

1. Which of the following is true concerning the materials price variance?
 - a. It is the difference between the actual and standard unit price of an input multiplied by the number of inputs used.
 - b. It is the difference between the actual and standard unit price of an output multiplied by the number of inputs used.
 - c. It is the difference between the actual and standard unit price of an input multiplied by the number of inputs purchased.
 - d. It is the difference between the actual and standard unit price of an output multiplied by the number of inputs purchased.
 - e. None of these are true.

2. Which of the following is not true concerning direct materials variances?
 - a. The sum of the price and usage variances will add up to the total materials variance only if the materials purchased is equal to the materials used.
 - b. The materials price variance uses the actual quantity of materials purchased rather than the actual quantity of materials used.
 - c. The materials price variance always uses the actual quantity of materials used rather than the actual quantity of materials purchased.
 - d. The materials usage variance uses the actual quantity of materials used.
 - e. Separate materials variances can be computed for each type of material used.

3. Caballero Corporation produces high-quality leather saddles. The company has a standard cost system and has set the following standards for materials and labor:

Leather (20 strips @ \$15)	\$300
Direct labor (15 hours @ \$15)	\$225

During the year Caballero produced 150 saddles. Actual leather purchased was 3,100 strips, at \$12 per strip. There were no beginning or ending inventories of leather. Actual direct labor was 2,500 hours at \$16 per hour.

Compute the materials price variance and the materials usage variance, respectively.

 - a. \$ 300 F and \$1,500 U
 - b. \$ 300 U and \$1,500 F
 - c. \$9,000 F and \$1,200 U
 - d. \$9,000 U and \$1,200 F
 - e. None of the above

4. During the month of March, Baker's Express purchased 10,000 pounds of flour at \$1 per pound. At the end of March, Baker's Express found that it had a favorable materials price variance of \$500. The standard cost per pound must be
 - a. \$0.95
 - b. \$1.00
 - c. \$1.05
 - d. \$1.95
 - e. None of the above

5. During June, Cisco Company produced 12,000 chainsaw blades. The standard quantity of material allowed per unit was 1.5 pounds of steel per blade at a standard cost of \$8 per pound. Cisco determined that it had a favorable materials usage variance of \$1,000 for June. Calculate the actual quantity of materials Cisco used.
- a. 17,875 pounds
 - b. 12,125 pounds
 - c. 11,875 pounds
 - d. 18,125 pounds
 - e. None of the above
6. Perfect Builders makes all sorts of moldings. Its standard quantity of material allowed is 1 foot of wood per 1 foot of molding at a standard price of \$2.00 per foot. During August, it purchased 500,000 feet of wood at a cost of \$1.90 per foot, which produced only 499,000 feet of molding. Calculate the materials price variance and the materials usage variance, respectively (no change in inventory occurred).
- a. \$50,000 F and \$2,000 U
 - b. \$49,900 U and \$2,000 F
 - c. \$50,000 F and \$1,900 U
 - d. \$49,900 F and \$1,900 U
 - e. None of the above