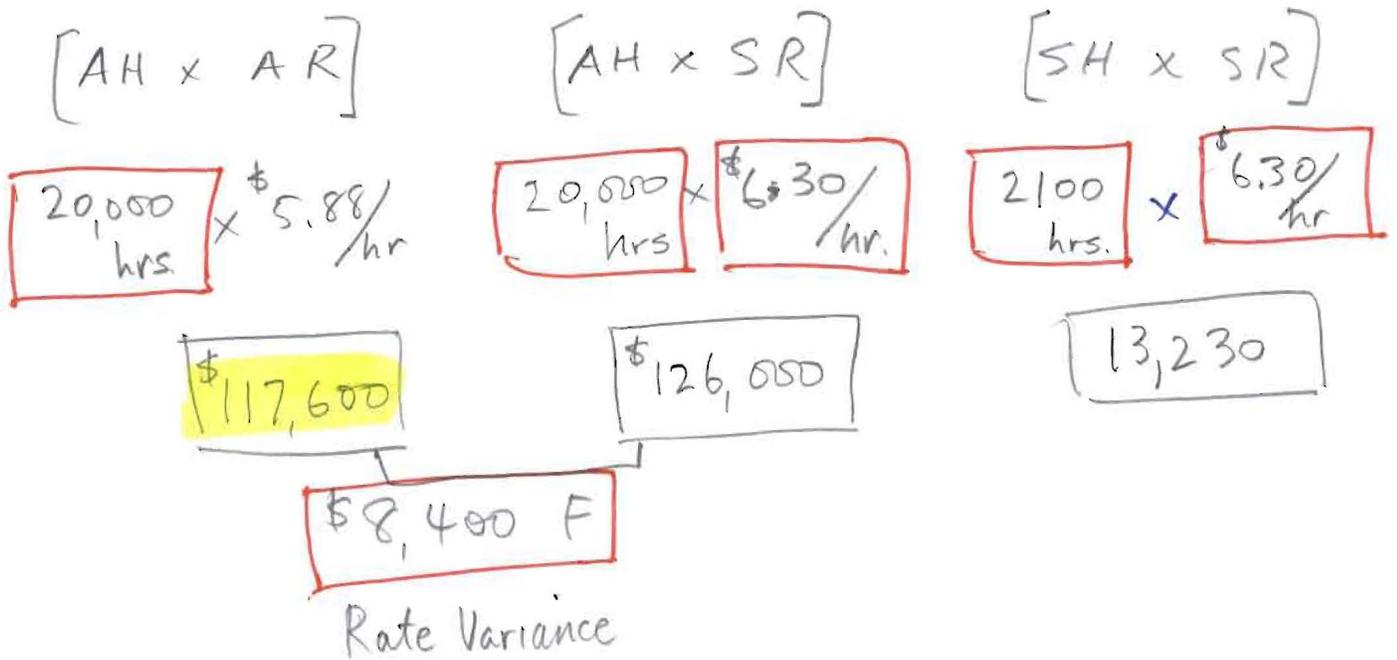
3. The following information pertains to Bates Company's direct labor for March:

|                                      |         |
|--------------------------------------|---------|
| Standard direct labor-hours          | 21,000  |
| Actual direct labor-hours            | 20,000  |
| Favorable direct labor rate variance | \$8,400 |
| Standard direct labor rate per hour  | \$6.30  |

What was Bates' total actual direct labor cost for March?

- A) \$117,600
- B) \$118,000
- C) \$134,000
- D) \$134,400

Answer: A Level: Hard LO: 3 Source: CPA, adapted



The Maxwell Company has a standard costing system in which variable manufacturing overhead is assigned to production on the basis of machine hours. The following data are available for July:

Actual variable manufacturing overhead cost incurred: \$22,620

Actual machine hours worked: 1,600

Variable overhead spending variance: \$3,420 unfavorable

Total variable overhead variance: \$4,620 unfavorable

4. The standard number of machine hours allowed for July production is:

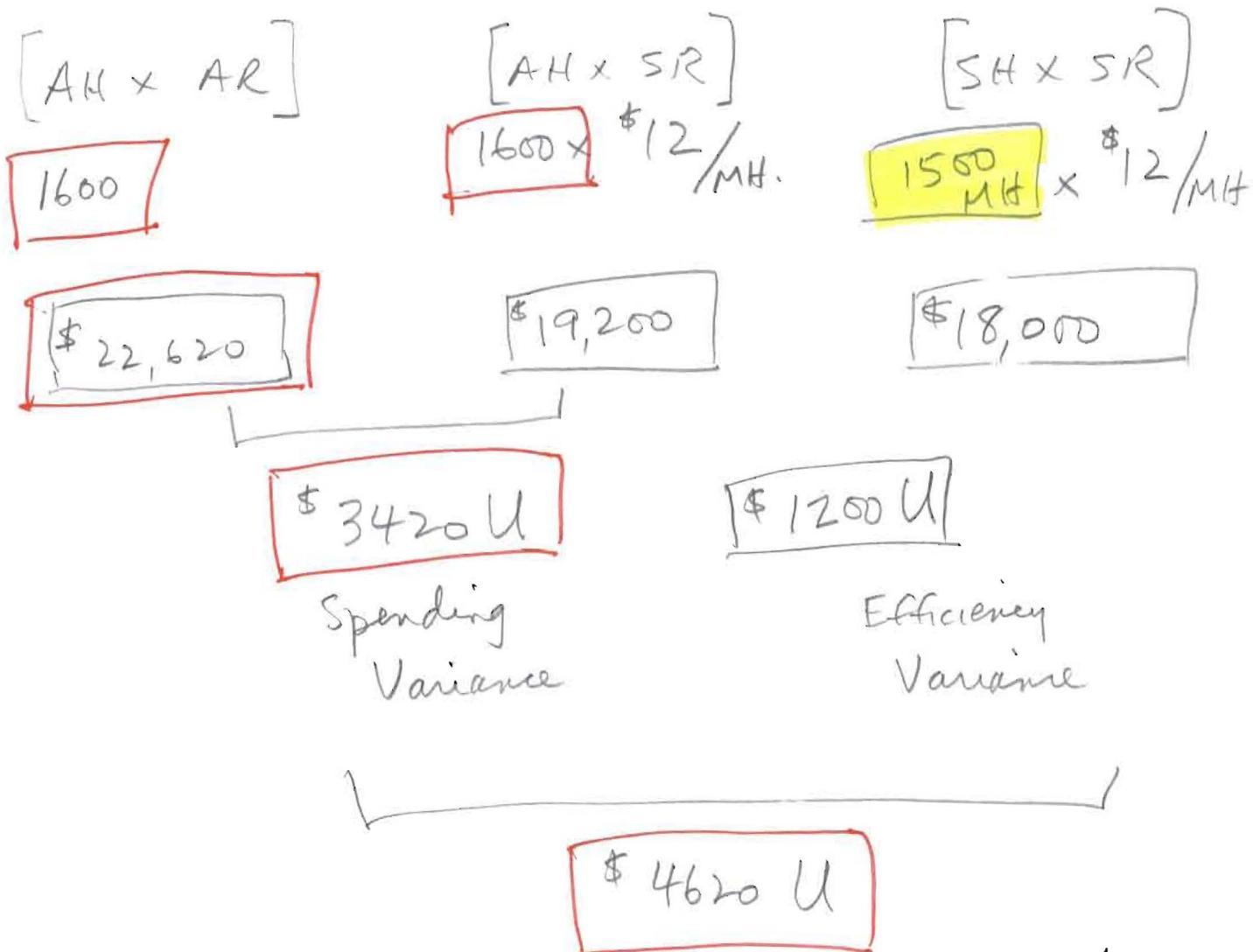
A) 1,500 hours

B) 1,600 hours

C) 1,700 hours

D) 2,270 hours

Answer: A Level: Hard LO: 4



Vermeillen Corporation uses a standard costing system in which variable manufacturing overhead is assigned to production on the basis of the number of machine setups. The following data pertain to one month's operations:

Variable manufacturing overhead cost incurred: \$70,000  
Total variable overhead variance: \$4,550 favorable  
Standard machine setups allowed for actual production: 3,550  
Actual machine setups incurred: 3,500

5. The standard variable overhead rate per machine setup is:
- A) \$20.00
  - B) \$21.30
  - C) \$18.44
  - D) \$21.00

Answer: D Level: Hard LO: 4



Use the following to answer questions 6-7:

The Dresden Company uses standard costing for the single product the company makes and sells. The following data are for the month of April:

- Actual cost of direct material purchased and used: \$62,400
- Material price variance: \$4,800 unfavorable
- Total materials variance: \$14,400 unfavorable
- Standard cost per pound of material: \$6
- Standard cost per direct labor hour: \$8
- Actual direct labor hours: 3,800 hours
- Labor efficiency variance: \$1,600 favorable
- Standard number of direct labor hour per unit of product: 2
- Total labor variance: \$680 unfavorable

6. The total number of units produced during April was:

- A) 8,000
- B) 12,000
- C) 2,000
- D) 3,800

Answer: C Level: Hard LO: 2

7. The actual direct labor rate per hour was:

- A) \$16.00
- B) \$6.50
- C) \$8.00
- D) \$8.60

Answer: D Level: Hard LO: 3

Handwritten calculations for material variances:

$$\begin{array}{l}
 [AQ \times AP] \\
 9600 \text{ lbs} \times \\
 \$62,400
 \end{array}$$

$$\begin{array}{l}
 [AQ \times SP] \\
 9600 \text{ lbs} \times \$6/\text{lb.} \\
 \boxed{\$57,600}
 \end{array}$$

$$\begin{array}{l}
 [SQ \times SP] \\
 \frac{2000}{4} \\
 \times 8000 \text{ lbs} \quad \$6/\text{lb.} \\
 \boxed{\$48,000}
 \end{array}$$

$$\begin{array}{l}
 \boxed{\$4800 \text{ U}} \\
 \text{Price}
 \end{array}$$

$$\begin{array}{l}
 \boxed{\$9600 \text{ U}} \\
 \text{Quantity}
 \end{array}$$


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Total  $\$14,400 \text{ U}$

$$[AH \times AR]$$

$$3800 \text{ hrs.} \times \$8.60/\text{hr}$$

$$\boxed{32,680}$$

$$[AH \times SR]$$

$$3800 \text{ hrs.} \times \$8/\text{hr.}$$

$$\$30,400$$

$$\boxed{2000} [SH \times SR]$$

$$\times \frac{2 \text{ hrs}}{\boxed{4000 \text{ hrs.}}} \times \$8/\text{hr.}$$

$$32,000$$

$$\boxed{\$1600 F}$$

Efficiency

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$$\text{Total } \$680 U$$