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

<table>
<thead>
<tr>
<th>Standard quantity per unit of output</th>
<th>0.1 pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard price</td>
<td>$18.20 per pound</td>
</tr>
</tbody>
</table>

The following data pertain to operations for the last month:

<table>
<thead>
<tr>
<th>Actual materials purchased</th>
<th>5,700 pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual cost of materials purchased</td>
<td>$100,320</td>
</tr>
<tr>
<td>Actual materials used in production</td>
<td>5,600 pounds</td>
</tr>
<tr>
<td>Actual output</td>
<td>55,800 units</td>
</tr>
</tbody>
</table>

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
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
Vermeilen 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
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