

Cost accounting question paper



**ASSIGN
BUSTER**

1. Human resource is an example of (an): (Points : 2) Unit-level activity. Batch-level activity. Product-level activity. Organization-sustaining activity. 2.

Which of the following is not a limitation of activity-based costing? (Points : 2) Maintaining an activity-based costing system is more costly than maintaining a traditional direct labor-based costing system.

Changing from a traditional direct labor-based costing system to an activity-based costing system changes product margins and other key performance indicators used by managers. Such changes are often resisted by managers. In practice, most managers insist on fully allocating all costs to products, customers, and other costing objects in an activity-based costing system. This results in overstated costs. More accurate product costs may result in increasing the selling prices of some products.

3. Matt Company uses activity-based costing. The company has two products: A and B. The annual production and sales of Product A is 8, 000 units and of Product B is 6, 000 units. There are three activity cost pools, with total cost and total activity as follows:

Activity cost pool	Total cost	Total activity
Activity 1	\$20,000	100,000
Activity 2	\$37,000	800,000
Activity 3	\$91,200	3,800

The activity-based costing cost per unit of Product A is closest to: (Points : 4) \$2.40 \$3.

90 \$10.59 \$6.60 4.

Which of the following activities would be classified as a batch-level activity? (Points : 2) Setting up equipment. Designing a new product. Training employees. Milling a part required for the final product. . The purchasing

agent of the Clampett Company ordered materials of lower quality in an effort to economize on price and in response to the demands of the production manager due to a mistake in production scheduling.

The materials were shipped by airfreight at a rate higher than that ordinarily charged for shipment by truck, resulting in an unfavorable materials price variance. The lower quality material proved to be unsuitable on the production line and resulted in excessive waste. In this situation, who should be held responsible for the materials price and quantity variances? Points :

2) Materials price variance: Purchasing Agent
Materials quantity variance: Purchasing Agent
Materials price variance: Production Manager
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Materials quantity variance: Purchasing Agent
Materials price variance: Purchasing Agent
Materials quantity variance: Production Manager

6. Todco planned to produce 3, 000 units of its single product, Teragram, during November. The standard specifications for one unit of Teragram include six pounds of material at \$0.

30 per pound. Actual production in November was 3, 100 units of Teragram. The accountant computed a favorable materials purchase price variance of \$380 and an unfavorable materials quantity variance of \$120. Based on these variances, one could conclude that: (Points : 2) more materials were purchased than were used.

more materials were used than were purchased. the actual cost of materials was less than the standard cost. the actual usage of materials was less than the standard allowed. 7. The materials quantity variance should be

computed: (Points : 2) when materials are purchased. used upon the amount of materials used in production.

based upon the difference between the actual and standard prices per unit times the actual quantity used. only when there is a difference between standard and actual cost per unit for the materials. 8. The following materials standards have been established for a particular product: Standard quantity per unit of output = 7.3 pounds Standard price = \$14.

45 per pound The following data pertain to operations concerning the product for the last month: Actual materials purchased = 6,600 pounds Actual cost of materials purchased = \$91,740 Actual materials used in production = 5,900 pounds Actual output = 1,000 units What is the materials quantity variance for the month? (Points : 4) \$19,460 F \$9,730 U \$10,115 U \$20,230 F 9. The following materials standards have been established for a particular product: Standard quantity per unit of output = 4.6 feet Standard price = \$19.25 per foot The following data pertain to operations concerning the product for the last month: Actual materials purchased = 3,200 feet Actual cost of materials purchased = \$63,200 Actual materials used in production = 2,900 feet Actual output = 800 units What is the materials price variance for the month? (Points : 4) \$15,405 F \$5,775 U \$5,925 U \$1,600 U 10. The following labor standards have been established for a particular product: Standard labor hours per unit of output = 1.5 hours Standard labor rate = \$17.55 per hour The following data pertain to operations concerning the product for the last month: Actual hours worked = 5,300 hours Actual total labor cost = \$94,340 Actual output = 3,

600 units What is the labor rate variance for the month? (Points : 4) \$1, 325

U \$1, 780 F \$430 F \$430 U