

Quiz1 Answers (3346M_2013Winter): **Total 14 marks**

Answer: **4 marks/ 0.5 mark each**

		inventoriable (I) costs or period (P) costs
a.	Salary of Bedell Electronics president	P
b.	Salaries of Bedell's assembly line workers	I
c.	Purchase of frozen food for sale to customers by Gregory Food Retailers	I
d.	Salaries of frozen food personnel at Gregory Food Retailing	P
e.	Depreciation on freezers at Gregory Food Retailing	P
f.	Salary of a receptionist at Larson Real Estate	P
g.	Depreciation on a computer at Larson Real Estate	P
h.	Salary of a real estate agent at Larson Real Estate	P

2. Answer: A (1 mark)

3. Answer: A (1 mark)

4. Answer: C (1 mark)

5. Answer: A (1 mark)

6. Answer: B $400 = (\$6000 + \text{TOI}) / \40 ; TOI = \$10,000 (1 mark)

7. Answer:

a. \$124 (1 mark)

b. \$114 = Selling price \$186 - Variable costs (\$33 + \$15 + \$24). (1 mark)

c. Relevant costs for decision making are those costs that differ between alternatives, which in this situation are the incremental costs. The incremental costs total \$72 = Variable costs (\$33 + \$15 + \$24). (1 mark)

d. The minimum acceptable price is \$72 = Variable costs (\$33 + \$15 + \$24), which are the incremental costs in the short term. (1 mark)

e. Yes, because this price is greater than the minimum acceptable price of this special order determined in (d). (1 mark)