

AC202 Quiz 5**Name:****Student ID#:****Choose the best answer.**

Use the following to answer questions 1-4:

Feery Company, which has only one product, has provided the following data concerning its most recent month of operations:

Selling price	\$110
Units in beginning inventory	0
Units produced	3,800
Units sold	3,700
Units in ending inventory	100
Variable costs per unit:	
Direct materials	\$32
Direct labor	\$34
Variable manufacturing overhead	\$6
Variable selling and administrative	\$11
Fixed costs:	
Fixed manufacturing overhead	\$68,400
Fixed selling and administrative	\$14,800

1. What is the unit product cost for the month under variable costing?
A) \$72
B) \$90
C) \$83
D) \$101
2. What is the unit product cost for the month under absorption costing?
A) \$83
B) \$90
C) \$72
D) \$101
3. What is the net operating income for the month under variable costing?
A) \$1,800
B) \$16,700
C) \$9,500
D) \$18,500
4. What is the net operating income for the month under absorption costing?
A) \$18,500
B) \$1,800
C) \$9,500
D) \$16,700

5. Routsong Company had the following sales and production data for the past four years:

	Year 1	Year 2	Year 3	Year 4
Production in units.....	6,000	9,000	4,000	5,000
Sales in units.....	6,000	6,000	5,000	7,000

Selling price per unit, variable cost per unit, and total fixed cost are the same in each year. Which of the following statements is not correct?

- A) Under variable costing, net operating income for Year 1 and Year 2 would be the same.
- B) Because of the changes in production levels, under variable costing the unit product cost will change each year.**
- C) The total net operating income for all four years combined would be the same under variable and absorption costing.
- D) Under absorption costing, net operating income in Year 4 would be less than the net operating income in Year 2.

AC202 Quiz Key