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

\[
\begin{align*}
[&A_Q \times &AP] & \quad [A_Q \times &SP] & \quad [SQ \times SP] \\
5,700 \text{ lbs} \times $17.60 \text{/lb. purchased} & \quad 5,700 \text{ lbs} \times $18.20 \text{/lb. purchased} & \quad 5,700 \text{ lbs} \times $18.20 \text{/lb. purchased} \\
$100,320 & \quad $103,740 & \quad $34,200 \ F
\end{align*}
\]
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
3. The following information pertains to Bates Company's direct labor for March:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard direct labor-hours</td>
<td>21,000</td>
</tr>
<tr>
<td>Actual direct labor-hours</td>
<td>20,000</td>
</tr>
<tr>
<td>Favorable direct labor rate variance</td>
<td>$8,400</td>
</tr>
<tr>
<td>Standard direct labor rate per hour</td>
<td>$6.30</td>
</tr>
</tbody>
</table>

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

\[
\begin{align*}
& \left[ AH \times AR \right] \\
& 3,500 \times \text{setups} \\
& \$70,000 \\
\end{align*}
\]

\[
\begin{align*}
& \left[ AH \times SR \right] \\
& 3,500 \times \text{setups} \\
& \$21 \text{/setup} \\
\end{align*}
\]

\[
\begin{align*}
& \left[ SH \times SR \right] \\
& 3,550 \times \text{setups} \\
& \$74,550 \\
\end{align*}
\]
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
\[
[\text{AH} \times \text{AR}] \\
3800 \times \frac{8.60}{\text{hr}} \\
32,680
\]

\[
[\text{AH} \times \text{SR}] \\
3800 \times \frac{8}{\text{hr}} \\
\frac{30,400}{2 \text{ hrs}} \\
1400 \times \frac{8}{\text{hr}} \\
32,000
\]

\[
\frac{1600}{\text{F}} \\
\text{Efficiency}
\]

Total $680 \text{ U}$