

# [Computations](https://assignbuster.com/computations/)

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Computation Problems 5: Natraj Corporation uses the weighted-average method in its process costing system. Operating data for the Lubricating Department for the month of October appear below:   
Units   
Percent Complete with   
Respect to Conversion   
Beginning work in process inventory   
5, 400   
20%   
Transferred in from the prior department during October   
38, 100   
Completed and transferred to the next department during October   
37, 800   
Ending work in process inventory   
5, 700   
60%   
What were the equivalent units for conversion costs in the Lubricating Department for October?   
(a) 41, 220   
(b) 38, 400   
(c) 37, 800   
(d) 41, 520   
Answer= A   
6: In September, one of the processing departments at Shenkel Corporation had beginning work in process inventory of $25, 000 and ending work in process inventory of $18, 000. During the month, the cost of units transferred out from the department was $304, 000. In the department’s cost reconciliation report for September, the total cost accounted for would be:   
(a) $619, 000   
(b) $644, 000   
(c) $322, 000   
(d) $43, 000   
Answer = C   
13: Blackwelder Snow Removal’s cost formula for its vehicle operating cost is $1, 240 per month plus $348 per snow-day. For the month of December, the company planned for activity of 12 snow-days, but the actual level of activity was 14 snow-days. The actual vehicle operating cost for the month was $6, 330. The vehicle operating cost in the planning budget for December would be closest to:   
(a) $5, 426   
(b) $6, 112   
(c) $5, 416   
(d) $6, 330   
Answer = C   
14: Ofarrell Snow Removal’s cost formula for its vehicle operating cost is $1, 840 per month plus $377 per snow-day. For the month of November, the company planned for activity of 14 snow-days, but the actual level of activity was 19 snow-days. The actual vehicle operating cost for the month was $9, 280. The vehicle operating cost in the flexible budget for November would be closest to:   
(a) $9, 003   
(b) $7, 118   
(c) $9, 280   
(d) $9, 660   
Answer = A   
15: Raymond Electronics Corporation has a standard cost system in which it applies manufacturing overhead to products on the basis of standard machine-hours (MHs). The company had budgeted its fixed manufacturing overhead cost at $42, 700 for the month and its level of activity at 2, 000 MHs. The actual total fixed manufacturing overhead was $44, 100 for the month and the actual level of activity was 1, 800 MHs. What was the fixed manufacturing overhead budget variance for the month to the nearest dollar?   
(a) $5, 670 favorable   
(b) $1, 400 favorable   
(c) $5, 670 unfavorable   
(d) $1, 400 unfavorable   
Answer = D   
21: Glassett Corporation is considering a project that would require an investment of $62, 000. No other cash outflows would be involved. The present value of the cash inflows would be $70, 060. The profitability index of the project is closest to:   
(a) 0. 13   
(b) 1. 13   
(c) 0. 87   
(d) 0. 12   
Answer = B   
23: An increase in the accumulated depreciation account of $50, 000 over the course of a year would be shown on the company’s statement of cash flows prepared under the indirect method as:   
(a) An addition to net income of $50, 000 in order to arrive at net cash provided by operating activities   
(b) A deduction from net income of $50, 000 in order to arrive at net cash provided by operating activities   
(c) An addition of $50, 000 under investing activities   
(d) A deduction of $50, 000 under investing activities   
Answer = A