Flexible Budgets, Standard Costs, and Variance Analysis

Multiple Choice Questions

28. A major weakness of flexible budgets is that
A. they are valid for only a single level of activity.
B. they ignore the costs of bank balances.
C. they compare actual costs at one level of activity to budgeted costs at a different level of activity.
D. none of these is a major weakness of flexible budgets.

29. Comparing actual results to a budget based on the actual activity for the period is possible with the use of
A. monthly budget.
B. master budget.
C. flexible budget.
D. static budget.

30. A labor planning budget is
A. a single-level budget.
B. a flexible budget.
C. a monthly budget.
D. static budget.

31. Which of the following appropriations should be included for the labor planning budget to denote the impact of changes in operating efficiency on performance?
A. A, B, and C.
B. A and B.
C. A and C.
D. B and C.

32. Which of the following responsibilities is included in a converted 100-year-old mansion?
A. cleaning and maintenance.
B. building and renovation.
C. construction and design.
D. decoration and refurbishment.

33. Which of the following would produce a materials price variance?
A. an excess quantity of materials used.
B. shipping materials to the plant by air freight rather than by truck.
C. excessive number of hours worked in completing a job.
D. unfavorable variable overhead rate variance.

35. Poor quality materials could have an unfavorable effect on which of the following variances?
A. labor efficiency variance.
B. materials price variance.
C. the labor rate variance.
D. the variable overhead efficiency variance.

36. Which of the following would produce a labor rate variance?
A. they are valid for only a single level of activity.
B. they ignore the costs of bank balances.
C. they compare actual costs at one level of activity to budgeted costs at a different level of activity.
D. none of these is a major weakness of flexible budgets.

39. Variable overhead per unit is calculated using a formula for the cost of standard direct labor hours. If the labor efficiency variance is unfavorable, the variable overhead efficiency variance will:
A. be unfavorable.
B. be favorable.
C. equal the labor efficiency variance.
D. be zero.

40. Dehnert Midwifery's cost formula for its wages and salaries is $2,030 per month plus $409 per birth. For the month of May, the company planned for activity of 112 births, but the actual level of activity was 114 births. The actual wages and salaries for the month was $13,500. The wages and salaries in the planning budget for May would be closest to:
A. $10,000.
B. $10,319.
C. $10,300.
D. $227,250.

42. Fuhrer Hotel bases its budgets on guest-days. The hotel's static budget for December appears below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Budgeted Variable Overhead Cost</th>
<th>Budgeted Fixed Overhead Cost</th>
<th>Total Budgeted Overhead Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
<td>$460</td>
<td>$250</td>
<td>$710</td>
</tr>
<tr>
<td>Laundry</td>
<td>$60</td>
<td>$120</td>
<td>$180</td>
</tr>
<tr>
<td>Fixed overhead costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$360</td>
<td>$180</td>
<td>$540</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$4,790</td>
<td>$2,700</td>
<td>$7,500</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$3,290</td>
<td>$1,800</td>
<td>$5,090</td>
</tr>
<tr>
<td>Total</td>
<td>$8,080</td>
<td>$3,500</td>
<td>$11,580</td>
</tr>
</tbody>
</table>

43. A hospital draws its budgets on patient visits. The hospital's static budget for March appears below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Budgeted Variable Overhead Cost</th>
<th>Budgeted Fixed Overhead Cost</th>
<th>Total Budgeted Overhead Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
<td>$1,290</td>
<td>$250</td>
<td>$1,540</td>
</tr>
<tr>
<td>Laundry</td>
<td>$750</td>
<td>$150</td>
<td>$900</td>
</tr>
<tr>
<td>Total</td>
<td>$2,040</td>
<td>$400</td>
<td>$2,440</td>
</tr>
</tbody>
</table>

Chapter 08

44. Dehnert Midwifery’s cost formula for its wages and salaries is $2,030 per month plus $409 per birth. For the month of November, the company planned for a total of 137 births, but the actual level of activity was 127 births. The actual wages and salaries for the month were $5,230. The wages and salaries in the planning budget for November would be closest to:
A. $4,300.
B. $4,651.
C. $4,609.
D. $4,500.

46. Akey Hospital bases its budgets on patient-visits. The hospital’s static budget for March appears below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Budgeted Variable Overhead Cost</th>
<th>Budgeted Fixed Overhead Cost</th>
<th>Total Budgeted Overhead Cost</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$1,290</td>
<td>$250</td>
<td>$1,540</td>
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</tr>
<tr>
<td>Total</td>
<td>$2,040</td>
<td>$400</td>
<td>$2,440</td>
</tr>
</tbody>
</table>

47. Flexible budgets, standard costs, and variance analysis are used to:
A. control costs and evaluate performance.
B. increase sales and profits.
C. reduce production costs.
D. increase production output.

48. The labor rate variance:
A. measures the difference between the actual price paid for labor and the standard price.
B. measures the difference between the actual quantity of labor used and the standard quantity.
C. measures the difference between the actual hours worked and the standard hours.
D. measures the difference between the actual and budgeted labor costs.

49. The variable manufacturing overhead is applied to products on the basis of standard direct labor hours. If the labor efficiency variance is favorable, the variable overhead efficiency variance will:
A. be favorable.
B. be unfavorable.
C. be zero.
D. be equal to the labor efficiency variance.

50. The fixed overhead costs for the month of November were $13,500. The fixed overhead costs in the planning budget for November would be closest to:
A. $13,000.
B. $13,300.
C. $13,500.
D. $13,800.

51. The total budgeted cost at an activity level of 750 patient-visits per month should be:
A. $97,800.
B. $92,100.
C. $88,020.
D. $83,430.

52. The total overhead cost at an activity level of 1,000 patient-visits per month should be:
A. $155,000.
B. $160,000.
C. $165,000.
D. $170,000.

53. The total budgeted overhead cost for a month if the activity level is 760 patient-visits is:
A. $227,250.
B. $215,140.
C. $206,040.
D. $202,040.

54. The total variable overhead cost for a month if the activity level is 760 patient-visits is:
A. $97,800.
B. $92,100.
C. $88,020.
D. $83,430.
16 snow-days, but the actual level of activity was 13 snow-days. The actual vehicle
The company's variable costs are driven by machine-hours. The actual vehicle operating cost for the month was $8,000. The variable costs include:
A. $7,974
B. $9,934
C. $6,774
D. $7,680
47. Total overhead costs incurred for the same period are $6,600 per month plus $0.80 per
unit. For the month of January, the company plans on producing 1,200 units, but the
actual level of activity was 1,100 units. The actual indirect labor costs for the month was $550. The budgeted indirect labor costs for January would be closest to:
A. $550
B. $535
C. $565
D. $526
48. Besides Engineering determines the indirect costs used in its budgets and performance
reports. The company's budgeted fixed overhead costs are $10,570. The actual fixed
overhead costs for the month were $10,570. The budgeting variance for fixed overhead
must have been:
A. $0
B. $30 Favorable
C. $30 Unfavorable
D. $140 Favorable
55. Glowe Corporation's performance report for last month shows that actual indirect
supervision costs were $8,610. For February, $8,920 was the flexible budget for indirect
supervision costs, $107,347.06 was the actual cost for supervision, and $108,300.00 was
the standard cost for indirect supervision. The flexible budget for supervision for
February would be closest to:
A. $8,920
B. $9,207
C. $50,144
D. $9,190
64. Garfield Air uses two measures of activity, flights and passengers, in the cost formulas
in its budgets and performance reports. The company's budgeted fixed operating costs
for the month of June were $286,360. The plane operating costs in the flexible budget for
June would be closest to:
A. $286,360
B. $277,614
C. $281,084
D. $286,360
66. Sekuterski Air uses two measures of activity, flights and passengers, in the cost formulas
in its budgets and performance reports. The cost formula for plane operating costs is
$5,080 per month plus $106 per flight plus $21 per passenger. The company expected its activity in September to be 56 flights and 142 passengers, but the actual activity was 50 flights and 127 passengers. The plane operating costs in September would be closest to:
A. $174,080
B. $174,870
C. $170,640
D. $174,510
67. The Swenson Corporation has a standard costing system. The following data are available for June:

<table>
<thead>
<tr>
<th>Material</th>
<th>Material Price Variance</th>
<th>Material Quantity Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$13,720 U</td>
<td>$286 U</td>
</tr>
<tr>
<td>B</td>
<td>$6,732 F</td>
<td>$280 U</td>
</tr>
<tr>
<td>C</td>
<td>$13,860 U</td>
<td>$328 U</td>
</tr>
<tr>
<td>D</td>
<td>$6,664 F</td>
<td>$152 U</td>
</tr>
</tbody>
</table>

Material quantity variance is favorable.

The total direct materials purchased in June is:

A. $13,720
B. $6,732
C. $13,860
D. $6,664

The actual price per pound of direct materials purchased in June is:

A. Option A
B. Option B
C. $4.08
D. $4.20

68. The following materials standards have been established for a particular product:

- Standard price per pound for direct materials: $4 per pound is expected. The actual price per pound of direct materials purchased in June is:
  - A. $1.74
  - B. $4.60
  - C. $4.08
  - D. $4.20

69. The standard cost card for a product indicates that one unit of the product requires 8.3 kilograms of a raw material at $0.80 per kilogram. The production of the product in April was 870 units, but production had been budgeted for 850 units. During April, 8,200 kilograms of the raw material were purchased for $6,888 and 7,150 kilograms of the raw material were used in production. The material variances for April were:
  - A. $7,540 U
  - B. $7,660 U
  - C. $24,317 U
  - D. $4,180 F

70. The standard cost card of a particular product specifies that it requires 4.5 direct labor-hours at $12.80 per direct labor-hour. During March, 2,300 units of the product were produced and direct labor wages of $128,300 were incurred. A total of 11,700 direct labor-hours were worked. The direct labor variances for the month were:
  - A. $19,017 F
  - B. $19,017 U
  - C. $24,317 U
  - D. $16,577 F

71. The standard cost card of a particular product indicates that one unit of the product requires 6 kilograms of a raw material at $1.15 per kilogram. The production of the product in April was 850 units, but production had been budgeted for 800 units. During April, 5,000 kilograms of the raw material were purchased for $4,100 and 4,500 kilograms of the raw material were used in production. The material variances for April were:
  - A. $1,500 Favorable
  - B. $384 Unfavorable
  - C. Option A
  - D. Option B

72. 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. 23,250
  - C. 20,950
  - D. 35,200

73. A crane calls for 24 direct labor-hours at $16 per direct labor-hour. During a recent period 850 cranes were made. The labor rate variance was zero and the labor efficiency variance was $8,800 unfavorable. How many actual direct labor-hours were worked?
  - A. 19,000
  - B. 20,400
  - C. 20,950
  - D. 35,200

74. A company uses a standard cost system for the processing of a certain application. The following data pertain to operations concerning the product for the last month:

<table>
<thead>
<tr>
<th>Actual direct labor-hours worked</th>
<th>Standard labor-hours allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,100 hours</td>
<td>6,900 hours</td>
</tr>
</tbody>
</table>

What is the labor efficiency variance for the month?

A. $7,400 Favorable
B. $6,400 Favorable
C. $6,800 Favorable
D. $16,000 Favorable

75. A company uses a standard cost system. The following data are available for February:

<table>
<thead>
<tr>
<th>Actual quantity of direct materials purchased</th>
<th>Standard price per unit of output</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,800 pounds</td>
<td>$10 per pound</td>
</tr>
</tbody>
</table>

What is the material quantity variance for the month?

A. 5,400 pounds unfavorable
B. 5,400 pounds favorable
C. 5,800 pounds unfavorable
D. 5,800 pounds favorable

76. A company uses a standard cost system. The following data are available for December:

<table>
<thead>
<tr>
<th>Standard labor-hours allowed</th>
<th>Actual direct labor-hours worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,100 hours</td>
<td>6,900 hours</td>
</tr>
</tbody>
</table>

What is the labor efficiency variance for the month?

A. $7,400 Favorable
B. $6,400 Favorable
C. $6,800 Favorable
D. $16,000 Favorable

77. Labor rate variance for the month is:

A. $2.60 Favorable
B. $2.60 Unfavorable
C. $3.00 Favorable
D. $3.00 Unfavorable

The actual direct labor rate for February is:

A. $15.00
B. $14.40
C. $15.60
D. $16.00

78. The labor standards for direct labor-hours for a particular product are 24 direct labor-hours at $12.80 per direct labor-hour. During the period, 850 units of the product were manufactured. There were 2,400 direct labor-hours allowed, and the actual direct labor-hours were 2,600. There was a labor efficiency variance of $8,800 unfavorable. How many actual direct labor-hours were worked?

A. 19,000
B. 20,400
C. 20,950
D. 35,200

79. The labor rate variance is calculated as follows: Standard direct labor rate * Actual direct labor-hours - Total actual direct labor cost. The standard direct labor rate is $16 per direct labor-hour. During the month, 850 units of the product were manufactured. There were 2,400 direct labor-hours worked. The actual total labor cost was $40,000. What was the labor rate variance for the month?

A. $1,500 Favorable
B. $1,500 Unfavorable
C. $3,000 Favorable
D. $3,000 Unfavorable

80. The following labor standards have been established for a particular product:

<table>
<thead>
<tr>
<th>Standard labor-hours allowed</th>
<th>Actual direct labor-hours worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,900 hours</td>
<td>6,900 hours</td>
</tr>
</tbody>
</table>

What is the labor efficiency variance for the month?

A. $7,400 Favorable
B. $6,400 Favorable
C. $6,800 Favorable
D. $16,000 Favorable

81. The standard cost card of a particular product specifies that it requires 6 direct labor-hours at $12.80 per direct labor-hour. During March, 2,300 units of the product were manufactured. The actual direct labor-hours worked were 2,700. The direct labor variance for the month was:

A. $5,400 Favorable
B. $5,400 Unfavorable
C. $3,000 Favorable
D. $3,000 Unfavorable

82. The labor standards for direct labor-hours for a particular product are 24 direct labor-hours at $12.80 per direct labor-hour. During the period, 850 units of the product were manufactured. There were 2,400 direct labor-hours allowed, and the actual direct labor-hours were 2,600. There was a labor efficiency variance of $8,800 unfavorable. How many actual direct labor-hours were worked?

A. 19,000
B. 20,400
C. 20,950
D. 35,200
What is the variable overhead efficiency variance for the month?

A. $17,397 U
B. $467 Favorable
C. $850 Favorable
D. $880 Favorable

The company actually worked 3,690 machine-hours during the month. The standard hours allowed for the actual output were 3,620 machine-hours for the month. What was the overall variable overhead efficiency variance for the month?

A. $721 Unfavorable
B. $467 Favorable
C. $580 Unfavorable
D. $880 Favorable

The following data pertain to operations for the last month:

<table>
<thead>
<tr>
<th>Machine-hours</th>
<th>Actual hours</th>
<th>2,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard hours allowed for the actual output</td>
<td>3,620</td>
<td></td>
</tr>
<tr>
<td>Total overhead cost</td>
<td>$70,060</td>
<td></td>
</tr>
<tr>
<td>Standard labor-hours</td>
<td>8,800</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>4,700</td>
<td></td>
</tr>
<tr>
<td>Factory depreciation</td>
<td>4,900</td>
<td></td>
</tr>
</tbody>
</table>

The company budgeted production of 4,100 poles. Actual production was 4,400 poles. What was the variable overhead efficiency variance for the month?

A. $850 Favorable
B. $2,877 Favorable
C. $1,302 U
D. $966 F

Machine Corporation applies manufacturing overhead on the basis of standard machine-hours. The standard variable manufacturing overhead rate is $2.50 per machine-hour. The actual variable manufacturing overhead cost for the month was $83,787. The variable overhead efficiency variance is:

A. $92 Favorable
B. $92 Unfavorable
C. $580 Unfavorable
D. $319 Favorable

Sholette Manufacturing Corporation has a standard cost system in which it applies variable manufacturing overhead to products on the basis of standard machine-hours. The standard variable manufacturing overhead rate is $5.00 per machine-hour. During the month, the actual total variable manufacturing overhead was $86,787. The variable overhead efficiency variance is:

A. $580 Unfavorable
B. $1,295 Favorable
C. $4,246 Favorable
D. $850 U

Sperazza Corporation produces large commercial doors for warehouses and other industrial buildings at a variable overhead rate of $1.50 per machine-hour. The standard overhead rate is $2.50 per machine-hour. What was the variable overhead efficiency variance for the month?

A. $966 U
B. $5,821 U
C. $5,897 U
D. $966 F

Hien Inc., uses machine-hours as the base to apply its manufacturing overhead. The following information relates to variable manufacturing overhead standards at Hien:

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Actual Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect labor</td>
<td>$31,700</td>
</tr>
<tr>
<td>Supplies</td>
<td>$14,300</td>
</tr>
<tr>
<td>Total standard variable overhead cost</td>
<td>$46,000</td>
</tr>
<tr>
<td>Actual output</td>
<td>2,000</td>
</tr>
<tr>
<td>Standard variable overhead cost (total)</td>
<td>$46,000</td>
</tr>
<tr>
<td>Actual machine-hours</td>
<td>7,500</td>
</tr>
<tr>
<td>Standard variable manufacturing overhead rate</td>
<td>$5.00</td>
</tr>
</tbody>
</table>

The following data pertain to operations for the last month:

<table>
<thead>
<tr>
<th>Machine-hours</th>
<th>Actual hours</th>
<th>7,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard hours allowed for the actual output</td>
<td>7,400</td>
<td></td>
</tr>
<tr>
<td>Total overhead cost</td>
<td>$59,331</td>
<td></td>
</tr>
<tr>
<td>Standard labor-hours</td>
<td>16,900</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>4,056</td>
<td></td>
</tr>
<tr>
<td>Factory depreciation</td>
<td>3,750</td>
<td></td>
</tr>
</tbody>
</table>

What was the variable overhead efficiency variance for the month?

A. $721 Unfavorable
B. $590 Unfavorable
C. $910 Favorable
D. $1,000 Unfavorable

The following data pertain to operations for the last month:

<table>
<thead>
<tr>
<th>Machine-hours</th>
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<th>7,500</th>
</tr>
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<tbody>
<tr>
<td>Standard hours allowed for the actual output</td>
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<td></td>
</tr>
<tr>
<td>Total overhead cost</td>
<td>$96,331</td>
<td></td>
</tr>
<tr>
<td>Standard labor-hours</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>4,072</td>
<td></td>
</tr>
<tr>
<td>Factory depreciation</td>
<td>3,700</td>
<td></td>
</tr>
</tbody>
</table>

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A. $92 Favorable
B. $92 Unfavorable
C. $580 Unfavorable
D. $319 Favorable

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<th>7,500</th>
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<td></td>
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<td>$96,331</td>
<td></td>
</tr>
<tr>
<td>Standard labor-hours</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>4,072</td>
<td></td>
</tr>
<tr>
<td>Factory depreciation</td>
<td>3,700</td>
<td></td>
</tr>
</tbody>
</table>

What was the variable overhead efficiency variance for the month?

A. $92 Favorable
B. $92 Unfavorable
C. $580 Unfavorable
D. $319 Favorable

The following data pertain to operations for the last month:

<table>
<thead>
<tr>
<th>Machine-hours</th>
<th>Actual hours</th>
<th>7,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard hours allowed for the actual output</td>
<td>7,500</td>
<td></td>
</tr>
<tr>
<td>Total overhead cost</td>
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<td></td>
</tr>
<tr>
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<td></td>
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<tr>
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<td></td>
</tr>
<tr>
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<td></td>
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</table>

What was the variable overhead efficiency variance for the month?

A. $92 Favorable
B. $92 Unfavorable
C. $580 Unfavorable
D. $319 Favorable
Ruetz Clinic uses client-visits as its measure of activity. During November, the clinic budgeted for 2,500 client-visits, but its actual level of activity was 2,520 client-visits. The clinic has provided the following data concerning the formulas to be used in its budgeting:

<table>
<thead>
<tr>
<th>Quanitity</th>
<th>Formula</th>
<th>Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>-</td>
<td>$44.00</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>-</td>
<td>$35.00</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>1,200</td>
<td>13.30</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>700</td>
<td>4.70</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$9,500</td>
<td>$4.70</td>
</tr>
</tbody>
</table>

The net operating income in the flexible budget for November would be closest to:

A. $9,461
B. $12,950
C. $13,376
D. $14,950

Ruetz Clinic uses client-visits as its measure of activity. During November, the clinic budgeted for 2,500 client-visits, but its actual level of activity was 2,520 client-visits. The clinic has provided the following data concerning the formulas to be used in its budgeting:

<table>
<thead>
<tr>
<th>Quanitity</th>
<th>Formula</th>
<th>Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>-</td>
<td>$44.00</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>-</td>
<td>$35.00</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>1,200</td>
<td>13.30</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>700</td>
<td>4.70</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$9,500</td>
<td>$4.70</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for May would be closest to:

A. $23,000
B. $22,950
C. $22,474
D. $22,835

Vanderhyde Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During May, the kennel budgeted for 3,300 tenant-days, but its actual level of activity was 3,340 tenant-days. The kennel has provided the following data concerning the formulas to be used in its budgeting and its actual results for May:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Quanitity</th>
<th>Formula</th>
<th>Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>-</td>
<td>$36.00</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>-</td>
<td>$35.00</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>1,200</td>
<td>13.30</td>
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<td>Facility expenses</td>
<td>700</td>
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</tr>
<tr>
<td>Total expenses</td>
<td>$9,500</td>
<td>$4.70</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for May would be closest to:

A. $13,020
B. $19,025
C. $13,436
D. $19,489

Zelenka Clinic uses client-visits as its measure of activity. During June, the clinic budgeted for 2,700 client-visits, but its actual level of activity was 2,710 client-visits. The clinic has provided the following data concerning the formulas to be used in its budgeting:

<table>
<thead>
<tr>
<th>Quanitity</th>
<th>Formula</th>
<th>Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>-</td>
<td>$36.00</td>
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<tr>
<td>Wages and salaries</td>
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<td>Facility expenses</td>
<td>700</td>
<td>4.70</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$9,500</td>
<td>$4.70</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for June would be closest to:

A. $13,180
B. $13,680
C. $13,980
D. $14,480
**Gandrud Kennel**

Gandrud Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During June, the kennel budgeted for 2,600 tenant-days, but its actual level of activity was 2,580 tenant-days. The kennel has provided the following data concerning the formulas to be used in its budgeting:

- **Variable**
  - Revenue: $37.10 per client-day
  - Wages and salaries: $3,400 per month
  - Food and supplies: $4,000 per month
  - Facility expenses: $9,600 per month
  - Administrative expenses: $700 per month

- **Fixed**
  - Revenue: $37,717
  - Personnel expenses: $36,310
  - Medical supplies: $3,400
  - Facility expenses: $80,974
  - Total expenses: $18,440

During June, the kennel budgeted for 2,700 client-visits, but its actual level of activity was 2,710 client-visits. The kennel has provided the following data concerning the formulas to be used in its budgeting:

- **Variable**
  - Revenue: $37.10 per client-visit
  - Wages and salaries: $3,400 per month
  - Food and supplies: $4,000 per month
  - Facility expenses: $9,600 per month
  - Administrative expenses: $700 per month

- **Fixed**
  - Revenue: $37,717
  - Personnel expenses: $36,310
  - Medical supplies: $3,400
  - Facility expenses: $80,974
  - Total expenses: $18,440

**Labombard Clinic**

Labombard Clinic uses client-visits as its measure of activity. During February, the clinic budgeted for 3,600 client-visits, but its actual level of activity was 3,650 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for February:

- **Variable**
  - Revenue: $47.80 per client-visit
  - Wages and salaries: $3,400
  - Food and supplies: $4,000
  - Facility expenses: $9,600
  - Administrative expenses: $700

- **Fixed**
  - Revenue: $26,100
  - Medical supplies: $3,400
  - Facility expenses: $80,974
  - Total expenses: $47,340

**Actual results for February**

- Revenue: $84,290
- Personnel expenses: $47,075
- Medical supplies: $14,700
- Facility expenses: $10,110
- Administrative expenses: $4,920
- Total expenses: $64,330
- Net operating income: $20,960

**The personnel expenses in the planning budget for June would be closest to:**

- A. $15,974
- B. $16,223
- C. $16,466
- D. $18,248

**The facility expenses in the flexible budget for June would be closest to:**

- A. $46,430
- B. $47,340
- C. $47,635
- D. $47,740

**Revenue - $47.80 per client-visit**

**Variable**

- Wages and salaries: $3,400
- Food and supplies: $4,000
- Facility expenses: $9,600
- Administrative expenses: $700

**Fixed**

- Revenue: $26,100
- Medical supplies: $3,400
- Facility expenses: $80,974
- Total expenses: $47,340

**Net operating income in the flexible budget for June would be closest to:**

- A. $11,640
- B. $14,113
- C. $16,223
- D. $18,960

**The net operating income in the flexible budget for June would be closest to:**

- A. $11,640
- B. $14,113
- C. $16,223
- D. $18,960

**Actual results for February**

- Revenue: $84,290
- Personnel expenses: $47,075
- Medical supplies: $14,700
- Facility expenses: $10,110
- Administrative expenses: $4,920
- Total expenses: $64,330
- Net operating income: $20,960

**The personnel expenses in the planning budget for February would be closest to:**

- A. $15,974
- B. $16,223
- C. $16,466
- D. $18,248

**The facility expenses in the flexible budget for February would be closest to:**

- A. $46,430
- B. $47,340
- C. $47,635
- D. $47,740
Zenon Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During July, the kennel budgeted for 3,300 tenant-days, but its actual level of activity was 3,260 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for July:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$27.60</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$3,400</td>
<td>$5.10</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$27,262</td>
<td>8.20</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$25.04</td>
<td>4.90</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$8,704</td>
<td>4.90</td>
</tr>
</tbody>
</table>

Actual results for July:

- Revenue $87,446
- Wages and salaries $19,796
- Food and supplies $27,262
- Facility expenses $25.04
- Administrative expenses $8,704

Net operating income in the flexible budget for July would be closest to:

A. $25,311
B. $24,770
C. $24,701
D. $24,574

109. Zenon Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During July, the kennel budgeted for 3,300 tenant-days, but its actual level of activity was 3,260 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for July:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
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<tbody>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Food and supplies</td>
<td>$27,262</td>
<td>8.20</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$25.04</td>
<td>4.90</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$8,704</td>
<td>4.90</td>
</tr>
</tbody>
</table>

Actual results for July:

- Revenue $87,446
- Wages and salaries $19,796
- Food and supplies $27,262
- Facility expenses $25.04
- Administrative expenses $8,704

The administrative expenses in the planning budget for February would be closest to:

A. $27,732
B. $27,597
C. $28,060
D. $26,932

110. Labombard Clinic uses client-visits as its measure of activity. During February, the clinic budgeted for 3,600 client-visits, but its actual level of activity was 3,650 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for February:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Fixed element per month</th>
<th>Variable element per client-visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$23.60</td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$26,100</td>
<td>$5.90</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>$8,600</td>
<td>4.90</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$4,000</td>
<td>8.20</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$8,704</td>
<td>4.90</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$3,300</td>
<td>4.90</td>
</tr>
</tbody>
</table>

Actual results for February:

- Revenue $81,840
- Personnel expenses $24,000
- Medical supplies $6,200
- Food and supplies $3,200
- Facility expenses $4,000
- Administrative expenses $8,704

Total expenses $42,304

The net operating income in the planning budget for February would be closest to:

A. $7,382
B. $7,597
C. $7,800
D. $8,425

111. Prater Corporation manufactures a single product. The company uses units as the measure of activity in its budgets and performance reports. During February, the company budgeted for 5,400 units, but its actual level of activity was 5,380 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$27.60</td>
<td></td>
</tr>
<tr>
<td>Direct labor</td>
<td>$7,589</td>
<td>$2.60</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$11,700</td>
<td>2.10</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$6,704</td>
<td>1.20</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$8,704</td>
<td>1.60</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$31,704</td>
<td></td>
</tr>
</tbody>
</table>

Net operating income in the flexible budget for February would be closest to:

A. $2,720
B. $3,060
C. $3,400
D. $3,600

112. Prater Corporation manufactures a single product. The company uses units as the measure of activity in its budgets and performance reports. During February, the company budgeted for 5,400 units, but its actual level of activity was 5,380 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Fixed element per month</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$27.60</td>
<td></td>
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<td>2.10</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$6,704</td>
<td>1.20</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$8,704</td>
<td>1.60</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$31,704</td>
<td></td>
</tr>
</tbody>
</table>

Net operating income in the flexible budget for February would be closest to:

A. $2,720
B. $3,060
C. $3,400
D. $3,600
The measure of activity in its budgets and performance reports. During February, the company budgeted for 5,400 units, but its actual level of activity was 5,380 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:

**Data used in budgeting:**

- **Revenue**: $169,600
- **Direct labor**: $18,164
- **Direct materials**: $50,816
- **Manufacturing overhead**: $53,730
- **Selling and administrative**: $28,272

**Budgeted number of guest-days**: 9,600

**Budgeted variable costs:**
- Supplies (@ $7.50 per guest-day) $72,000
- Laundry (@ $2.30 per guest-day) 22,080

**Total variable cost** $94,080

**Budgeted fixed costs:**
- Wages and salaries 95,040
- Occupancy costs 96,610

**Total fixed cost** $191,650

**Total cost** $285,730

**Bard Hotel bases its budgets on guest-days. The hotel’s static budget for January appears below:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$31,400</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Prater Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During February, the company budgeted for 5,400 units, but its actual level of activity was 5,380 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:**

**Data used in budgeting:**

- **Revenue**: $169,600
- **Direct labor**: $18,164
- **Direct materials**: $50,816
- **Manufacturing overhead**: $53,730
- **Selling and administrative**: $28,272

**The manufacturing overhead in the flexible budget for February would be closest to:**

- A. $53,934
- B. $54,320
- C. $54,320
- D. $53,535

**The total cost at the activity level of 10,300 guest-days per month should be: $285,730**

**Hettinger Hospital bases its budgets on patient-visits. The hospital’s static budget for March appears below:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted number of patient-visits</td>
<td>6,800</td>
</tr>
<tr>
<td>Budgeted variable costs:</td>
<td></td>
</tr>
<tr>
<td>Supplies (@ $7.50 per patient-visit) $56,000</td>
<td></td>
</tr>
<tr>
<td>Laundry (@ $6.70 per patient-visit) 320</td>
<td></td>
</tr>
<tr>
<td>Total variable cost</td>
<td>$56,320</td>
</tr>
<tr>
<td>Budgeted fixed costs:</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$24,000</td>
</tr>
<tr>
<td>Total fixed cost</td>
<td>$24,000</td>
</tr>
<tr>
<td>Total cost</td>
<td>$80,320</td>
</tr>
</tbody>
</table>

**The total cost at the activity level of 10,600 patient-visits per month should be: $80,320**
Revenue  
D. $67,800  
C. $212,520  
B. $187,680  
A. $109,480

Dancause Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During October, the company budgeted for 6,400 units, but its actual level of activity was 6,440 units. The company has provided the following data concerning the formulas to be used in its budgeting:

Variable element

<table>
<thead>
<tr>
<th>Element per Month</th>
<th>Variable Element Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$32.90</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$6.30</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>1.70</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$29.10</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$77,770</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for December would be closest to:

C. $52,739

Illescas Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During December, the company budgeted for 6,400 units, but its actual level of activity was 6,440 units. The company has provided the following data concerning the formulas to be used in its budgeting:

Variable element

<table>
<thead>
<tr>
<th>Element per Month</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Direct labor</td>
<td>$6.30</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>1.70</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$29.10</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$77,770</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for December would be closest to:

C. $52,739

Revenue  
D. $67,800  
C. $212,520  
B. $187,680  
A. $109,480

Dancause Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During October, the company budgeted for 6,400 units, but its actual level of activity was 6,440 units. The company has provided the following data concerning the formulas to be used in its budgeting:

Variable element

<table>
<thead>
<tr>
<th>Element per Month</th>
<th>Variable Element Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$32.90</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$6.30</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>1.70</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$29.10</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$77,770</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for December would be closest to:

C. $52,739

Illescas Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During December, the company budgeted for 6,400 units, but its actual level of activity was 6,440 units. The company has provided the following data concerning the formulas to be used in its budgeting:

Variable element

<table>
<thead>
<tr>
<th>Element per Month</th>
<th>Variable Element Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$32.90</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$6.30</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>1.70</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$29.10</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$77,770</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for December would be closest to:

C. $52,739
Nicolaysen Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During February, the company budgeted for 5,700 units, but its actual level of activity was 5,690 units. The company has provided the following data concerning the formulas used in its budgeting:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$36.80</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$30,000</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$20,800</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$57,000</td>
</tr>
</tbody>
</table>

Actual results for February:

| Revenue                 | $207,302                  |
| Direct labor            | $21,093                   |
| Direct materials         | $104,952                  |
| Manufacturing overhead   | $37,880                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $268,100                  |

As a result of February:

| Revenue                 | $39,202                   |
| Direct labor            | $21,130                   |
| Direct materials         | $13,606                   |
| Manufacturing overhead   | $29,787                   |
| Selling and administrative expenses | $13,606 |
| Total expenses          | $135,580                  |

The actual results in the planning budget for February would be closest to:

A. $33,869
B. $33,837
C. $21,093
D. $21,053

As a result of February:

| Revenue                 | $37,702                   |
| Direct labor            | $21,093                   |
| Direct materials         | $10,606                   |
| Manufacturing overhead   | $37,887                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $135,580                  |

The selling and administrative expenses in the planning budget for February would be closest to:

A. $29,787
B. $29,785
C. $29,789
D. $29,785

The manufacturing overhead in the flexible budget for February would be closest to:

A. $43,323
B. $42,520
C. $42,522
D. $42,520

Nicolaysen Corporation manufactures and sells a single product. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$36.80</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$30,000</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$20,800</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$57,000</td>
</tr>
</tbody>
</table>

Actual results for February:

| Revenue                 | $207,302                  |
| Direct labor            | $21,093                   |
| Direct materials         | $104,952                  |
| Manufacturing overhead   | $37,880                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $268,100                  |

As a result of February:

| Revenue                 | $39,202                   |
| Direct labor            | $21,130                   |
| Direct materials         | $13,606                   |
| Manufacturing overhead   | $29,787                   |
| Selling and administrative expenses | $13,606 |
| Total expenses          | $135,580                  |

The actual results in the planning budget for February would be closest to:

A. $33,869
B. $33,837
C. $21,093
D. $21,053

As a result of February:

| Revenue                 | $37,702                   |
| Direct labor            | $21,093                   |
| Direct materials         | $10,606                   |
| Manufacturing overhead   | $37,887                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $135,580                  |

The selling and administrative expenses in the planning budget for February would be closest to:

A. $29,787
B. $29,785
C. $29,789
D. $29,785

The manufacturing overhead in the flexible budget for February would be closest to:

A. $43,323
B. $42,520
C. $42,522
D. $42,520

Nicolaysen Corporation manufactures and sells a single product. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$36.80</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$30,000</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
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</tr>
<tr>
<td>Total expenses</td>
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Actual results for February:

| Revenue                 | $207,302                  |
| Direct labor            | $21,093                   |
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| Manufacturing overhead   | $37,880                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $268,100                  |

As a result of February:

| Revenue                 | $39,202                   |
| Direct labor            | $21,130                   |
| Direct materials         | $13,606                   |
| Manufacturing overhead   | $29,787                   |
| Selling and administrative expenses | $13,606 |
| Total expenses          | $135,580                  |

The actual results in the planning budget for February would be closest to:

A. $33,869
B. $33,837
C. $21,093
D. $21,053

As a result of February:

| Revenue                 | $37,702                   |
| Direct labor            | $21,093                   |
| Direct materials         | $10,606                   |
| Manufacturing overhead   | $37,887                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $135,580                  |

The selling and administrative expenses in the planning budget for February would be closest to:

A. $29,787
B. $29,785
C. $29,789
D. $29,785

The manufacturing overhead in the flexible budget for February would be closest to:

A. $43,323
B. $42,520
C. $42,522
D. $42,520

Nicolaysen Corporation manufactures and sells a single product. The company has provided the following data concerning the formulas used in its budgeting and its actual results for February:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
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</tr>
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<td>$30,000</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$20,800</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$57,000</td>
</tr>
</tbody>
</table>

Actual results for February:

| Revenue                 | $207,302                  |
| Direct labor            | $21,093                   |
| Direct materials         | $104,952                  |
| Manufacturing overhead   | $37,880                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $268,100                  |

As a result of February:

| Revenue                 | $39,202                   |
| Direct labor            | $21,130                   |
| Direct materials         | $13,606                   |
| Manufacturing overhead   | $29,787                   |
| Selling and administrative expenses | $13,606 |
| Total expenses          | $135,580                  |

The actual results in the planning budget for February would be closest to:

A. $33,869
B. $33,837
C. $21,093
D. $21,053

As a result of February:

| Revenue                 | $37,702                   |
| Direct labor            | $21,093                   |
| Direct materials         | $10,606                   |
| Manufacturing overhead   | $37,887                   |
| Selling and administrative expenses | $29,787 |
| Total expenses          | $135,580                  |

The selling and administrative expenses in the planning budget for February would be closest to:

A. $29,787
B. $29,785
C. $29,789
D. $29,785

The manufacturing overhead in the flexible budget for February would be closest to:

A. $43,323
B. $42,520
C. $42,522
D. $42,520
Revenue $205,400
Direct labor $29,360
Direct materials $74,980
Variable element per unit $24.30
Fixed element per client

Occupancy expenses $9,800
Administrative expenses $37,300

The administrative expenses in the planning budget for July would be closest to:

A. $4,568
B. $4,418
C. $4,597
D. $4,420

Hepburn Clinic uses client-visits as its measure of activity. During July, the clinic budgeted for 3,200 client-visits, but its actual level of activity was 3,180 client-visits. The clinic has provided the following data concerning the formulas to be used in its budgeting for July:

Revenue - $45.60
Personnel expenses $37,300
Medical supplies $1,100
Occupancy expenses $9,800
Administrative expenses $4,100

The net operating income in the planning budget for July would be closest to:

A. $22,183
B. $15,434
C. $21,906
D. $15,860

Leaphart Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During May, the kennel budgeted for 2,800 tenant-days, but its actual level of activity was 2,840 tenant-days. The kennel has provided the following data concerning the formulas to be used in its budgeting for May:

Revenue $31.10
Wages and salaries $3,600
Food and supplies $700
Facility expenses 9,100
Administrative expenses 2,200

The total operating income in the planning budget for May would be closest to:

A. $7,026
B. $6,927
C. $7,336
D. $7,320

Leaphart Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During May, the kennel budgeted for 2,800 tenant-days, but its actual level of activity was 2,840 tenant-days. The kennel has provided the following data concerning the formulas to be used in its budgeting for May:

Revenue $31.10
Wages and salaries $3,600
Food and supplies $700
Facility expenses 9,100
Administrative expenses 2,200

The net operating income in the planning budget for May would be closest to:

A. $7,026
B. $6,927
C. $7,336
D. $7,320
A. $14,450
B. $12,222
C. $12,826
D. $12,870

141. Jiminian Clinic uses client-visits as its measure of activity. During March, the clinic budgeted for 3,700 client-visits, but its actual level of activity was 3,660 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for March:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Variable element</th>
<th>Fixed element per month</th>
<th>Variable element per client-visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$31,700</td>
<td>$9.14</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>$1,800</td>
<td>$0.45</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>$800</td>
<td>$0.11</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$900</td>
<td>$0.25</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$50,400</td>
<td>$1.25</td>
</tr>
</tbody>
</table>

Actual results for March:

| Revenue          | $115,860               |
| Personnel expenses | $66,226                |
| Medical supplies  | $19,810                |
| Occupancy expenses | $12,266                |
| Administrative expenses | $5,224      |
| Total expenses   | $112,524               |
Revenue $71,868
Wages and salaries $17,118
Food and supplies $12,893
Administrative expenses $16,969

Actual results for June:
Revenue $73,868
Wages and salaries $17,118
Food and supplies $12,893
Administrative expenses $16,969
<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$46,700</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,740</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$74,050</td>
</tr>
</tbody>
</table>

The net operating income in the planning budget for January would be closest to:

- A. $20,292
- B. $4,988
- C. $3,340
- D. $8,559

<table>
<thead>
<tr>
<th>Fixed element per month</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$30.40</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$8.70</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,780</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$46,700</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$74,850</td>
</tr>
</tbody>
</table>

The direct materials in the flexible budget for January would be closest to:

- A. $84,900
- B. $84,700
- C. $84,987
- D. $12,877

<table>
<thead>
<tr>
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</tr>
<tr>
<td>Direct materials</td>
<td>$8.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$2,305</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,740</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$32,013</td>
</tr>
</tbody>
</table>

The spending variance for selling and administrative expenses in December would be closest to:

- A. $1,900 F
- B. $1,900 U
- C. $3,660 F
- D. $3,660 U

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>$30.40</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$8.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$2,255</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,160</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$31,364</td>
</tr>
</tbody>
</table>

The spending variance for materials and supplies in December would be closest to:

- A. $2,100 F
- B. $2,100 U
- C. $2,850 F
- D. $2,850 U

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,740</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$32,013</td>
</tr>
</tbody>
</table>

The manufacturing overhead in the flexible budget for November would be closest to:

- A. $2,255
- B. $2,850
- C. $3,660
- D. $4,460

<table>
<thead>
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<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$2,255</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,305</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$30,910</td>
</tr>
</tbody>
</table>

The fixed manufacturing overhead in the flexible budget for November would be closest to:

- A. $84,900
- B. $84,700
- C. $84,987
- D. $86,800

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Direct materials</td>
<td>$8.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$2,255</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,160</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$30,364</td>
</tr>
</tbody>
</table>

The spending variance for materials and supplies in November would be closest to:

- A. $2,100 F
- B. $2,100 U
- C. $2,850 F
- D. $2,850 U

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$30.40</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$8.70</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$2,255</td>
</tr>
<tr>
<td>Selling and advertising expenses</td>
<td>$2,160</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$30,364</td>
</tr>
</tbody>
</table>

The spending variance for materials and supplies in November would be closest to:

- A. $2,100 F
- B. $2,100 U
- C. $2,850 F
- D. $2,850 U

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$30.40</td>
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<tr>
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<td>$2,160</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$30,364</td>
</tr>
</tbody>
</table>

The spending variance for materials and supplies in November would be closest to:

- A. $2,100 F
- B. $2,100 U
- C. $2,850 F
- D. $2,850 U

154. Shelby Bros. Wash's cost formula for its cleaning equipment and supplies is $2,200 per month plus $3.10 per boat. For the month of September, the company planned for activity of 82 boats, but the actual level of activity was 32 boats. The actual cleaning equipment and supplies for the month was $3,340.

- A. $84,900
- B. $86,800
- C. $86,507
- D. $86,910

155. Shelby Bros. Wash's cost formula for its cleaning equipment and supplies is $2,200 per month plus $3.10 per boat. For the month of December, the company planned for activity of 92 boats, but the actual level of activity was 32 boats. The actual cleaning equipment and supplies for the month was $3,340.

- A. $84,900
- B. $86,800
- C. $86,507
- D. $86,910

156. Shelby Bros. Wash's cost formula for its cleaning equipment and supplies is $2,200 per month plus $3.10 per boat. For the month of February, Shelby Bros. Wash's planned for activity of 82 boats, but the actual level of activity was 32 boats. The actual cleaning equipment and supplies for the month was $3,340.

- A. $84,900
- B. $86,800
- C. $86,507
- D. $86,910
### Actual results for December:

**Revenue:** $97,978

**Wages and salaries:** $23,530

**Food and supplies:** $35,224

**Facility expenses:** $19,780

**Administrative expenses:** $7,404

Revenue $97,978

Wages and salaries $23,530

Food and supplies $35,224

Facility expenses $19,780

Administrative expenses $7,404

Actual results for December:

Revenue $97,978

Wages and salaries $23,530

Food and supplies $35,224

Facility expenses $19,780

Administrative expenses $7,404

### Question:

The net operating income in the planning budget for December would be closest to:

- **A.** $11,200
- **B.** $12,121
- **C.** $11,960
- **D.** $11,400

**Answer:**

The net operating income in the planning budget for December would be closest to **B.** $12,121

### Pearse Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During December, the kennel budgeted for 3,000 tenant-days, but its actual level of activity was 2,980 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for December:

<table>
<thead>
<tr>
<th>Fixed element</th>
<th>Variable element per tenant-day</th>
<th>Variable element per month</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per month</td>
<td></td>
</tr>
<tr>
<td>Facility expenses</td>
<td>6.80</td>
<td>3.50</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>6.30</td>
<td>3.00</td>
</tr>
<tr>
<td>Total expenses</td>
<td>19.60</td>
<td>10.00</td>
</tr>
</tbody>
</table>

**Actual results for December:**

Revenue $32,110

Wages and salaries $2,480

Food and supplies $900

Facility expenses 8,600

Administrative expenses 6.30

Total expenses $19.60

### Question:

The net operating income in the flexible budget for December would be closest to:

- **A.** $11,200
- **B.** $12,121
- **C.** $11,960
- **D.** $11,400

**Answer:**

The net operating income in the flexible budget for December would be closest to **B.** $12,121

### Hairston Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During November, the company budgeted for 7,700 units, but its actual level of activity was 7,720 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for November:

<table>
<thead>
<tr>
<th>Fixed element</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per unit per month</td>
</tr>
<tr>
<td>Revenue</td>
<td>$38.10</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0.40</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$4.40</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>1.40</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>0.20</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$21,104</td>
</tr>
</tbody>
</table>

**Actual results for November:**

Revenue $293,010

Wages and salaries $23,530

Food and supplies $35,224

Facility expenses $19,780

Administrative expenses $7,404

Revenue $293,010

Wages and salaries $23,530

Food and supplies $35,224

Facility expenses $19,780

Administrative expenses $7,404

### Question:

The direct labor in the flexible budget for November would be closest to:

- **A.** $29,960
- **B.** $370 F
- **C.** $40 F
- **D.** $370 U

**Answer:**

The direct labor in the flexible budget for November would be closest to **D.** $370 F

### Question:

The spending variance for direct materials in November would be closest to:

- **A.** $22,144
- **B.** $21,104
- **C.** $22,140
- **D.** $21,049

**Answer:**

The spending variance for direct materials in November would be closest to **C.** $22,140

### Question:

The actual results for November:

**Revenue:** $293,010

**Wages and salaries:** $23,530

**Food and supplies:** $35,224

**Facility expenses:** $19,780

**Administrative expenses:** $7,404

**Total expenses:** $21,104

### Question:

The selling and administrative expenses in the planning budget for November would be closest to:

- **A.** $22,144
- **B.** $21,104
- **C.** $22,140
- **D.** $21,049

**Answer:**

The selling and administrative expenses in the planning budget for November would be closest to **B.** $21,104

### Question:

The flexible budget for November would be closest to:

- **A.** $22,144
- **B.** $21,104
- **C.** $22,140
- **D.** $21,049

**Answer:**

The flexible budget for November would be closest to **B.** $21,104

### Question:

The actual results for August:

**Revenue:** $168,140

**Wages and salaries:** $29,960

**Food and supplies:** $85,110

**Facility expenses:** $10,000

**Administrative expenses:** $4,000

**Total expenses:** $127,380

### Question:

The actual results for August:

**Revenue:** $217,280

**Wages and salaries:** $60,280

**Food and supplies:** $127,050

**Facility expenses:** $16,500

**Administrative expenses:** $4,800

**Total expenses:** $171,100

### Question:

The actual results for August:

**Revenue:** $217,280

**Wages and salaries:** $60,280

**Food and supplies:** $127,050

**Facility expenses:** $16,500

**Administrative expenses:** $4,800

**Total expenses:** $171,100

### Question:

The actual results for August:

**Revenue:** $217,280

**Wages and salaries:** $60,280

**Food and supplies:** $127,050

**Facility expenses:** $16,500

**Administrative expenses:** $4,800

**Total expenses:** $171,100

### Question:

The actual results for August:

**Revenue:** $217,280

**Wages and salaries:** $60,280

**Food and supplies:** $127,050

**Facility expenses:** $16,500

**Administrative expenses:** $4,800

**Total expenses:** $171,100

### Question:

The actual results for August:

**Revenue:** $217,280

**Wages and salaries:** $60,280

**Food and supplies:** $127,050

**Facility expenses:** $16,500

**Administrative expenses:** $4,800

**Total expenses:** $171,100
Buonocore Clinic uses client-visits as its measure of activity. During August, the clinic budgeted for 2,800 client-visits, but its actual level of activity was 2,770 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for August:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Element</th>
<th>Fixed element per month</th>
<th>Variable element per client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$46.20</td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$132.12</td>
<td></td>
</tr>
<tr>
<td>Medical supplies</td>
<td>$7,423.32</td>
<td></td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>$5,977.76</td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$13,213.00</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>$24,252.30</td>
<td></td>
</tr>
</tbody>
</table>

Actual results for August:

<table>
<thead>
<tr>
<th>Element</th>
<th>Revenue</th>
<th>Personnel expenses</th>
<th>Medical supplies</th>
<th>Occupancy expenses</th>
<th>Administrative expenses</th>
<th>Total expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$132,12</td>
<td>$13,180</td>
<td>$1,800</td>
<td>$7,600</td>
<td>$13,213</td>
<td>$172,124</td>
</tr>
<tr>
<td>Revenue 0</td>
<td>$46.20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The personnel expenses in the flexible budget for August would be closest to:

A. $13,180
B. $13,480
C. $13,090
D. $13,213

The medical supplies in the flexible budget for August would be closest to:

A. $7,423.32
B. $7,491.97
C. $7,418.51
D. $7,406.02

The overall revenue and spending variance, i.e., the variance for net operating income in the revenue and spending variance column on the revenue and spending variances report for August would be closest to:

A. $10,362 F
B. $10,362 U
C. $10,970 F
D. $10,997 U
Juenemann Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During December, the kennel budgeted for 3,800 tenant-days, but its actual level of activity was 3,770 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for December:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td></td>
</tr>
<tr>
<td>Food and supplies</td>
<td></td>
</tr>
<tr>
<td>Facility expenses</td>
<td></td>
</tr>
</tbody>
</table>

Actual results for December:

<table>
<thead>
<tr>
<th></th>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$132,19</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$32,662</td>
<td></td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$48,918</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>$23,040</td>
</tr>
</tbody>
</table>

Administrative expenses $8,931

The spending variance for facility expenses in December would be closest to:
A. $24,080
B. $22,858
C. $23,223
D. $24,200

The administrative expenses in the planning budget for December would be closest to:
A. $7,636
B. $7,810
C. $7,850
D. $7,840

Buonocore Clinic uses client-visits as its measure of activity. During August, the clinic budgeted for 2,800 client-visits, but its actual level of activity was 2,770 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for August:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per client-visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td></td>
</tr>
<tr>
<td>Food and supplies</td>
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</tr>
<tr>
<td>Facility expenses</td>
<td></td>
</tr>
</tbody>
</table>

Actual results for August:

<table>
<thead>
<tr>
<th></th>
<th>Fixed element per month</th>
<th>Variable element per client-visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$132,19</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$32,662</td>
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</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>$23,040</td>
</tr>
</tbody>
</table>

Administrative expenses $8,931

The spending variance for medical supplies in August would be closest to:
A. $24,080
B. $22,858
C. $23,223
D. $24,200

The administrative expenses in the planning budget for October would be closest to:
A. $7,636
B. $7,810
C. $7,850
D. $7,840

Nicolini Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During October, the kennel budgeted for 2,200 tenant-days, but its actual level of activity was 2,250 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for October:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td></td>
</tr>
<tr>
<td>Food and supplies</td>
<td></td>
</tr>
<tr>
<td>Facility expenses</td>
<td></td>
</tr>
</tbody>
</table>

Actual results for October:

<table>
<thead>
<tr>
<th></th>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$32,662</td>
<td></td>
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<td>$48,918</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>$23,040</td>
</tr>
</tbody>
</table>

Administrative expenses $8,931

The spending variance for facility expenses in October would be closest to:
A. $24,080
B. $22,858
C. $23,223
D. $24,200

The administrative expenses in the planning budget for October would be closest to:
A. $7,636
B. $7,810
C. $7,850
D. $7,840

Juenemann Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During December, the kennel budgeted for 3,800 tenant-days, but its actual level of activity was 3,770 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for December:

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<tr>
<th></th>
<th>Fixed element per month</th>
<th>Variable element per tenant-day</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
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<td>Wages and salaries</td>
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<tr>
<td>Total expenses</td>
<td></td>
<td>$23,040</td>
</tr>
</tbody>
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Administrative expenses $8,931

The spending variance for facility expenses in December would be closest to:
A. $24,080
B. $22,858
C. $23,223
D. $24,200

The administrative expenses in the planning budget for December would be closest to:
A. $7,636
B. $7,810
C. $7,850
D. $7,840

Juenemann Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During December, the kennel budgeted for 3,800 tenant-days, but its actual level of activity was 3,770 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for December:

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<thead>
<tr>
<th>Fixed element per month</th>
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</tr>
<tr>
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Actual results for December:

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</thead>
<tbody>
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<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>$23,040</td>
</tr>
</tbody>
</table>

Administrative expenses $8,931

The spending variance for facility expenses in December would be closest to:
A. $24,080
B. $22,858
C. $23,223
D. $24,200

The administrative expenses in the planning budget for December would be closest to:
A. $7,636
B. $7,810
C. $7,850
D. $7,840
Actual results for October:

Revenue $76,370
Wages and salaries $18,600
Food and supplies $27,175
Facility expenses $15,555
Administrative expenses $7,810

The spending variance for food and supplies in October would be closest to:

A. $27,775
B. $26,571
C. $27,793
D. $27,180

Actual results for October:

Revenue $158,578
Personnel expenses $87,314
Medical supplies $21,452
Occupancy expenses $18,048
Administrative expenses $5,248

The spending variance for occupancy expenses in October would be closest to:

A. $17,811
B. $18,289
C. $17,318
D. $17,200

Federick Clinic uses client-visits as its measure of activity. During October, the clinic budgeted for 3,000 client-visits, but its actual level of activity was 3,040 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for October:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Fixed element per client</th>
<th>Variable element per client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$51.20</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$36,600 $18.10</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>$37,910</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>12,100 $1.70</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$7,810 $5.24</td>
</tr>
<tr>
<td>Total</td>
<td>$75,920 $35.64</td>
</tr>
</tbody>
</table>

Actual results for October:

Revenue $158,578
Personnel expenses $87,314
Medical supplies $21,452
Occupancy expenses $18,048
Administrative expenses $5,248

The spending variance for occupancy expenses in October would be closest to:

A. $17,811
B. $18,289
C. $17,318
D. $17,200
Selling and administrative expenses $25,400

Direct labor $35,264

Manufacturing overhead $57,816

Variable element per unit

Actual results for November:

Direct materials $251,500

Revenue $216,300

Direct labor $78,152

Direct materials $58,224

Manufacturing overhead $51,980

Selling and administrative $25,400

Fixed element per month

Total expenses $70,200

The direct labor in the planning budget for November would be closest to:

Variable element per unit

Fixed element per month

Selling and administrative expenses $25,400

A. $35,264

B. $36,360

C. $36,364

D. $107,160

Actual results for November:

Direct materials 49,000, 1.20

Revenue $251,500

Direct labor $35,260

Direct materials $95,130

Manufacturing overhead $49,000

Selling and administrative $25,400

expenses

Total expenses $70,200

Actual results for November:

Revenue $251,500

Direct labor $35,260

Direct materials $95,130

Manufacturing overhead $49,000

Selling and administrative $25,400

expenses

Total expenses $70,200

Actual results for November:

Revenue $251,500

Direct labor $35,260

Direct materials $95,130

Manufacturing overhead $49,000

Selling and administrative $25,400

expenses

Total expenses $70,200

Actual results for November:

Revenue $251,500

Direct labor $35,260

Direct materials $95,130

Manufacturing overhead $49,000

Selling and administrative $25,400

expenses

Total expenses $70,200

Actual results for November:

Revenue $251,500

Direct labor $35,260

Direct materials $95,130

Manufacturing overhead $49,000

Selling and administrative $25,400

expenses

Total expenses $70,200

Actual results for November:

Revenue $251,500

Direct labor $35,260

Direct materials $95,130

Manufacturing overhead $49,000

Selling and administrative $25,400

expenses

Total expenses $70,200
93. Lantagne Clinic uses client visits as its measure of activity. During May, the clinic budgeted for 3,800 client visits, but its actual level of activity was 3,820 client visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for May:

<table>
<thead>
<tr>
<th>Data used in budgeting</th>
<th>Variability element per client visit</th>
<th>Variability element per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$38.20</td>
<td>$38.20</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$8,848</td>
<td>$11.30</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>$21,314</td>
<td>$5.55</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>$17,960</td>
<td>$4.60</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$8,848</td>
<td>$2.30</td>
</tr>
</tbody>
</table>

Actual results for May:

| Revenue                | $145,660                             |
| Personnel expenses    | $80,786                               |
| Medical supplies       | $21,314                               |
| Occupancy expenses    | $17,960                               |
| Administrative expenses| $8,848                               |

Threatened operating income in the planning budget for May would be closest to:

A. $16,668
B. $17,040
C. $17,426
D. $16,844

94. Lantagne Clinic uses client visits as its measure of activity. During May, the clinic budgeted for 3,800 client visits, but its actual level of activity was 3,820 client visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for May:

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<thead>
<tr>
<th>Data used in budgeting</th>
<th>Variability element per client visit</th>
<th>Variability element per month</th>
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</thead>
<tbody>
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<td>$4.60</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$8,848</td>
<td>$2.30</td>
</tr>
</tbody>
</table>

Actual results for May:

| Revenue                | $145,660                             |
| Personnel expenses    | $80,786                               |
| Medical supplies       | $21,314                               |
| Occupancy expenses    | $17,960                               |
| Administrative expenses| $8,848                               |

Threatened operating income in the flexible budget for May would be closest to:

A. $159.80
B. $17,040
C. $16,668
D. $16,844

95. Lantagne Clinic uses client visits as its measure of activity. During May, the clinic budgeted for 3,800 client visits, but its actual level of activity was 3,820 client visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for May:

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<tbody>
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<td>$38.20</td>
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<tr>
<td>Administrative expenses</td>
<td>$8,848</td>
<td>$2.30</td>
</tr>
</tbody>
</table>

Actual results for May:

| Revenue                | $145,660                             |
| Personnel expenses    | $80,786                               |
| Medical supplies       | $21,314                               |
| Occupancy expenses    | $17,960                               |
| Administrative expenses| $8,848                               |

The overall revenue and spending variance (i.e., the variance for net operating income in the revenue and spending variance column on the revenue and spending variances report for May) would be closest to:

A. $284 U
B. $670 F
C. $409 U
D. $284 F

96. Perla Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During March, the kennel budgeted for 2,200 tenant-days, but its actual level of activity was 2,160 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for March:

<table>
<thead>
<tr>
<th>Data used in budgeting</th>
<th>Variability element per tenant-day</th>
<th>Variability element per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$32.60</td>
<td>$32.60</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$2,800</td>
<td>$7.30</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$19,092</td>
<td>$8.20</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$18,498</td>
<td>$4.80</td>
</tr>
</tbody>
</table>

Actual results for March:

| Revenue                | $69,996                             |
| Wages and salaries     | $18,408                             |
| Food and supplies      | $19,092                             |
| Facility expenses      | $18,498                             |
| Administrative expenses| $6,652                              |

The wages and salaries in the planning budget for March would be closest to:

A. $18,860
B. $18,749
C. $18,568
D. $18,408

97. Perla Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During March, the kennel budgeted for 2,200 tenant-days, but its actual level of activity was 2,160 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for March:

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Actual results for March:

| Revenue                | $69,996                             |
| Wages and salaries     | $18,408                             |
| Food and supplies      | $19,092                             |
| Facility expenses      | $18,498                             |
| Administrative expenses| $6,652                              |

The final and supplies in the flexible budget for March would be closest to:

A. $69,996
B. $18,408
C. $18,498
D. $18,940

98. Perla Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During March, the kennel budgeted for 2,200 tenant-days, but its actual level of activity was 2,160 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for March:

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Actual results for March:

| Revenue                | $69,996                             |
| Wages and salaries     | $18,408                             |
| Food and supplies      | $19,092                             |
| Facility expenses      | $18,498                             |
| Administrative expenses| $6,652                              |

The final and supplies in the flexible budget for March would be closest to:

A. $69,996
B. $18,408
C. $18,498
D. $18,940

99. Perla Kennel uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During March, the kennel budgeted for 2,200 tenant-days, but its actual level of activity was 2,160 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for March:

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</tr>
<tr>
<td>Food and supplies</td>
<td>$19,092</td>
<td>$8.20</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$18,498</td>
<td>$4.80</td>
</tr>
</tbody>
</table>

Actual results for March:

| Revenue                | $69,996                             |
| Wages and salaries     | $18,408                             |
| Food and supplies      | $19,092                             |
| Facility expenses      | $18,498                             |
| Administrative expenses| $6,652                              |
## Data used in budgeting:

<table>
<thead>
<tr>
<th>Element per month</th>
<th>Variability</th>
<th>Revenues</th>
<th>Fixed element per month</th>
<th>Variability</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vouchers and Salaries</td>
<td>$11,400</td>
<td>$81,100</td>
<td>$2,800</td>
<td>$7.30</td>
<td>$81,100</td>
</tr>
<tr>
<td>Food and Supplies</td>
<td>$8,500</td>
<td>$8,500</td>
<td>$18,900</td>
<td>$0.30</td>
<td>$18,900</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>$900</td>
<td>$900</td>
<td>$1,400</td>
<td>$0.20</td>
<td>$1,400</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$6,192</td>
<td>$6,192</td>
<td>$39.80</td>
<td>$0.00</td>
<td>$39.80</td>
</tr>
</tbody>
</table>

### Actual results for March:

<table>
<thead>
<tr>
<th>Element per month</th>
<th>Variability</th>
<th>Actuals</th>
<th>Fixed element per month</th>
<th>Variability</th>
<th>Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vouchers and Salaries</td>
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<td>$18,408</td>
<td>$2,800</td>
<td>$7.30</td>
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</tr>
<tr>
<td>Food and Supplies</td>
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<td>$19,092</td>
<td>$18,900</td>
<td>$0.30</td>
<td>$18,900</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>$900</td>
<td>$17,700</td>
<td>$1,400</td>
<td>$0.20</td>
<td>$1,400</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$6,192</td>
<td>$19,200</td>
<td>$39.80</td>
<td>$0.00</td>
<td>$39.80</td>
</tr>
</tbody>
</table>

### Actual results for July:

<table>
<thead>
<tr>
<th>Element per month</th>
<th>Variability</th>
<th>Actuals</th>
<th>Fixed element per month</th>
<th>Variability</th>
<th>Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vouchers and Salaries</td>
<td>$11,400</td>
<td>$26,500</td>
<td>$2,800</td>
<td>$7.30</td>
<td>$2,800</td>
</tr>
<tr>
<td>Food and Supplies</td>
<td>$8,500</td>
<td>$26,936</td>
<td>$18,900</td>
<td>$0.30</td>
<td>$18,900</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>$900</td>
<td>$2,000</td>
<td>$1,400</td>
<td>$0.20</td>
<td>$1,400</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$6,192</td>
<td>$10,980</td>
<td>$39.80</td>
<td>$0.00</td>
<td>$39.80</td>
</tr>
</tbody>
</table>

## Actual results for March:

<table>
<thead>
<tr>
<th>Element per month</th>
<th>Variability</th>
<th>Actuals</th>
<th>Variability</th>
<th>Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vouchers and Salaries</td>
<td>$11,400</td>
<td>$18,408</td>
<td>$152 F</td>
<td>$8,400</td>
</tr>
<tr>
<td>Food and Supplies</td>
<td>$8,500</td>
<td>$19,092</td>
<td>$480 F</td>
<td>$11,054</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>$900</td>
<td>$17,700</td>
<td>$480 U</td>
<td>$11,180</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$6,192</td>
<td>$19,200</td>
<td>$152 U</td>
<td>$11,200</td>
</tr>
</tbody>
</table>

## Actual results for July:

<table>
<thead>
<tr>
<th>Element per month</th>
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<td>$6,192</td>
<td>$10,980</td>
<td>$152 U</td>
<td>$11,200</td>
</tr>
</tbody>
</table>

## Variability of activity:

<table>
<thead>
<tr>
<th>Element per month</th>
<th>Variability</th>
<th>Actuals</th>
<th>Variability</th>
<th>Actuals</th>
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<tr>
<td>Administrative Expenses</td>
<td>$6,192</td>
<td>$19,200</td>
<td>$152 U</td>
<td>$11,200</td>
</tr>
</tbody>
</table>
Actual results for May:

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Wages and salaries</th>
<th>Food and supplies</th>
<th>Facility expenses</th>
<th>Administrative expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses</td>
<td>$19,200</td>
<td>$30,900</td>
<td>$16,872</td>
<td>$8,500</td>
<td>$7,879</td>
</tr>
</tbody>
</table>

The administrative expenses in the planning budget for May would be closest to:

A. $7,879
B. $7,969
C. $7,960
D. $7,806

The facility expenses in the flexible budget for May would be closest to:

A. $20,394
B. $297 F
C. $540 U
D. $297 U

The spending variance for food and supplies in May would be closest to:

A. $20,400
B. $19,700
C. $19,805
D. $20,778

Kari Kennel uses tenant-days as its measure of activity. During May, the kennel budgeted for 3,200 tenant-days, but its actual level of activity was 3,230 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for May:

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Wages and salaries</th>
<th>Food and supplies</th>
<th>Facility expenses</th>
<th>Administrative expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual results for May:</td>
<td>$17.70</td>
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<td></td>
</tr>
</tbody>
</table>

Wesolick Clinic uses client-visits as its measure of activity. During August, the clinic budgeted for 2,900 client-visits, but its actual level of activity was 2,870 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for August:

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Wages and salaries</th>
<th>Medical supplies</th>
<th>Occupancy expenses</th>
<th>Administrative expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual results for August:</td>
<td>$46.10</td>
<td>$40.50</td>
<td>$12.80</td>
<td>$6.30</td>
<td></td>
</tr>
</tbody>
</table>

The administrative expenses in the planning budget for August would be closest to:

A. $7,964
B. $7,974
C. $7,965
D. $7,979

The medical supplies in the flexible budget for August would be closest to:

A. $1,060
B. $814 F
C. $1,068
D. $818 F

The spending variance for medical supplies in August would be closest to:

A. $17,640
B. $17,048
C. $17,472
D. $16,697

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<th>Facility expenses</th>
<th>Administrative expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual results for May:</td>
<td>$21,744</td>
<td>$26,323</td>
<td>$20,585</td>
<td>$7,879</td>
<td></td>
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<th>Administrative expenses</th>
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</thead>
<tbody>
<tr>
<td>Actual results for August:</td>
<td>$120,370</td>
<td>$65,916</td>
<td>$16,872</td>
<td>$13,200</td>
<td></td>
</tr>
</tbody>
</table>

The administrative expenses in the planning budget for August would be closest to:

A. $6,974
B. $6,906
C. $6,900
D. $6,874

The medical supplies in the flexible budget for August would be closest to:

A. $1,060
B. $1,068
C. $1,069
D. $1,125

The spending variance for medical supplies in August would be closest to:

A. $768 U
B. $768 F
C. $600 F
D. $600 U

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The administrative expenses in the planning budget for August would be closest to:

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B. $7,974
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The medical supplies in the flexible budget for August would be closest to:

A. $1,060
B. $1,068
C. $1,069
D. $1,125

The spending variance for medical supplies in August would be closest to:

A. $768 U
B. $768 F
C. $600 F
D. $600 U
number of machine-hours. The company bases its budgets on machine-hours.

<table>
<thead>
<tr>
<th>Actual number of machine-hours</th>
<th>Budgeted number of machine-hours</th>
<th>Budgeted number of machine-hours</th>
<th>Budgeted number of machine-hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,790</td>
<td>6,282</td>
<td>6,282</td>
<td>6,282</td>
</tr>
</tbody>
</table>

The operating profit or loss per unit produced for the month should be:

A. $641 F  
B. $641 U  
C. $840 F  
D. $840 U

213. Zike Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During July, the company budgeted for 7,800 units, but its actual level of activity was 7,780 units. The company has provided the following data concerning the formulas used in its budgeting and the actual results for July:

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Direct labor</th>
<th>Direct materials</th>
<th>Manufacturing overhead</th>
<th>Selling and administrative expenses</th>
<th>Total expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$224.9</td>
<td>$52.27</td>
<td>$96.17</td>
<td>$97.79</td>
<td>$27.59</td>
<td>$32,140</td>
</tr>
</tbody>
</table>

Actual results for July:

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<td>$32,140</td>
</tr>
</tbody>
</table>

214. Zike Corporation’s static planning budget for October appears below. The company bases its budgets on machine-hours.

<table>
<thead>
<tr>
<th>Budgeted number of machine-hours</th>
<th>Supplies (@ $2.30 per machine-hour)</th>
<th>Power (@ $0.05 per machine-hour)</th>
<th>Salaries</th>
<th>Equipment depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,282</td>
<td>$13.76</td>
<td>$0.31</td>
<td>$15.36</td>
<td>$12.50</td>
<td>$33.83</td>
</tr>
</tbody>
</table>

The operating profit or loss for the month should be:

A. $641 F  
B. $641 U  
C. $840 F  
D. $840 U

Zike Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During July, the company budgeted for 7,800 units, but its actual level of activity was 7,780 units. The company has provided the following data concerning the formulas used in its budgeting and the actual results for July:

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Direct labor</th>
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Actual results for July:

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<td>$96.17</td>
<td>$97.79</td>
<td>$27.59</td>
<td>$32,140</td>
</tr>
</tbody>
</table>
Privette Hospital bases its budget on patient visits. The hospital’s static planning budget for November appears below:

<table>
<thead>
<tr>
<th>Element per patient-visit</th>
<th>Actual results November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$96,382</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$19,529</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$33,899</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$9,200</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$8,956</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$15,450</td>
</tr>
</tbody>
</table>

Privette Hospital’s actual results for November are:

<table>
<thead>
<tr>
<th>Element per patient-visit</th>
<th>Actual results November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$91,982</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$19,529</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$33,899</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$9,100</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$9,050</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$15,450</td>
</tr>
</tbody>
</table>

The overall revenue and spending variance (i.e., the variance format operating income in the revenue and spending variance columns of the revenue and spending variances report) would be closest to:

A. $1,040 U  
B. $1,040 F  
C. $949 F  
D. $949 U

Privette Hospital bases its budget on number of patient-days. The hospital’s static planning budget for November appears below:

<table>
<thead>
<tr>
<th>Element per patient-day</th>
<th>Actual results November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$96,382</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$19,529</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$33,899</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$9,200</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$8,956</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$15,450</td>
</tr>
</tbody>
</table>

Privette Hospital’s actual results for November are:

<table>
<thead>
<tr>
<th>Element per patient-day</th>
<th>Actual results November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$91,982</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>$19,529</td>
</tr>
<tr>
<td>Food and supplies</td>
<td>$33,899</td>
</tr>
<tr>
<td>Facility expenses</td>
<td>$9,100</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$9,050</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$15,450</td>
</tr>
</tbody>
</table>

The overall revenue and spending variance (i.e., the variance format operating income in the revenue and spending variance columns of the revenue and spending variances report) would be closest to:

A. $1,040 U  
B. $1,040 F  
C. $949 F  
D. $949 U
Privett Hospital bases its budgets on patient-visits. The hospital’s static planning budget measures activity in its budgets and performance reports. During April, the company budgeted for 3,500 patient-visits, but its actual level of activity was 3,700 patient-visits. The company has provided the following data concerning the formulas used in its budgeting and its actual results for April:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$12,900</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$1,900</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$2,020</td>
</tr>
</tbody>
</table>

Total expenses: $17,150

Actual results for April:

- Revenue: $179,160
- Direct labor: $41,240
- Direct materials: $49,080
- Manufacturing overhead: $48,540
- Selling and administrative expenses: $2,020

Actual number of patient-visits: 3,700

The spending variance for occupancy costs in the performance report for the month is:

A. $160 U
B. $480 U
C. $480 F
D. $160 F

The revenue variance for April would be closest to:

A. $3,926 U
B. $2,424 F
C. $3,926 F
D. $2,424 U

The spending variance for direct materials in April would be closest to:

A. $0 U
B. $1,020 U
C. $1,020 F
D. $0 F

2. Gilson Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During April, the company budgeted for 5,100 units, but its actual level of activity was 5,060 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for April:

Data used in budgeting:

<table>
<thead>
<tr>
<th>Fixed element per month</th>
<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$35,900</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$38,600</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>$2,424</td>
</tr>
</tbody>
</table>

Total expenses: $76,350

Actual results for April:

- Revenue: $179,160
- Direct labor: $41,240
- Direct materials: $49,080
- Manufacturing overhead: $48,540
- Selling and administrative expenses: $2,424

Actual number of units sold: 5,060

The spending variance for manufacturing overhead in April would be closest to:

A. $0 U
B. $330 U
C. $330 F
D. $254 U

The revenue variance for April would be closest to:

A. $2,020 F
B. $2,020 U
C. $2,424 F
D. $2,424 U

2. Gilson Corporation manufactures and sells a single product. The company uses units as the measure of activity in its budgets and performance reports. During April, the company budgeted for 5,100 units, but its actual level of activity was 5,060 units. The company has provided the following data concerning the formulas used in its budgeting and its actual results for April:

Data used in budgeting:

<table>
<thead>
<tr>
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<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$38,600</td>
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<tr>
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<td>$2,424</td>
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Total expenses: $76,350

Actual results for April:

- Revenue: $179,160
- Direct labor: $41,240
- Direct materials: $49,080
- Manufacturing overhead: $48,540
- Selling and administrative expenses: $2,424

Actual number of units sold: 5,060

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A. $0 U
B. $330 U
C. $330 F
D. $254 U

The revenue variance for April would be closest to:

A. $2,020 F
B. $2,020 U
C. $2,424 F
D. $2,424 U

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Data used in budgeting:

<table>
<thead>
<tr>
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<th>Variable element per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$35,900</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$0</td>
</tr>
<tr>
<td>Direct materials</td>
<td>$0</td>
</tr>
<tr>
<td>Manufacturing overhead</td>
<td>$38,600</td>
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<td>$2,424</td>
</tr>
</tbody>
</table>

Total expenses: $76,350

Actual results for April:

- Revenue: $179,160
- Direct labor: $41,240
- Direct materials: $49,080
- Manufacturing overhead: $48,540
- Selling and administrative expenses: $2,424

Actual number of units sold: 5,060

The spending variance for manufacturing overhead in April would be closest to:

A. $0 U
B. $330 U
C. $330 F
D. $254 U

The revenue variance for April would be closest to:

A. $2,020 F
B. $2,020 U
C. $2,424 F
D. $2,424 U
Manufacturing overhead $48,540
Selling and administrative expenses $22,350

This amount is the sum of the operating expenses in the revenue and spending variance column in the revenue and spending variance report for April would be closest to:
A. $22,950 F
B. $22,950 U
C. $22,950 F
D. $22,950 U

231. Diemert Corporation bases its budget on machine-hours. The company’s static planning budget for June appears below:

<table>
<thead>
<tr>
<th>Variable element per machine-hour</th>
<th>Fixed element per month</th>
<th>Total expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$44.60</td>
<td>$232,960</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$60,300</td>
<td>$60,300</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>$18,648</td>
<td>$18,648</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>$11,290</td>
<td>$11,290</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$4,594</td>
<td>$4,594</td>
</tr>
<tr>
<td>Total</td>
<td>$227,132</td>
<td>$227,132</td>
</tr>
</tbody>
</table>

The standard operating income for the month should be closest to:
A. $9,900 F
B. $9,900 U
C. $9,900 F
D. $9,900 U

230. Hagel Clinic uses client-visits as its measure of activity. During July, the clinic budgeted for 2,300 client-visits, but its actual level of activity was 2,320 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for July:

### Data used in budgeting:

#### Variable element per client-visit:

- Revenue: $44.60
- Personnel expenses: $60,922
- Medical supplies: $18,648
- Occupancy expenses: $11,290
- Administrative expenses: $4,594

#### Fixed element per month:

- Revenue: $23,200
- Medical supplies: 900, 7.40
- Occupancy expenses: 6,500, 2.00
- Administrative expenses: 4,594

### Actual results for July:

#### Variable element per client-visit:

- Revenue: $44.60
- Personnel expenses: $60,922
- Medical supplies: $18,648
- Occupancy expenses: $11,290
- Administrative expenses: $4,594

#### Fixed element per month:

- Revenue: $23,200
- Medical supplies: 900, 7.40

### Variability:

#### Variability of amount and percentage variance in the variable element for occupancy expenses in the revenue and spending variance column in the revenue and spending variance report for July would be closest to:

- Variability of amount: $6,120
- Variability of percentage: 0%

### Variability of amount and percentage variance in the fixed element for occupancy expenses in the revenue and spending variance report for July would be closest to:

- Variability of amount: $190
- Variability of percentage: 0%

### Variability of amount and percentage variance in the variable element for medical supplies in the revenue and spending variance report for July would be closest to:

- Variability of amount: $580
- Variability of percentage: 0%

### Variability of amount and percentage variance in the fixed element for medical supplies in the revenue and spending variance report for July would be closest to:

- Variability of amount: $2,420
- Variability of percentage: 0%

232. Hagel Clinic uses client-visits as its measure of activity. During July, the clinic budgeted for 2,300 client-visits, but its actual level of activity was 2,320 client-visits. The clinic has provided the following data concerning the formulas used in its budgeting and its actual results for July:

### Data used in budgeting:

#### Variable element per client-visit:

- Revenue: $44.60
- Personnel expenses: $60,922
- Medical supplies: $18,648
- Occupancy expenses: $11,290
- Administrative expenses: $4,594

#### Fixed element per month:

- Revenue: $23,200
- Medical supplies: 900, 7.40
- Occupancy expenses: 6,500, 2.00
- Administrative expenses: 4,594

### Actual results for July:

#### Variable element per client-visit:

- Revenue: $44.60
- Personnel expenses: $60,922
- Medical supplies: $18,648
- Occupancy expenses: $11,290
- Administrative expenses: $4,594

#### Fixed element per month:

- Revenue: $23,200
- Medical supplies: 900, 7.40

### Variability:

#### Variability of amount and percentage variance in the variable element for occupancy expenses in the revenue and spending variance report for July would be closest to:

- Variability of amount: $6,120
- Variability of percentage: 0%

#### Variability of amount and percentage variance in the fixed element for occupancy expenses in the revenue and spending variance report for July would be closest to:

- Variability of amount: $190
- Variability of percentage: 0%

#### Variability of amount and percentage variance in the variable element for medical supplies in the revenue and spending variance report for July would be closest to:

- Variability of amount: $580
- Variability of percentage: 0%

#### Variability of amount and percentage variance in the fixed element for medical supplies in the revenue and spending variance report for July would be closest to:

- Variability of amount: $2,420
- Variability of percentage: 0%
Blaster Inc., manufactures portable radios. Each radio requires 3 units of Part XBEZ52, which has a standard cost of $1.45 per unit. During May, the company purchased 12,000 units of the part for a total cost of $17,400. The direct materials purchased variance is computed when the materials are purchased.

Determine the materials price variance for May.

Options: A. $2,800 F B. $2,800 U C. $2,800 F D. $2,800 U

Canevari Corporation makes a product that uses a material with the following standards:

<table>
<thead>
<tr>
<th>Standard quantity</th>
<th>3.0 kilos per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard price</td>
<td>$6.00 per kilo</td>
</tr>
</tbody>
</table>

The company purchased 4,100 kilos of the direct material at a total cost of $24,610. The direct materials purchases variance is computed when the materials are purchased.

Determine the materials quantity variance for May.

Options: A. $1,450 U B. $1,450 F C. $1,450 F D. $1,450 U

B. $2,090 F

C. $3,760 F

D. $3,760 U

237. Blaster Inc., manufactures portable radios. Each radio requires 3 units of Part XBEZ52, which has a standard cost of $1.45 per unit. During May, the company purchased 12,000 units of the part for a total cost of $17,400. The direct materials purchased variance is computed when the materials are purchased.

Determine the materials price variance for May.

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</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
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<tr>
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The company purchased 4,100 kilos of the direct material at a total cost of $24,610. The direct materials purchases variance is computed when the materials are purchased.

Determine the materials quantity variance for May.

Options: A. $1,450 U B. $1,450 F C. $1,450 F D. $1,450 U

B. $2,090 F

C. $3,760 F

D. $3,760 U
24. The following materials standards have been established for a particular product:

<table>
<thead>
<tr>
<th>Standard quantity per unit of output</th>
<th>Standard price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9 g</td>
<td>$50.40 per g</td>
</tr>
</tbody>
</table>

The following data pertain to operations concerning the product for the last month:

<table>
<thead>
<tr>
<th>Actual materials purchased</th>
<th>5,800 g</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual materials used in production</td>
<td>5,200 g</td>
</tr>
<tr>
<td>Actual cost of materials purchased</td>
<td>$286,800</td>
</tr>
<tr>
<td>Actual cost of materials used in production</td>
<td>$260,400</td>
</tr>
<tr>
<td>Direct materials purchases variance</td>
<td>$11,220 Unfavorable</td>
</tr>
</tbody>
</table>

The materials price variance for January is:

A. $2,755 Unfavorable
B. $3,640 Favorable
C. $2,989 Unfavorable
D. $11,020 Unfavorable

25. The following materials standards have been established for a particular product:

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
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<tr>
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</tr>
<tr>
<td>Direct materials purchases variance</td>
<td>$9,912 Favorable</td>
</tr>
</tbody>
</table>

The materials price variance for January is:

A. $2,755 Unfavorable
B. $3,640 Favorable
C. $2,989 Unfavorable
D. $11,020 Unfavorable

26. The following materials standards have been established for a particular product:

<table>
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</tr>
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</tbody>
</table>

The materials price variance for January is:

A. $2,755 Unfavorable
B. $3,640 Favorable
C. $2,989 Unfavorable
D. $11,020 Unfavorable

27. Jackson Industries uses a standard cost system in which direct materials inventory is valued at standard cost. Jackson has established the following standards for one unit of product:

<table>
<thead>
<tr>
<th>Standard quantity per unit of output</th>
<th>Standard price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9 g</td>
<td>$50.40 per g</td>
</tr>
</tbody>
</table>

During May, Jackson purchased 125,000 pounds of direct material at a total cost of $475,000. The total factory wages for May were $364,000, 90 percent of which were for direct labor. Jackson manufactured 22,000 units of product during May using 108,000 pounds of direct material and 28,000 direct labor-hours. The labor rate variance for May is:

A. $1,500 Favorable
B. $15,640 Unfavorable
C. $17,250 Favorable
D. $21,600 Unfavorable

28. Stench Foods Corporation uses a standard cost system to collect costs related to the production of its garlic flavored yogurt. The garlic (materials) standards for each container of yogurt produced are 0.8 ounces of crushed garlic at a standard cost of $2.30 per ounce. During the month of June, Stench purchased 75,000 ounces of crushed garlic at a total cost of $171,000. Stench used 64,000 of these ounces to produce 71,500 containers of yogurt. The direct materials purchases variance is computed when the materials are purchased. The material price variance for June is:

A. $1,500 Favorable
B. $15,640 Unfavorable
C. $17,250 Favorable
D. $21,600 Favorable
The direct materials purchases variance is computed when the materials are purchased. The materials price variance for April was:

A. $5,850 Favorable
B. $6,000 Unfavorable
C. $6,000 Unfavorable
D. $5,850 Unfavorable

262. The Collins Corporation uses standard costing and has established the following direct materials and direct labor standards for each unit of the single product it makes:

- Direct materials: 4 gallons at $8 per gallon
- Direct labor: 1 hour at $16 per hour

During July, the company made 6,000 units of product and incurred the following costs:

- Direct materials purchased: 26,800 gallons at $8.20 per gallon
- Direct materials used: 25,200 gallons
- Direct labor used: 5,600 hours at $15.30 per hour

The materials quantity variance for July was:

A. $6,400 Favorable
B. $10,320 Favorable
C. $89,600 Favorable
D. $6,120 Favorable

263. The Collins Corporation uses standard costing and has established the following direct materials and direct labor standards for each unit of the single product it makes:

- Direct materials: 25,200 gallons at $8 per gallon
- Direct labor: 5,600 hours at $15.30 per hour

During May, Jackson purchased 125,000 pounds of direct material at a total cost of $475,000. The total factory wages for May were $364,000, 90 percent of which were for direct labor. Jackson manufactured 22,000 units of product during May using 108,000 pounds of direct materials and 26,200 direct labor hours.

The labor efficiency variance for July was:

A. $1,120 Favorable
B. $3,920 Favorable
C. $1,250 Favorable
D. $6,120 Favorable

264. Berends Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Standard Standard Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>$10</td>
</tr>
<tr>
<td>$5.00</td>
</tr>
<tr>
<td>$6.00</td>
</tr>
</tbody>
</table>

During May, the company used 9,200 units of raw materials at a total cost of $39,424. The company reported the following results concerning this product in April.

- Actual output: 8,800 units
- Raw materials used in production: 78,100 pounds
- Direct labor used: 2,400 hours

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance is computed when the materials are purchased.
Berends Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th></th>
<th>Standard Price or Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>$3.00 per pound</td>
</tr>
<tr>
<td>Raw materials used in production</td>
<td>2.0 plates $2.75 per plate</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$15.00 per hour</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>$3.00 per hour</td>
</tr>
</tbody>
</table>

During May, the laboratory performed 1,500 blood tests. On May 1 there were no direct materials (plates) on hand; after a plate is used for a blood test it is discarded. Variable overhead is assigned to blood tests on the basis of standard direct labor-hours. The materials price variance for May is:

A. $1,650 F  B. $550 F  C. $1,050 U  D. $550 U

The materials quantity variance for May is:

A. $792 F  B. $768 U  C. $768 F  D. $768 F

The direct materials purchases variance is computed when the materials are purchased.

The variable overhead efficiency variance for April is:

A. $4,224 F  B. $4,224 U  C. $4,096 U  D. $4,096 F

The direct labor rate variance for April is:

A. $1,232 F  B. $1,360 U  C. $1,360 F  D. $1,232 U

The direct labor time variance for April is:

A. 8,800 unit  B. 8,800 hours  C. 78,100 pounds  D. 50 pounds

Longview Hospital performs blood tests in its laboratory. The following standards have been set for each blood test performed:

<table>
<thead>
<tr>
<th></th>
<th>Standard Price or Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>$3.75 per plate</td>
</tr>
<tr>
<td>Direct labor</td>
<td>$19.00 per hour</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>$7.50 per hour</td>
</tr>
</tbody>
</table>

During May, the laboratory performed 1,800 blood tests. On May 1 there were no direct materials (plastic, tubes) on hand; after a tube or plasma is used for a blood test it is discarded. Variable overhead is assigned to blood tests on the basis of standard direct labor-hours. The materials price variance for May is:

A. $1,650 F  B. $550 F  C. $792 F  D. $792 F

The materials quantity variance for May is:

A. $792 F  B. $768 U  C. $768 F  D. $768 F

The materials quantity variance for May is:

A. $792 F  B. $768 U  C. $768 F  D. $768 F

During May, the laboratory performed 1,800 blood tests. On May 1 there were no direct materials (plastic, tubes) on hand; after a tube or plasma is used for a blood test it is discarded. Variable overhead is assigned to blood tests on the basis of standard direct labor-hours. The materials price variance for May is:

A. $1,650 F  B. $550 F  C. $792 F  D. $792 F

The materials quantity variance for May is:

A. $792 F  B. $768 U  C. $768 F  D. $768 F
The labor rate variance for May is:

\[ \text{Labor rate variance} = (\text{Actual direct labor rate} - \text{Standard direct labor rate}) \times \text{Actual direct labor hours} \]

\[ = (16.10 - 15.00) \times 340 \]

\[ = 10.2 \times 340 \]

\[ = 3,468 \]

The material quantity variance for May is:

\[ \text{Material quantity variance} = (\text{Actual materials used} - \text{Standard materials for actual output}) \times \text{Standard price per unit} \]

\[ = (3,200 - 1,612) \times 8.00 \]

\[ = 1,588 \times 8.00 \]

\[ = 12,704 \]

The material price variance for May is:

\[ \text{Material price variance} = \text{Actual materials purchased} \times (\text{Actual price per unit} - \text{Standard price per unit}) \]

\[ = 3,600 \times (10.10 - 8.00) \]

\[ = 3,600 \times 2.10 \]

\[ = 7,560 \]

The labor efficiency variance for May is:

\[ \text{Labor efficiency variance} = (\text{Actual direct labor hours} - \text{Standard direct labor hours}) \times \text{Standard labor rate per hour} \]

\[ = (340 - 340) \times 15.00 \]

\[ = 0 \]

The material price variance for May is:

\[ \text{Material price variance} = \text{Actual materials purchased} \times (\text{Actual price per unit} - \text{Standard price per unit}) \]

\[ = 3,600 \times (10.10 - 8.00) \]

\[ = 3,600 \times 2.10 \]

\[ = 7,560 \]

The labor rate variance for May is:

\[ \text{Labor rate variance} = (\text{Actual direct labor rate} - \text{Standard direct labor rate}) \times \text{Actual direct labor hours} \]

\[ = (16.10 - 15.00) \times 340 \]

\[ = 10.2 \times 340 \]

\[ = 3,468 \]

The material quantity variance for May is:

\[ \text{Material quantity variance} = (\text{Actual materials used} - \text{Standard materials for actual output}) \times \text{Standard price per unit} \]

\[ = (3,200 - 1,612) \times 8.00 \]

\[ = 1,588 \times 8.00 \]

\[ = 12,704 \]

The material price variance for May is:

\[ \text{Material price variance} = \text{Actual materials purchased} \times (\text{Actual price per unit} - \text{Standard price per unit}) \]

\[ = 3,600 \times (10.10 - 8.00) \]

\[ = 3,600 \times 2.10 \]

\[ = 7,560 \]
The company reported the following results concerning this product in May:

- **Actual output**: 1,600 units
- **Raw materials used in production**: 12,500 liters
- **Direct labor incurred**: 2,100 hours
- **Variable manufacturing overhead cost incurred**: 1,080 hours

### Standard Costs and Variances

#### Direct Materials
- **Standard**: 4 yards @ $5 per yard
- **Actual**: 4,200 yards at $5.00 per yard

#### Direct Labor
- **Standard**: 1.5 hours @ $10 per hour
- **Actual**: 2,100 hours at $10.00 per hour

#### Variable Manufacturing Overhead
- **Standard**: 1.5 hours @ $4 per hour
- **Actual**: 2,100 hours at $4.00 per hour

### Variances

#### Materials
- **Materials Price Variance**
  - Actual Price of Raw Materials Purchased: $0.10/liter
  - Standard Price of Raw Materials: $0.10/liter
  - Variance: $0.10/liter

#### Labor
- **Labor Rate Variance**
  - Actual Direct Labor Rate: $14.00 per hour
  - Standard Direct Labor Rate: $10.00 per hour
  - Variance: $4.00 per hour

#### Overhead
- **Overhead Efficiency Variance**
  - Actual Direct Labor Hours: 2,100 hours
  - Standard Direct Labor Hours: 2,100 hours
  - Variance: $0.00

The company records all variances at the earliest possible point in time. Variable manufacturing overhead costs are applied to products on the basis of standard direct labor-hours.

### Product Cost Analysis

#### Direct Materials
- **Actual Cost**: $28,100
- **Standard Cost**: $28,000
- **Total Material Cost Variance**: $100

#### Direct Labor
- **Actual Cost**: $17,000
- **Standard Cost**: $16,500
- **Labor Rate Variance**: $500

#### Variable Manufacturing Overhead
- **Actual Cost**: $1,080
- **Standard Cost**: $1,080
- **Efficiency Variance**: $0

### Company Performance

The company reported the following results concerning this product in May.

- **Actual output**: 1,600 units
- **Raw materials used in production**: 12,500 liters
- **Direct labor incurred**: 2,100 hours
- **Variable manufacturing overhead cost incurred**: 1,080 hours

### Variance Analysis

#### Materials
- **Materials Price Variance**
  - Actual Price of Raw Materials Purchased: $0.10/liter
  - Standard Price of Raw Materials: $0.10/liter
  - Variance: $0.10/liter

#### Labor
- **Labor Rate Variance**
  - Actual Direct Labor Rate: $14.00 per hour
  - Standard Direct Labor Rate: $10.00 per hour
  - Variance: $4.00 per hour

#### Overhead
- **Overhead Efficiency Variance**
  - Actual Direct Labor Hours: 2,100 hours
  - Standard Direct Labor Hours: 2,100 hours
  - Variance: $0.00

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchased variance is computed when the materials are purchased.

### Summary

The company records all variances at the earliest possible point in time. Variable manufacturing overhead costs are applied to products on the basis of standard direct labor-hours.
The variable overhead rate variance for the period is:

A. $1,680 F
B. $1,440 U
C. $1,440 F
D. $1,680 U

The materials price variance for April is:

A. $1,066 U
B. $290 U
C. $300 F
D. $300 U

The labor rate variance for April is:

A. $1,200 U
B. $290 U
C. $300 F
D. $300 U

Biery Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Direct materials (6 yards × $5 per yard)</th>
<th>Standard Price or Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor (0.6 hours × $10 per hour)</td>
<td></td>
</tr>
</tbody>
</table>

The company produced 4,100 units in April using 5,380 liters of direct material and 2,610 direct labor-hours. During the month, the company purchased 6,000 liters of the direct material at $5.80 per liter. The standard labor rate was $19.00 per hour. The actual direct labor rate was $19.80 per hour and the actual variable overhead rate was $3.00 per hour.

The materials price variance is computed when the materials are purchased.

The labor rate variance is computed when the materials are purchased.

The variable overhead rate variance is computed when the materials are purchased.
Galla Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>82 pounds</td>
<td>$7.00 per unit</td>
<td>$57.40</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.4 hours</td>
<td>$8.00 per hour</td>
<td>$3.20</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.4 hours</td>
<td>$2.00 per hour</td>
<td>$0.80</td>
</tr>
</tbody>
</table>

The company budgeted for production of 2,500 units in June, but actual production was 2,550 units. The company purchased 27,700 pounds of direct material at $6.70 per pound. The actual direct labor rate was $19.20 per hour and the actual variable overhead rate was $0.80 per hour.

The materials price variance for June is:

A. $36 U
B. $6,150 U
C. $6,510 U
D. $6,510 U

The variable overhead rate variance for June is:

A. $196 U
B. $534 U
C. $1,190
D. $1,190

293. Galler Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>7.6 grams</td>
<td>$5.00 per gram</td>
<td>$38.00</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.5 hours</td>
<td>$6.00 per hour</td>
<td>$3.00</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.5 hours</td>
<td>$2.00 per hour</td>
<td>$1.00</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in June.

Product: 0.0
Purchases of raw materials: 44.1 grams
Actual direct labor hours: 51.1 hours
Actual cost of raw materials purchased: $260
Actual direct labor cost: $307.20
Actual overhead cost: $0.3
Actual variable overhead rate: $2.7

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchase variance is computed when the materials are purchased.

The standard materials price variance for June is:

A. $4,410 F
B. $4,180 U
C. $2,710 F
D. $2,710 U

294. Galler Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>7.4 grams</td>
<td>$6.00 per gram</td>
<td>$42.40</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.5 hours</td>
<td>$6.00 per hour</td>
<td>$3.00</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.5 hours</td>
<td>$0.60 per hour</td>
<td>$0.30</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in June.

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams
Purchases of raw materials: 0.0
Actual direct labor hours: 0.0

The company applies the following standards concerning this product in June:

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams

295. Galler Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>7.4 grams</td>
<td>$6.00 per gram</td>
<td>$42.40</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.5 hours</td>
<td>$6.00 per hour</td>
<td>$3.00</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.5 hours</td>
<td>$0.60 per hour</td>
<td>$0.30</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in June.

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams

296. Galler Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>7.4 grams</td>
<td>$6.00 per gram</td>
<td>$42.40</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.5 hours</td>
<td>$6.00 per hour</td>
<td>$3.00</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.5 hours</td>
<td>$0.60 per hour</td>
<td>$0.30</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in June.

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams

The company applies the following standards concerning this product in June:

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams

297. Geller Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>7.4 grams</td>
<td>$6.00 per gram</td>
<td>$42.40</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.5 hours</td>
<td>$6.00 per hour</td>
<td>$3.00</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.5 hours</td>
<td>$0.60 per hour</td>
<td>$0.30</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in June.

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams

298. Geller Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard Quantity or Hours</th>
<th>Standard Price or Rate</th>
<th>Standard Cost Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>7.4 grams</td>
<td>$6.00 per gram</td>
<td>$42.40</td>
</tr>
<tr>
<td>Direct labor</td>
<td>0.5 hours</td>
<td>$6.00 per hour</td>
<td>$3.00</td>
</tr>
<tr>
<td>Variable overhead</td>
<td>0.5 hours</td>
<td>$0.60 per hour</td>
<td>$0.30</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in June.

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams

The company applies the following standards concerning this product in June:

Originally budgeted: 5.40 unit output
Actual output: 5.30 units
Actual materials used: 46.3 grams
The company reported the following results concerning this product in June.

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials used in production</td>
<td>$6.00</td>
</tr>
<tr>
<td>Purchases of raw materials</td>
<td>$4.40</td>
</tr>
<tr>
<td>Actual direct labor-hours</td>
<td>0.80</td>
</tr>
<tr>
<td>Actual variable overhead cost</td>
<td>$2.70</td>
</tr>
</tbody>
</table>

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance is computed when the materials are purchased.

**Materials Variance Calculations**

- **Materials Quantity Variance**
  - Original quantity: 39,200 grams
  - Standard quantity: 35,400 grams
  - Material price: $3.00 per pound
  - Variance: $2,070 F

- **Materials Price Variance**
  - Original price: $4.40 per pound
  - Standard price: $3.00 per pound
  - Variance: $3,465 U

**Labor Variance Calculations**

- **Labor Efficiency Variance**
  - Original hours: 510 hours
  - Standard hours: 470 hours
  - Variance: $2,244 U

- **Labor Rate Variance**
  - Original rate: $19.00 per hour
  - Standard rate: $16.00 per hour
  - Variance: $1,863 U

**Revenue and Cost Variance Calculations**

- **Revenue Variance**
  - Original: $260,000
  - Standard: $216,000
  - Variance: $44,000 F

- **Cost Variance**
  - Original: $260,000
  - Standard: $216,000
  - Variance: $44,000 F
In July the company produced 3,300 units using 12,240 pounds of the direct material and 2,040 direct labor-hours. During the month, the company purchased 10,000 pounds of direct material at a cost of $35,100. The actual variable overhead cost was $20,148. The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance to compute when the materials are purchased.

![Overhead Cost Analysis]

### Variable Overhead Efficiency Variance

The variable overhead efficiency variance for July is:

A. $960 F
B. $960 U
C. $876 F
D. $876 U

### Variable Overhead Rate Variance

The variable overhead rate variance for July is:

A. $1,000 F
B. $1,000 U
C. $792 U
D. $5,040 F

### Direct Materials Purchases Variance

The materials price variance is computed when the materials are purchased.

A. $1,000 F
B. $1,000 U
C. $1,200 U
D. $1,200 F

### Direct Labor Cost Variance

The labor rate variance for March is:

A. $3.00 per hour
B. $1.25 per hour
C. $3.60 per hour
D. $0.75 per hour

### Materials Quantity Variance

The materials quantity variance for March is:

A. $480 U
B. $480 F
C. $480 U
D. $800 F

### Manufacturing Overhead Variance

The manufacturing overhead variance for March is:

A. $4,500 U
B. $10,500 U
C. $10,500 U
D. $4,500 U

## Notes

1. Epley Corporation makes a product with the following standard costs:

   - Direct materials: 3.5 pounds at $3.00 per pound
   - Direct labor: 0.8 hours at $19.00 per hour
   - Variable overhead: 0.8 hours at $8.00 per hour

2. Epley Corporation makes a product with the following standard costs:

   - Direct materials: 3.0 pounds at $3.00 per pound
   - Direct labor: 0.6 hours at $1.25 per hour

3. Pardoe Inc. manufactures a single product in which variable manufacturing overhead is assigned on the basis of standard direct labor hours. The company uses a standard cost system and has established the following standards for one unit of product:

   - Direct materials: 1.5 pounds at $3.00 per pound
   - Direct labor: 0.6 hours at $6.00 per hour
   - Variable manufacturing overhead: 0.6 hours at $3.00 per hour
   - Total standard cost: $18.00 per unit
The company produced 3,000 units during the month. A total of 8,000 pounds of material were purchased at a cost of $23,000. During March, 1,600 direct labor-hours were worked at a rate of $6.50 per hour. No variable manufacturing overhead costs during March totaled $1,800.

The direct materials purchases variance computed when the materials are purchased:

A. $3,487 F
B. $3,487 U
C. $2,050 F
D. $2,050 U

The variable overhead efficiency variance for March is:

A. $1,050 F
B. $1,050 U
C. $250 F
D. $250 U

Eliezrie Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Material</th>
<th>Standard Quantity</th>
<th>Standard Price or Rate</th>
<th>Standard Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor</td>
<td></td>
<td>$6.50 per hour</td>
<td></td>
</tr>
<tr>
<td>Direct materials</td>
<td></td>
<td>$4.50 per pound</td>
<td></td>
</tr>
</tbody>
</table>

In January the company's budgeted production was 7,400 units but the actual production was 7,500 units. The company used 45,580 kilos of direct material and 2,030 direct labor-hours to produce this output. During the month, the company purchased 48,500 kilos of the direct material at a cost of $53,350. The actual direct labor cost was $18,473 and the actual variable overhead cost was $7,714.

The direct materials purchases variance is computed when the materials are purchased:

A. $4,875 F
B. $4,875 U
C. $4,850 F
D. $4,850 U

The variable materials purchase variance for January is:

A. $200 U
B. $200 F
C. $600 F
D. $200 F

The materials quantity variance for January is:

A. $2,025 F
B. $2,025 U
C. $2,200 F
D. $2,002 U

The labor rate variance for January is:

A. $1,497 F
B. $1,497 U
C. $2,197 F
D. $2,197 U

The variable overhead efficiency variance for January is:

A. $125 F
B. $125 U
C. $197 U
D. $197 F

Eliezrie Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Material</th>
<th>Standard Quantity</th>
<th>Standard Price or Rate</th>
<th>Standard Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor</td>
<td></td>
<td>$6.50 per hour</td>
<td></td>
</tr>
<tr>
<td>Direct materials</td>
<td></td>
<td>$4.50 per pound</td>
<td></td>
</tr>
</tbody>
</table>

In January the company's budgeted production was 7,400 units but the actual production was 7,500 units. The company used 45,580 kilos of direct material and 2,030 direct labor-hours to produce this output. During the month, the company purchased 48,500 kilos of the direct material at a cost of $53,350. The actual direct labor cost was $18,473 and the actual variable overhead cost was $7,714.

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchase variance is computed when the materials are purchased. The materials quantity variance for January is:

A. $2,025 F
B. $2,025 U
C. $2,200 F
D. $2,002 U

The labor rate variance for January is:

A. $1,497 F
B. $1,497 U
C. $2,197 F
D. $2,197 U

The variable overhead efficiency variance for January is:

A. $125 F
B. $125 U
C. $197 U
D. $197 F

Eliezrie Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Material</th>
<th>Standard Quantity</th>
<th>Standard Price or Rate</th>
<th>Standard Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor</td>
<td></td>
<td>$6.50 per hour</td>
<td></td>
</tr>
<tr>
<td>Direct materials</td>
<td></td>
<td>$4.50 per pound</td>
<td></td>
</tr>
</tbody>
</table>

In January the company's budgeted production was 7,400 units but the actual production was 7,500 units. The company used 45,580 kilos of direct material and 2,030 direct labor-hours to produce this output. During the month, the company purchased 48,500 kilos of the direct material at a cost of $53,350. The actual direct labor cost was $18,473 and the actual variable overhead cost was $7,714.

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchase variance is computed when the materials are purchased. The materials quantity variance for January is:

A. $2,025 F
B. $2,025 U
C. $2,200 F
D. $2,002 U

The labor rate variance for January is:

A. $1,497 F
B. $1,497 U
C. $2,197 F
D. $2,197 U

The variable overhead efficiency variance for January is:

A. $125 F
B. $125 U
C. $197 U
D. $197 F
Oddo Corporation makes a product with the following standard costs:

<table>
<thead>
<tr>
<th>Standard Costs</th>
<th>Rate Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Labor</td>
<td>$7.00 per hour</td>
</tr>
<tr>
<td>Raw Materials</td>
<td>$5.00 per ounce</td>
</tr>
<tr>
<td>Overhead</td>
<td>$1.50 per direct labor hour</td>
</tr>
</tbody>
</table>

The company reported the following results concerning this product in December:

<table>
<thead>
<tr>
<th>Originally Budgeted</th>
<th>Actual Variations</th>
<th>Variance Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>4,400 units</td>
<td></td>
</tr>
<tr>
<td>Direct Labor</td>
<td>0 units</td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>0 units</td>
<td></td>
</tr>
<tr>
<td>Overhead</td>
<td>0 units</td>
<td></td>
</tr>
</tbody>
</table>

1. The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance is computed when the materials are purchased.

2. The materials price variance for December is:

   - A. $2,520 F
   - B. $2,520 U
   - C. $2,900 F
   - D. $2,900 U

3. The company applies variable overhead on the basis of direct labor-hours. The direct materials quantity variance is computed when the materials are purchased.

   - A. $1,540 U
   - B. $1,496 F
   - C. $1,540 F
   - D. $1,540 F

4. The company applies variable overhead on the basis of direct labor-hours. The direct materials usage variance is computed when the materials are purchased.

   - A. $4,026 F
   - B. $4,026 U
   - C. $4,400 F
   - D. $4,400 U

5. The company applies variable overhead on the basis of direct labor-hours. The labor rate variance for December is:

   - A. $5.10 per hour
   - B. $5.00 per hour
   - C. $5.00 per hour
   - D. $5.00 per hour

The company reported the following results concerning this product in December:

<table>
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<tr>
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<td>Output</td>
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<td></td>
</tr>
<tr>
<td>Overhead</td>
<td>0 units</td>
<td></td>
</tr>
</tbody>
</table>

6. The company applies variable overhead on the basis of direct labor-hours. The labor efficiency variance for December is:

   - A. $2,520 F
   - B. $2,520 U
   - C. $2,900 F
   - D. $2,900 U

7. The company applies variable overhead on the basis of direct labor-hours. The direct materials quantity variance is computed when the materials are purchased.

   - A. $1,540 U
   - B. $1,496 F
   - C. $1,540 F
   - D. $1,540 F

8. The company applies variable overhead on the basis of direct labor-hours. The direct materials usage variance is computed when the materials are purchased.

   - A. $4,026 F
   - B. $4,026 U
   - C. $4,400 F
   - D. $4,400 U

9. The company applies variable overhead on the basis of direct labor-hours. The labor rate variance for December is:

   - A. $5.10 per hour
   - B. $5.00 per hour
   - C. $5.00 per hour
   - D. $5.00 per hour

10. The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance is computed when the materials are purchased.
Tout Corporation makes a product that has the following direct labor standards:

- Standard direct labor rate: $20.00 per hour
- Standard direct labor-hours per unit: 1 hour

The company budgeted for production of 6,400 units in October, but actual production was 6,500 units. The company used 610 direct labor-hours to produce this output. The actual direct labor rate was $21.80 per hour. The labor efficiency variance for October is:

A. $1,575 Unfavorable
B. $1,656 Favorable
C. $1,575 Favorable
D. $1,656 Unfavorable

In December the company's budgeted production was 4,600 units, but actual production was 4,400 units. The company used 1,330 direct labor-hours to produce this output. The actual direct labor cost was $113,925.

The labor rate variance for December is:

A. $8,855 Favorable
B. $10,328 Favorable
C. $492 U
D. $108 U

Holiday Chemical Corporation uses a standard cost system to collect costs related to the production of its “bowling ball” fruitcakes. The direct labor standard for each fruitcake is 1.25 hours at a standard cost of $11.00 per hour. During the month of November, Holiday’s fruitcake production used 9,820 direct labor-hours at a total direct labor cost of $106,547. This resulted in production of 8,500 fruitcakes for November.

The labor efficiency variance for November is:

A. $5,859 F
B. $5,940 U
C. $5,859 U
D. $5,940 F

Jurczyk Corporation makes a product whose direct labor standards are 0.8 hours per unit and $22.00 per hour. In April the company produced 6,900 units using 5,250 direct labor-hours. The actual direct labor cost was $113,925.

The labor rate variance for April is:

A. $8,855 Favorable
B. $10,328 Favorable
C. $492 U
D. $108 U

Midgley Corporation makes a product whose direct labor standards are 0.8 hours per unit and $22.00 per hour. In April the company produced 6,900 units using 5,250 direct labor-hours. The actual direct labor cost was $113,925.

The labor rate variance for April is:

A. $5,859 U
B. $5,859 F
C. $5,940 U
D. $5,940 F

### Table: Standard and Actual Costs for Raw Materials

<table>
<thead>
<tr>
<th>Material</th>
<th>Standard Price</th>
<th>Standard Quantity</th>
<th>Actual Quantity</th>
<th>Price per Unit</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 326.40</td>
<td>0.70 per ounce</td>
<td>0</td>
<td>0.70 per ounce</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>B. 326.40</td>
<td>0.70 per ounce</td>
<td>0</td>
<td>0.70 per ounce</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>C. 326.40</td>
<td>0.70 per ounce</td>
<td>0</td>
<td>0.70 per ounce</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>D. 326.40</td>
<td>0.70 per ounce</td>
<td>0</td>
<td>0.70 per ounce</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance is computed when the materials are purchased. The variable overhead input variance is not computed at that time. The direct materials purchases variance is computed when the materials are purchased.
337. The following labor standards have been established for a particular product:

- Standard labor-hours per unit of output: 7.5 hours
- Standard labor rate: $15 per hour
- Standard labor cost per unit: $112.50
- Actual output: 1,200 units

Where the labor rate variance for the month:

A. $1,920 F
B. $240 U
C. $366 U
D. $378 U

338. The company budgeted for production of 6,500 units in December, but actual production was 6,300 units. The company used 610 direct labor-hours to produce this output. The actual variable overhead rate was $6.40 per hour. The company applies variable overhead on the basis of direct labor-hours.

The variable overhead variance for December is:

A. $366 U
B. $366 F
C. $378 F
D. $378 U

339. Desue Corporation makes a product with the following standards for labor and variable overhead:

- Standard labor rate: $15 per hour
- Standard variable overhead rate: $8 per direct labor-hour

The following data pertain to operations concerning the product for the last month:

- Actual output: 1,200 units
- Actual direct labor-hours: 610 hours
- Actual total labor cost: $9,150 (1,200 units x $15)
- Actual total variable overhead cost: $3,980 (610 direct labor-hours x $8)
- Standard labor-hours per unit: 7.5 hours
- Standard variable overhead rate: $8 per direct labor-hour

What is the labor rate variance for the month?

A. $1,920 F
B. $240 U
C. $366 U
D. $378 U

What is the variable overhead variance for the month?

A. $1,172 F
B. $567 F
C. $1,172 U
D. $567 U

340. Novelli Corporation makes a product whose variable overhead standards are based on machine-hours. Variable manufacturing overhead standards are based on machine-hours.

The following data pertain to operations for the last month:

- Actual output: 200 units
- Actual total variable overhead cost: $1,100
- Standard hours per unit: 8 machine-hours
- Standard variable overhead rate: $3 per machine-hour

What is the variable overhead rate variance for the month?

A. $95 F
B. $96 U
C. $96 F
D. $95 U

341. Leiden Corporation makes a product with the following standards for labor and variable overhead:

- Standard labor rate: $15 per hour
- Standard variable overhead rate: $8 per direct labor-hour

342. Ledezma Corporation makes a product with the following standards for direct labor and variable overhead:

- Standard labor rate: $15 per hour
- Standard variable overhead rate: $8 per direct labor-hour

343. Novelli Corporation makes a product whose variable overhead standards are based on machine-hours. Variable manufacturing overhead standards are based on machine-hours.

The following data pertain to operations for the last month:

- Actual output: 200 units
- Standard hours per unit: 8 machine-hours
- Standard variable overhead rate: $3 per machine-hour

The variable overhead rate variance for the month is:

A. $51 U
B. $50 U
C. $51 F
D. $50 F
### Wall Corporation

Wall Corporation, which produces commercial safes, has provided the following data:

<table>
<thead>
<tr>
<th>Product</th>
<th>Standard Quantity</th>
<th>Standard Price/Unit</th>
<th>Standard Cost/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safes</td>
<td>50 hours</td>
<td>$12.00 per hour</td>
<td>$600</td>
</tr>
</tbody>
</table>

**Budgeted Production:** 3,000 safes

**Actual Production:** 2,900 safes

**Actual Direct Labor Hours:** 4,900 hours

**Actual Direct Labor Cost:** $70,600

**Actual Supplies Cost:** $706

**Budgeted Overhead:** $52,966

**Actual Overhead:** $52,966

**Overhead Efficiency Variance:**

\[
\text{Efficiency Variance} = (\text{Actual Hours} - \text{Standard Hours}) \times \text{Standard Rate}
\]

\[
= (4,900 - 3,000) \times $12.00
\]

\[
= 1,900 \times $12.00
\]

\[
= $22,800
\]

**Overhead Rate Variance:**

\[
\text{Rate Variance} = \text{Actual Cost} - \text{Budgeted Cost}
\]

\[
= $70,600 - $52,966
\]

\[
= $17,634
\]

**Overhead Cost Variance:**

\[
\text{Cost Variance} = \text{Actual Hours} \times \text{Standard Rate} - \text{Budgeted Cost}
\]

\[
= 4,900 \times $12.00 - $52,966
\]

\[
= $58,800 - $52,966
\]

\[
= $5,834
\]

### Mathews Corporation

The following data have been provided by Mathews Corporation:

<table>
<thead>
<tr>
<th>Product</th>
<th>Standard Quantity</th>
<th>Standard Price/Unit</th>
<th>Standard Cost/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motors</td>
<td>20 machine-hours</td>
<td>$30 per machine-hour</td>
<td>$600</td>
</tr>
</tbody>
</table>

**Budgeted Production:** 6,900 motors

**Actual Production:** 7,000 motors

**Actual Machine Hours:** 9,300 hours

**Actual Machine Cost:** $9,300

**Standard Overhead Cost:** $6,900

**Actual Overhead Cost:** $6,900

**Overhead Efficiency Variance:**

\[
\text{Efficiency Variance} = (\text{Actual Hours} - \text{Standard Hours}) \times \text{Standard Rate}
\]

\[
= (9,300 - 6,900) \times $30
\]

\[
= 2,400 \times $30
\]

\[
= $72,000
\]

**Overhead Rate Variance:**

\[
\text{Rate Variance} = \text{Actual Cost} - \text{Budgeted Cost}
\]

\[
= $9,300 - $6,900
\]

\[
= $2,400
\]

**Overhead Cost Variance:**

\[
\text{Cost Variance} = \text{Actual Hours} \times \text{Standard Rate} - \text{Budgeted Cost}
\]

\[
= 9,300 \times $30 - $6,900
\]

\[
= $279,000 - $6,900
\]

\[
= $272,100
\]
Actual machine-hours (total) 54,100 hours
Actual indirect labor cost (total) $132,685
Actual power cost (total) $108,158

Indirect labor and power are both elements of variable manufacturing overhead.

The variable overhead rate variance for power is closest to:

A. $1,380 F
B. $862 F
C. $2,242 F
D. $2,242 U

357. The Maxwell Corporation has a standard costing system in which variable manufacturing overhead is assigned to production on the basis of standard machine-hours. The following data are available for July:

- Actual variable manufacturing overhead cost incurred: $22,620
- Standard variable overhead rate per machine-hour: $1.35
- Actual machine-hours worked: 16,000 hours
- Variable overhead rate variance: $3,420 Unfavorable
- Total variable overhead spending variance: $4,620 Unfavorable

The variable overhead efficiency variance for July is:

A. $8,040 Unfavorable
B. $8,040 Favorable
C. $1,200 Unfavorable
D. $1,200 Favorable

358. The Maxwell Corporation has a standard costing system in which variable manufacturing overhead is assigned to production on the basis of standard machine-hours. The following data are available for July:

- Actual variable manufacturing overhead cost incurred: $22,620
- Standard variable overhead rate per machine-hour: $1.35
- Actual machine-hours worked: 16,000 hours
- Variable overhead rate variance: $3,420 Unfavorable
- Total variable overhead spending variance: $4,620 Unfavorable

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