**Chapter 17**

62. Financial statement analysis:
A. Is the application of analytical tools to general-purpose financial statements and related data for making business decisions.
B. Involves transforming accounting data into useful information for decision-making.
C. Helps users to make better decisions.
D. Helps to reduce uncertainty in decision-making.
E. All of these.

63. Evaluation of company performance can include comparison and/or assessment of:
A. Past performance.
B. Current performance.
C. Current financial position.
D. Future performance and risk.
E. All of these.

 64. External users of financial information:
A. Are those individuals involved in managing and operating the company.
B. Include internal auditors and consultants.
C. Are not directly involved in operating the company.
D. Make strategic decisions for a company.
E. Make operating decisions for a company.

65. Internal users of financial information:
A. Are not directly involved in operating a company.
B. Are those individuals involved in managing and operating the company.
C. Include shareholders and lenders.
D. Include directors and customers.
E. Include suppliers, regulators, and the press.

66. The building blocks of financial statement analysis include:
A. Liquidity and efficiency.
B. Solvency.
C. Profitability.
D. Market prospects.
E. All of these.

89. A company's sales in 2009 were $250,000 and in 2010 were $287,500. Using 2009 as the base year, the sales trend percent for 2010 is:
A. 87%.
B. 100%.
C. 115%.
D. 15%.
E. 13%.

90. Phoenix Company reported sales of $400,000 for 2009, $450,000 for 2010, and $500,000 for 2011. Using 2009 as the base year, what were the percentage increases for 2010 and 2011 compared to the base year?
A. 80% for 2010 and 90% for 2011.
B. 88% for 2010 and 80% for 2011.
C. 88% for 2010 and 90% for 2011.
D. 112.5% for 2010 and 125% for 2011.
E. 125% for 2010 and 112.5% for 2011.

97. A corporation reported cash of $14,000 and total assets of $178,300. Its common-size percent for cash equals:
A. .0785%.
B. 7.85%.
C. 12.73%.
D. 1273%.
E. 7850%.

111. A company had a market price of $37.50 per share, earnings per share of $1.25, and dividends per share of $0.40. Its price-earnings ratio equals:
A. 3.1.
B. 30.0.
C. 93.8.
D. 32.0.
E. 3.3.

112. A company reports basic earnings per share of $3.50, cash dividends per share of $0.75, and a market price per share of $64.75. The company's dividend yield equals:
A. 1.16%.
B. 2.14%.
C. 4.67%.
D. 5.41%.
E. 18.50%.

113. Selected current year company information follows:

 

The total asset turnover is:
A. 2.24 times
B. 2.81 times
C. 3.64 times
D. 4.67 times
E. 6.28 times

114. Selected current year company information follows:

 

The return on total assets is:
A. 2.24%
B. 2.81%
C. 3.64%
D. 4.67%
E. 6.28%

**Chapter 18**

75. Last year, Smith Company sold 10,000 units of its only product. If sales increase by 15% in the current year, how will unit variable cost and unit fixed cost be affected?

 
A. Choice A
B. Choice B
C. Choice C
D. Choice D
E. Choice E

103. A manufacturing company has a beginning finished goods inventory of $14,600, raw material purchases of $18,000, cost of goods manufactured of $32,500, and an ending finished goods inventory of $17,800. The cost of goods sold for this company is:
A. $21,200.
B. $29,300.
C. $32,500.
D. $47,100.
E. $27,600.

104. Juliet Corporation has accumulated the following accounting data for the year:

 

The cost of goods manufactured for the year is:
A. $ 200.
B. $1,000.
C. $5,000.
D. $6,400.
E. $8,200

105. A company's prime costs total $3,000,000 and its conversion costs total $7,000,000. If direct materials are $1,000,000 and factory overhead is $5,000,000, then direct labor is:
A. $4,000,000.
B. $14,000,000.
C. $2,000,000.
D. $1,000,000.
E. $3,000,000.

107. The following information relates to the manufacturing operations of the IMH Publishing Corporation for the year:

 

The raw materials used in manufacturing during the year totaled $118,000. Raw materials purchased during the year amount to:
A. $107,000.
B. $115,000.
C. $118,000.
D. $121,000
E. $126,000.

108. Ajax Company accumulated the following account information for the year:

 

Using the above information, total factory overhead costs would be:
A. $ 9,800.
B. $16,800.
C. $15,800.
D. $13,000.
E. $ 7,800.

109. The following information is available for the year ended December 31:

 

The amount of raw materials used in production for the year is:
A. $4,100.
B. $5,100.
C. $3,500.
D. $6,500.
E. $4,000

111. If beginning and ending goods in process inventories are $5,000 and $15,000, respectively, and cost of goods manufactured is $170,000, what is the total manufacturing cost for the period?
A. $180,000.
B. $155,000.
C. $160,000.
D. $175,000.
E. $165,000.

 The following information is available for Talking Toys, Inc., for the current year:

 

112. The total manufacturing costs incurred during the year were:
A. $13,000.
B. $44,500.
C. $57,500.
D. $94,500.
E. $89,000.

113. The total cost of goods manufactured for the year was:
A. $13,000.
B. $44,500.
C. $57,500.
D. $94,500.
E. $52,000

 The following information is available for Hardy Co. for the current year:

 

114. The total of Hardy Co.'s manufacturing costs added during the current year is:
A. $12,000.
B. $16,100.
C. $17,100.
D. $18,100.
E. $13,600

115. Hardy Co.'s cost of goods manufactured for the current year is:
A. $12,000.
B. $16,100.
C. $17,100.
D. $18,100.
E. $13,600.

**Chapter 19**

60. The job order cost sheets used by Garza Company revealed the following:

 

Job No. 125 was completed during May and Jobs No. 124 and 125 were shipped to customers in May. What were the company's cost of goods sold for May and the goods in process inventory on May 31?
A. $3,200; $ 900.
B. $2,900; $1,200.
C. $1,200; $2,900.
D. $1,700; $1,200.
E. $4,100; $ 0.

62. The Goods in Process Inventory account of a manufacturing company that uses an overhead rate based on direct labor cost has a $4,400 debit balance after all posting is completed. The cost sheet of the one job still in process shows direct material cost of $2,000 and direct labor cost of $800. Therefore, the company's overhead application rate is:
A. 40%.
B. 50%.
C. 80%.
D. 200%.
E. 220%.

66. The Goods in Process Inventory account for the AB Corp. follows:

 

The cost of units transferred to finished goods is:
A. $ 97,000.
B. $105,900.
C. $ 88,100.
D. $ 95,200.
E. $ 92,500

67. A company's overhead rate is 60% of direct labor cost. Using the following incomplete accounts, determine the cost of direct materials used.

 
A. $106,400.
B. $113,120.
C. $ 30,240.
D. $211,680.
E. $324,800.

71. Penn Company uses a job order cost accounting system. In the last month, the system accumulated labor time tickets totaling $24,600 for direct labor and $4,300 for indirect labor. These costs were accumulated in Factory Payroll as they were paid. Which entry should Penn make to assign the Factory Payroll?
A. 
B. 
C. 
D. 
E. 

73. A company has an overhead application rate of 125% of direct labor costs. How much overhead would be allocated to a job if it required total labor costing $20,000?
A. $ 5,000.
B. $ 16,000.
C. $ 25,000.
D. $125,000.
E. $250,000.

75. Canoe Company uses a job order cost accounting system and allocates its overhead on the basis of direct labor costs. Canoe Company's production costs for the year were: direct labor, $30,000; direct materials, $50,000; and factory overhead applied, $6,000. The overhead application rate was:
A. 5.0%.
B. 12.0%.
C. 20.0%.
D. 500.0%.
E. 16.7%.

76. Alton Company has an overhead application rate of 160% and allocates overhead based on *direct materials*. During the current period, direct labor is $50,000 and direct materials used are $80,000. Determine the amount of overhead Alton Company should record in the current period.
A. $ 31,250
B. $ 50,000
C. $ 80,000.
D. $ 128,000.
E. $ 208,000.

78. BVD Company uses a job order cost accounting system and last period incurred $80,000 of overhead and $100,000 of direct labor. BVD estimates that its overhead next period will be $75,000. It also expects to incur $100,000 of direct labor. If BVD bases applied overhead on direct labor cost, their overhead application rate for the next period should be:
A. 75%.
B. 80%.
C. 107%.
D. 125%.
E. 133%.

79. O.K. Company uses a job order cost accounting system and allocates its overhead on the basis of direct labor costs. O.K. expects to incur $800,000 of overhead during the next period, and expects to use 50,000 labor hours at a cost of $10.00 per hour. What is O.K. Company's overhead application rate?
A. 6.25%.
B. 62.5%.
C. 160%.
D. 1600%.
E. 67%.

80. The R&R Company's production costs for August are: direct labor, $13,000; indirect labor, $6,500; direct materials, $15,000; property taxes on production equipment, $800; heat, lights and power, $1,000; and insurance on plant and equipment, $200. R&R Company's factory overhead incurred for August is:
A. $ 2,000.
B. $ 6,500.
C. $ 8,500.
D. $21,500.
E. $36,500.

81. Deltan Corp. allocates overhead to production on the basis of direct labor costs. Deltan's total estimated overhead is $450,000 and estimated direct labor is $180,000. Determine the amount of overhead to be allocated to finished goods inventory if there is $20,000 of total direct labor cost in the jobs in the finished goods inventory.
A. $ 8,000.
B. $20,000.
C. $70,000.
D. $50,000.
E. $90,000.

**Chapter 21**

52. A company has two departments, A and B, that incur delivery expenses. An analysis of the total delivery expense of $9,000 indicates that Dept. A had a direct expense of $1,000 for deliveries. None of the $9,000 is a direct expense to Dept. B. The analysis also indicates that 60% of regular delivery requests originate in Dept. A and 40% in Dept. B.
The delivery expenses that should be charged to Dept. A and Dept. B, respectively, are:

 
A. Choice A
B. Choice B
C. Choice C
D. Choice D
E. Choice E

69. General Chemical produced 10,000 gallons of Breon and 20,000 gallons of Baron. Joint costs incurred in producing the two products totaled $7,500. At the split-off point, Breon has a market value of $6.00 per gallon and Baron $2.00 per gallon. What portion of the joint costs should be allocated to Breon if the basis is market value at point of separation?
A. $2,500.
B. $3,000.
C. $4,500.
D. $5,625.
E. $1,500.

70. Data pertaining to a company's joint production for the current period follows:

 

What cost amount should be allocated to Product A for this period's $660 of joint costs on the basis of market value at the point of separation?
A. $330.00.
B. $440.00.
C. $220.00.
D. $194.12.
E. $484.00.

71.  A sawmill bought a shipment of logs for $40,000. When cut, the logs produced a million board feet of lumber in the following grades:

 Type 1 - 400,000 bd. ft. priced to sell at $0.12 per bd. ft.
 Type 2 - 400,000 bd. ft. priced to sell at $0.06 per bd. ft.
 Type 3 - 200,000 bd. ft. priced to sell at $0.04 per bd. ft.

 How much cost should be allocated to Type 1 and Type 2, respectively?

  
A.  Choice A
B.  Choice B
C.  Choice C
D.  Choice D
E.  Choice E

72. A sawmill paid $70,000 for logs that produced 200,000 board feet of lumber in 3 different grades and amounts as follows:

 

How much of the $70,000 joint cost should be allocated to No. 2 Common?
A. $ 0.
B. $17,500.
C. $23,333.
D. $35,000.
E. $70,000.

73. A dairy allocates the cost of unprocessed milk to the production of milk, cream, butter and cheese. For the current period, unprocessed milk was purchased for $240,000, and the following quantities of product and sales revenues were produced.

 

How much of the $240,000 cost should be allocated to milk?
A. $ 0.
B. $ 86,400.
C. $ 90,000.
D. $133,333.
E. $240,000.

74. Breon Beef Company uses the relative market value method of allocating joint costs in its production of beef products. Relevant information for the current period follows:

 

The total joint cost for the current period was $43,000. How much of this cost should Breon Beef allocate to sirloin?
A. $ 0.
B. $ 5,909.
C. $ 8,600.
D. $10,750.
E. $43,000.

77. A retail store has three departments, 1, 2, and 3, and does general advertising that benefits all departments. Advertising expense totaled $50,000 for the year, and departmental sales were as follows:

 

How much advertising expense should be allocated to Department 2 if the allocation is based on departmental sales?
A. $11,000.
B. $14,000.
C. $16,667.
D. $22,500.
E. $50,000.

78. Dresden, Inc., has four departments. Information about these departments follows:

 

If maintenance costs are allocated to the other departments based on floor space occupied by each, the amount of maintenance cost allocated to the Cutting Department is:
A. $ 2,769.
B. $ 3,000.
C. $ 3,724.
D. $ 6,000.
E. $18,000.

79. Baker Corporation has two operating departments, Machining and Assembly, and an office. The three categories of office expenses are allocated to the two departments using different allocation bases. The following information is available for the current period:

 

The amount of the total office expenses that should be allocated to Assembly for the current period is:
A. $ 35,750.
B. $ 45,000.
C. $ 54,250.
D. $ 90,000.
E. $600,000.

81. A company rents a building with a total of 100,000 square feet, which are evenly divided between two floors. The space on the first floor is considered twice as valuable as that on the second floor. The total monthly rent for the building is $30,000. How much of the monthly rental expense should be allocated to a department that occupies 10,000 square feet on the first floor?
A. $6,000.
B. $5,000.
C. $3,000.
D. $4,000.
E. $2,000.

82. A company pays $15,000 per period to rent a small building that has 10,000 square feet of space. This cost is allocated to the company's three departments on the basis of the amount and value of the space occupied by each. Department One occupies 2,000 square feet of ground-floor space, Department Two occupies 3,000 square feet of ground-floor space, and Department Three occupies 5,000 square feet of second-floor space. If rents for comparable floor space in the neighborhood average $2.20 per square foot for ground-floor space and $1.10 per square foot for second-floor space and the rent is allocated based on the total value of the space, Department One should be charged rent expense for the period of:
A. $4,400.
B. $4,000.
C. $3,000.
D. $2,200.
E. $2,000.

Problems

Chapter 17

127. Calculate the percent increase or decrease for each of the following financial statement items:

 

 Chapter 18

144. Harv's HiFi Sound Systems produces speakers for movie theaters that sell for $1,200 each. Listed below are selected cost items for the production of 600 units.

 

Classify each cost as either fixed or variable, and either a product or a period cost.

Chapter 19

104. The Johnson Manufacturing Company has the following job cost sheets on file. They represent jobs that have been worked on during March of the current year. This table summarizes information provided on each sheet:

 

(a) What is the cost of goods sold for the month of March?
(b) What is the cost of the goods in process inventory on March 31?
(c) What is the cost of the finished goods inventory on March 31?

Chapter 21

123. Eclectic Furniture Company allocates its indirect salaries of $12,500 on the basis of sales. Determine the indirect salaries allocated to Departments 1 and 2 using the following information:

 