12.2

Cost classifications. For each of the following costs, check the column(s) that most likely to apply:

**Cost Variable Fixed**

Raw materials

Staples used to secure packed boxes of product

Plants janitor’s wages

Order processing clerks’ wages

Advertising expenses

Production workers’ wages

Production supervisiors’ salaries

Sales force commissions

Maintenance supplies used

President’s salary

Electricity cost

Real estate taxes for:

Factory

Office building

12.4

**Estimating costs based on behavior patterns:** Tony estimates that the costs of insurance, license, and depreation to operate his car total $580 per month and that the gas, oil, and maintenance costs were 40 cents per mile. Tony also estimates that, on average, he drives his car 1,800 miles per month.

**Required:**

1. How much cost would Tony expect to incur during October if he drove the car 2,256 miles?
2. Would it be meaningful for Tony to calculate an estimated average cost per mile for a typical 1,800-mile month? Explain your answer.

**12.6**

**Understanding CVP relationships.**

Calculate the missing amounts for each of the following firms:

**Units selling variable costs contribution fixed operating**

**Sold price per unit margin costs income (loss)**

**Firm A** 5,600 $12.00 ? $25,200 $20,300 ?

**Firm B** 16,800 ? $22.20 ? 84,500 $43,180

**Firm C** ? 7.30 3.20 28,700 ? (13,500)

**Firm D** 14,160 ? 55.25 66,552 73,250 ?