

- b. Lowering their forecasts of costs. ✓
- c. Lowering their actual costs.
- d. Increasing their forecast of costs.

The correct answers are: Lowering their forecasts of costs., Increasing their forecast of costs.

Elton, Inc., expects to sell 6,000 ceramic vases for \$20 each. Direct materials costs are \$2, direct manufacturing and manufacturing overhead is \$3 per vase. The following inventory levels apply to 2021:

Direct materials: Beginning inventory 1,000 units, Ending inventory 1,000 units.

Finished goods inventory: Beginning inventory 400 units, Ending inventory 500 units.

On the 2021 budgeted income statement, what amount will be reported for cost of goods sold?

Select one:

- a. \$91,500
- b. \$105,000
- c. \$90,000 ✓
- d. \$88,500

The correct answer is: \$90,000

Antique Brass Company has budgeted sales volume of 120,000 units and budgeted production of 108,000 units. units are in beginning finished goods inventory.

Click here to search



DELL



The usual starting point for budgeting is:

Select one:

- a. The revenues budget ✓
- b. The cash budget
- c. The estimated net income
- d. The production budget

The correct answer is: The revenues budget

The operating budget process generally concludes with the preparation of the _____

Select one:

- a. research and development budget
- b. cash flow statement

to search



DELL

During February, how much will Crest Company need to borrow?

Select one:

- a. \$95,000
- b. \$10,000
- c. \$59,000
- d. \$69,000 ✘

The correct answer is: \$59,000

Managers can create budget slack by

Select one:

- a. Increasing their actual level of sales.
- b. Lowering their forecasts of costs. ✔
- c. Lowering their actual costs.
- d. Increasing their forecast of costs.

The correct answers are: Lowering their forecasts of costs., Increasing their forecast of costs.

Elton, Inc., expects to sell 6,000 ceramic vases for \$20 each. Direct materials costs are \$2, direct manufacturing labor and manufacturing overhead is \$3 per vase. The following inventory levels apply to 2021:

Direct materials: Beginning inventory 1,000 units, Ending inventory 1,000 units.



units are in beginning finished goods inventory.

How many units are targeted for ending finished goods inventory?

Select one:

- a. 32,000 units
- b. 8,000 units ✓
- c. 12,000 units
- d. 20,000 units

The correct answer is: 8,000 units

Continuous (rolling) budget:

Select one:

- a. Is a plan that is updated monthly or quarterly, dropping one period and adding another. ✓
- b. Is prepared for a range of activity so that the budget can be adjusted for changes in activity.
- c. Is a strategic plan that does not change.
- d. Is used in companies that experience no change in sales.

The correct answer is: Is a plan that is updated monthly or quarterly, dropping one period and adding another.

Which of the following is a reason why top managers want lower-level managers to participate in the budgeting process?

Search



The correct answer is: budgeted income statement

Crest Company must maintain a minimum cash balance of \$24,000. At the beginning of February balance was \$60,000. The budget for February is as follows:

Total cash receipts	\$250,000
Cash payments to suppliers	\$145,000
Cash payments to employees	\$120,000
Net income	\$50,000
Purchase machinery by signing a note	\$35,000
Other cash payments	\$80,000

During February, how much will Crest Company need to borrow?

Select one:

- a. \$95,000
- b. \$10,000
- c. \$59,000
- d. \$69,000 ✘

The correct answer is: \$59,000

Type here to search



DELL



Green Company's sales are on credit. 60% of credit sales are collected in the month of sale, 30% in the month following sale, and 10% is collected two months after. Budgeted sales data is as follows:

June \$200,000

July \$100,000

August \$150,000

How much are Accounts Receivable at the end of August?

Select one:

- a. \$49,000
- b. \$70,000 ✓
- c. \$21,000
- d. \$147,000

Your answer is correct.

The correct answer is: \$70,000

MANAGERIAL ACCOUNTING-1192 - 2

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Green Company's sales are on credit. 60% of credit sales are collected in the month of sale, 30% in the month following the sale, and 10% is collected two months after. Budgeted sales data is as follows:

June \$200,000

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August \$150,000

How much are Accounts Receivable at the end of August?

Select one:

- a. \$21,000
- b. \$70,000
- c. \$147,000
- d. \$49,000



Furniture, Inc., estimates the following number of mattress sales for the first four months of 2021:

January 22,000

February 30,800

March 28,600

April 35,200.

Finished goods inventory at the end of December is 6,600 units. Target ending finished goods inventory is 20% of the next month's sales.

How many mattresses need to be produced in January 2021?

Select one:

- a. 28,460 mattresses
- b. 34,160 mattresses
- c. 21,560 mattresses
- d. 15,400 mattresses



MANAGERIAL ACCOUNTING-1192 - 2

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The number of units in the sales budget and the production budget may differ because of a change in

Select one:

- a. sales returns and allowances
- b. overhead charges
- c. finished goods inventory levels
- d. direct material inventory levels

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Chapter 7 Lecture 1

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Which of the following is a reason why top managers want lower-level managers to participate in the budgeting process?

:Select one

- a. To benefit from their experience with the day-to-day aspects of running the business
- b. To ensure that they do not introduce any budgetary slack
- c. To reduce the time and cost expended in the budgeting process.
- d. To ensure that the budgets are administered rigidly given the changing market conditions

Esther Baskets Company expects to manufacture and sell 20,000 baskets in 2021 for \$5 each.

There are 4,000 baskets in beginning finished goods inventory with target ending inventory of 5,000 baskets.

The company keeps no work-in-process inventory. What amount of sales revenue will be reported on the 2021 budgeted income statement?

Select one:

- a. \$100,000
- b. \$95,000
- c. \$105,000
- d. \$55,000

The correct answer is: \$90,000

Antique Brass Company has budgeted sales volume of 120,000 units and budgeted production of 108,000 units are in beginning finished goods inventory.

How many units are targeted for ending finished goods inventory?

Select one:

- a. 32,000 units
- b. 8,000 units ✓
- c. 12,000 units
- d. 20,000 units

The correct answer is: 8,000 units

Continuous (rolling) budget:

Select one:

to search



DELL

Antique Brass Company has budgeted sales volume of 120,000 units and budgeted production of 108,000 units, while 20,000 units are in beginning finished goods inventory.

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:Continuous (rolling) budget

:Select one

- a. Is prepared for a range of activity so that the budget can be .adjusted for changes in activity
- b. Is used in companies that .experience no change in sales
- c. Is a plan that is updated monthly or quarterly, dropping one period .and adding another
- d. Is a strategic plan that does not .change

?What is the correct order

:Select one

a. Revenues budget, Direct materials costs budget, Cost of goods sold budget, Budgeted income statement

b. Cost of goods sold budget, Revenues budget, Direct materials costs budget, Budgeted income statement

c. Revenues budget, Cost of goods sold budget, Direct materials costs budget, Budgeted income statement

d. Cost of goods sold budget, Direct materials costs budget, Budgeted income statement, Revenues budget

Question 1

Not yet answered

Marked out of 1.00

Flag question

Which of the following is a financial budget?

Select one:

- a. budgeted balance sheet
- b. production budget
- c. income statement budget
- d. cost of goods sold budget

Bright Company manufactures mirrors which require 8 square feet of glass per mirror.

Bright anticipates production of 500 units in January, 700 units in February, and 1,700 units in March.

Bright maintains glass on hand equal to 40% of the following month's anticipated production requirements. The glass costs \$3 per square foot.

At the beginning of January, only 500 square feet of glass is on hand.

How many square feet of glass should Bright plan to buy in February?

Select one:

- a. 2,200 square feet
- b. 8,800 square feet
- c. 11,040 square feet
- d. 5,440 square feet

Elton, Inc., expects to sell 6,000 ceramic vases for \$20 each. Direct materials costs are \$2, direct manufacturing labor is \$10, and manufacturing overhead is \$3 per vase. The following inventory levels apply to 2021:

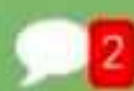
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On the 2021 budgeted income statement, what amount will be reported for cost of goods sold?

Select one:

- a. \$90,000
- b. \$88,500
- c. \$105,000
- d. \$91,500



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How many units are targeted for ending finished goods inventory?

Select one:

- a. 32,000 units
- b. 12,000 units
- c. 20,000 units
- d. 8,000 units

Which of the following statements is true of budgets?

Select one:

- a. Financial budgets are working documents at the core of the budgeting process.
- b. Operating budgets are prepared independently of the master budget.
- c. Master budgets express management's operating and financial plans.
- d. Financial budgets are prepared before the master budget is prepared.

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Question 6

Not yet answered

Marked out of 1.00

Flag question

The number of units in the sales budget and the production budget may differ because of a change in

Select one:

- a. finished goods inventory levels
- b. sales returns and allowances
- c. direct material inventory levels
- d. overhead charges

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Managers can create budget slack by

Select one:

- a. Increasing their actual costs.
- b. Lowering their forecasts of sales.
- c. Lowering their actual costs.
- d. Increasing their actual level of sales.

Green Company's sales are on credit. 60% of credit sales are collected in the month of sale, 30% in the month following the sale, and 10% is collected two months after. Budgeted sales data is as follows:

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How much are Accounts Receivable at the end of August?

Select one:

a. \$70,000

b. \$49,000

c. \$21,000

d. \$147,000

variable cost per unit, and total fixed costs are known and constant.

Question 13

Complete

Marked out of 1.00

🚩 Flag question

If the selling price per unit is \$20 and the contribution margin percentage is 30%, then the variable cost per unit must be \$14.

Select one:

- True
- False

The correct answer is 'True'.

✓ Answer and Explanation:

Answer: A. decrease by \$31,875

If the sales volume decreases by 25%, the variable cost per unit increases by 15% and all other factors remain the same, then the net operating income will be as follows:

Sales (3,000 units * 75%)	2,250 units
Sales price	\$70 per unit
Total sales	\$157,500
Less: Total variable cost ($\$50 * 115% * 2,250$ units)	\$129,375
Less: Total Fixed cost	\$25,000
Net operating income, new	\$3,125
Compare to : Original operating income	
Sales (3,000 units @ \$70)	\$210,000
Less: Total variable cost ($\$50 * 3,000$ units)	\$150,000
Less: Total Fixed cost	\$25,000
Original operating income	\$35,000
Increase (Decrease) in operating income	(\$31,875)

A company has provided the following data:

Sales.....	3,000	units
Sales price	\$70	per unit
Variable cost	\$50	per unit
Fixed cost	\$25,000	

If the sales volume decreases by 25%, the variable cost per unit increases by 15%, and all other factors remain the same, net operating income will:


Select one:

- a. decrease by \$3,125.
- b. decrease by \$31,875.
- c. decrease by \$15,000.
- d. increase by \$20,625.

The correct answer is: decrease by \$31,875.

Complete

Marked out of 1.00

 Flag question

Tally Corp. sells softwares during the recruiting seasons. During the current year, 11,000 softwares were sold resulting in \$440,000 of sales revenue, \$110,000 of variable costs, and \$48,000 of fixed costs.

Contribution margin per software is

_____.

Select one:

- a. \$36
- b. \$30
- c. \$10
- d. \$40

The correct answer is: \$30

Question 2

Complete

Marked out of 1.00

🚩 Flag question

Focusing on target net income rather than operating income will not affect the breakeven point.

Select one:

- True
- False

The correct answer is 'True'.

Sea Enterprises sells a single product for \$25. The variable expense per unit is \$15 and the fixed expense per unit is \$5 at the current level of sales. The company's net operating income will increase by ----- if one more unit is sold.

Select one:

- a. \$25
- b. \$10
- c. \$5
- d. No enough information

The correct answer is: \$10