Assignment 6

Due date for submitting this assignment has passed.

A primary purpose of using a standard cost system is to:

1. To make things easier for managers in the production facility.
2. To provide a distinct measure of cost control.
3. To minimize the impact of cost variances. (both a) and (b) are correct.
4. The standard cost may be used for:
   a. Product Costing
   b. Planning
   c. Controlling
   d. All of the above

5. Which of the following factors should not be considered when deciding whether to investigate a variance?
   a. Magnitude of the variance
   b. Trend of the variances over time
   c. Likelihood that an investigation will reduce or eliminate future occurrences of the variance
   d. Variance is foreseeable/unavoidable

6. Fixed Budget is:
   a. Budget that ignores inflation
   b. Budget that never changes
   c. Budget that absorbs the fixed costs of the department
   d. Budget that is set for a specified level of activity

7. Which of the following is true?
   a. Variable Variance and Fixed Variance are synonymous terms
   b. Flexible budget and Fixed budget are synonymous terms
   c. Flexible budget and Variable budget are synonymous terms

8. The spending analysis on the overhead normally focuses on:
   a. Efficiency variance for the machinery and indirect production costs
   b. Volume variances for fixed overhead costs
   c. The controllable variance is in the labor cost account.

9. If the actual output is more than the budgeted output, Volume variance is:
   a. Favourable
   b. Unfavourable
   c. None of the above

10. Control Variances are related with:
    a. Internal Policy of Organization
    b. External Policy of Organization
    c. Internal and External Policy of Organization
    d. Government Policies

11. If the actual performance is only computed due to availability of budgets at different levels of activity:
    a. Fixed Budget
    b. Flexible Budget
    c. Both (a) and (b)
    d. None of the above

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