

EXAMPLES OF

QUALITY

1. A manufacturer of a product has a unit variable cost of \$10 and a unit selling price of \$20. The manufacturer's contribution margin ratio is:

- a. 50%
- b. 10%
- c. 100%
- d. 20%

ANSWER: a. 50%

2. Which of the following systems of physical control would not affect retail price?

3.

- a. A manufacturer's standard cost system
- b. A manufacturer's just-in-time inventory system
- c. A manufacturer's standard cost system with a separate standard for quality
- d. A manufacturer's standard cost system with a separate standard for quantity

ANSWER: a. A manufacturer's standard cost system

4. A manufacturer's standard cost system includes a separate standard for quality. The manufacturer's contribution margin ratio is:

- a. 50%
- b. 10%
- c. 100%
- d. 20%

ANSWER: a. 50%

5. A manufacturer's standard cost system includes a separate standard for quantity. The manufacturer's contribution margin ratio is:

- a. 50%
- b. 10%
- c. 100%
- d. 20%

ANSWER: a. 50%