LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **ACCOUNTING AND FINANCE**

SECOND SEMESTER – **APRIL 2025**

UAF 2502 – FINANCIAL ANALYTICS & CONTROL

Date: 03-05-2025 Dept. No. Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A	
Q. No	**Answer ALL Multiple Choice Questions** **(75 x 1 = 75 Marks)**
1.	Which of the following statements are **true** concerning the differences between variable and absorption costing? i. Under variable costing, all fixed costs are considered period costs. Under absorption costing, only non-manufacturing fixed costs are considered period costs. ii. Under absorption costing, the income statement must be in accordance with generally accepted accounting principles such as U.S. GAAP. Variable costing is used for internal reporting purposes and is not in accordance with GAAP. iii. Under variable costing, if production is greater than sales, operating profit will be higher than it would be under absorption costing. iv. Under absorption costing, if production is less than sales, operating profit will be higher than it would be under variable costing. A) I and II B) II and III C) I and II D) II and IV
2.	Operating income under variable costing is contribution margin minus A) cost of goods sold and administrative expenses B) fixed manufacturing overhead and fixed selling and administrative expenses. C) fixed manufacturing overhead and variable manufacturing overhead. D) variable selling and administrative expenses and fixed selling and administrative expenses
3.	Life-cycle costing A) Is sometimes used as a basis for cost planning and product pricing. B) Includes only manufacturing costs incurred over the life of the product. C) Includes only manufacturing cost, selling expense, and distribution expense. D) Emphasizes cost savings opportunities during the manufacturing cycle.
4.	Limitations of an activity-based costing system include which of the following? A) Control of overhead costs is enhanced. B) Activity-based costing systems are less reliable. C) The expense of obtaining cost data is relatively high. D) It eliminates arbitrary assignment of overhead costs.
5.	In an activity-based costing system. What should be used to assign a department's manufacturing overhead costs to products produced in varying lot sizes? A) single cause and effect relationship. B) Multiple cause and effect relationships. C) Relative net sales value of the products. D) A product's ability to bear cost allocations.
6.	A company with three products classifies its costs as belonging to five functions: design, production, marketing, distribution, and customer services. For pricing purposes, all company costs are assigned to the three products. The direct costs of each of the five functions are traced directly to the three products. The indirect costs of each of the five business functions are collected into five separate cost pools and then assigned to the three products using appropriate

	allocation bases. The allocation base that would most likely be the best for allocating the indirect costs of the distribution function is A) Number of customer phone calls. B) Number of shipments. C) Number of salespersons. D) Dollar sales volume.
7.	A company manufactures and sells three products. The products are all manufactured at the same facility. The controller of the company has decided to accumulate all budgeted overhead costs for the manufacturing facility into a single cost pool. The cost pool is then allocated to the three products based on the direct labor hours used by each product. What type of overhead rate has the controller **most** likely used in this allocation methodology? A. Departmental rate. B. Variable rate. C. Fixed rate. D. Plant-wide rate.
8.	When production increases, Variable cost per unit A. Increases B. Decreases C. Remains Same D. Cannot be determined
9.	The cost of scrap, rework, and tooling changes in a product quality cost system is categorized as a(n) A. external failure cost. B. internal failure cost. C. prevention cost. D. appraisal cost.
10.	An accounting associate sets up a new employee in the payroll system and directs the checks to be sent to a post office box. What two duties does this employee have that are incompatible? A. Authorization and recordkeeping. B. Custody and recordkeeping. C. Custody and reconciliation. D. Reconciliation and authorization.
11.	Which of the following terms best describes the type of control practice evidenced by a segregation of duties between computer programmers and computer operators? A. Systems development control. B. Hardware control. C. Applications control. D. General control.
12.	All of the following are examples of encryption techniques used for computer security except A. public key. B. private key. C. primary key. D. authentication key
13.	In order to control purchasing and accounts payable, an information system must include certain source documents. For a manufacturing organization, these documents should include A. Purchase orders, receiving reports, and vendor invoices. B. Receiving reports and vendor invoices. C. Purchase requisitions, purchase orders, receiving reports, and vendor invoices. D. Purchase requisitions, purchase orders, inventory reports of goods needed, and vendor invoices.
14.	One payroll audit objective is to determine if there is proper segregation of duties. Which of the following activities are incompatible? A. Hiring employees and authorizing changes to pay rates. B. Preparing the payroll and filing payroll tax forms. C. Signing and distributing payroll checks. D. Preparing attendance data and preparing the payroll.
15.	Which of the following would provide the least security for sensitive data stored on a laptop computer? A) Encrypting data files on the laptop computer. B) Using password protection for the screen-saver program on the laptop computer. C) Using a laptop computer with a removable hard disk drive. D) Locking the laptop computer in a case when not in use.
16.	Cost drivers are A) activities that cause costs to increase as the activity increases B) accounting techniques used to control costs. C) accounting measurements used to evaluate whether or not performance is proceeding according to plan. D) a mechanical basis, such as machine hours, computer time, size of equipment, or square footage of factory, used to assign costs to activities.

17.	Which one of the following is a characteristic of enterprise resource planning? A) It enables companies to respond quickly to changes in the marketplace. B) It enables supply chain management to integrate with the financial accounting subsystem C) It creates a decentralized database that collects and feeds data into software applications. D) It provides customers with superior products and services
18.	. Wilcox Industrial has two support departments, the Information Systems Department and the Personnel Department, and two manufacturing departments, the Machining Department and the Assembly Department. The support departments service each other as well as the two production departments. Company studies have shown that the Personnel Department provides support to a greater number of departments than does the Information Systems Department. If Wilcox uses the direct method of departmental allocation, which one of the following cost allocations would occur? Some of the costs of the A) Personnel Department would be allocated to the Information Systems Department. B) Machining Department would be allocated to the Information Systems Department C) Information Systems Department would be allocated to the Assembly Department D) Assembly Department would be allocated to the Machining Department.
19.	Render Inc. has four support departments (maintenance, power, human resources and legal) and three operating departments. The support departments provide services to the operating departments as well as to the other support departments. The method of allocating the costs of the support departments that best recognizes the mutual services rendered by support departments to other support departments is the A) Direct allocation method. B) Dual-rate allocation method. C) Step-down allocation method. D) Reciprocal allocation method.
20.	Each of the following should be considered in the selection of appropriate cost drivers for an activity based costing system, except A) Volume based production B) Behavioral effects. C) Cost of measurement. D) Degree of correlation.
21.	Q.15. Committed costs are A. Management decides to incur in the current period to enable the company to achieve objectives other than filling of orders placed by customers. B. Costs that are likely to respond to the amount of attention devoted to them by a specified manager C. Costs that are governed mainly by past decisions that established the present levels of operating and organizational capacity and that only change slowly in response to small changes in capacity. D. Amortization of costs that were capitalized in previous periods.
22.	The least exact method for separating fixed and variable cost is A. The least squares method B. Computer simulation C. The high- low method D. Matrix algebra
23.	Which of the following is correct regarding the relevant range? A. Total variable cost will not change B. Total fixed costs will not change C. Actual fixed costs usually fall outside the relevant range D. The relevant range cannot be changed after being established.
24.	Production levels are expected to increase within the relevant range. What are the anticipated effects on the following?

Options Fixed cost per unit	**Variable cost per unit**
A. Increase	Increase
B. Increase	No Change
C. Decrease	Decrease
D. Decrease	No Change

25.	Which of the following best distinguishes **product costs** from **period costs** in a manufacturing company? A. Product costs are expensed in the period in which they are incurred, while period costs are capitalized as inventory. B. Product costs include all selling and administrative expenses, while period costs include only factory overhead. C. Product costs are assigned to inventory and expensed as cost of goods sold when the product is sold, while period costs are expensed in the period in which they are incurred. D. Product costs and period costs are both included in cost of goods manufactured.
26.	A capital-intensive manufacturer of large construction equipment has a manufacturing process that relies heavily on specialized machinery. This machinery is run by a relatively small number of highly skilled labourers. In determining its predetermined overhead rate, what allocation base should the company use? A. Sales dollars. B. Direct labor costs. C. Machine hours. D. Direct labor hours.
27.	A company has budgeted overhead costs at its normal capacity based on machine hours. Variable factory overhead is $180,000, and fixed factory overhead is $560,000. If the firm operates at a slightly lower rate of activity, it will expect total: A. Fixed factory overhead of $560,000 and a lower hourly rate for variable overhead. B. Fixed factory overhead of $560,000 and the same hourly rate for variable overhead. C. Fixed factory overhead of $560,000 and a higher hourly rate for variable overhead. D. Variable overhead of less than $180,000 and a lower hourly rate for variable overhead.
28.	A manufacturer at the end of its fiscal year recorded the data below: Prime cost $800,000 Variable manufacturing overhead 100,000 Fixed manufacturing overhead 160,000 Variable selling and other expenses 80,000 Fixed selling and other expenses 40,000 Using absorption (full) costing, inventoriable costs are A. $800,000 B. $1,080,000 C. $1,060,000 D. $900,000
29.	During the first month of its operations, a company manufactured a product with variable production costs of $50 per unit. Fixed manufacturing overhead totaled $1,800,000 and is allocated based upon units produced. During the month, the company completed 15,000 units, sold 12,000 units, and incurred no variances. If the company's operating income under absorption costing was $400,000, its operating income (loss) under variable costing was A. $40,000. B. ($110,000). C. ($50,000). D. $760,000.
30.	Which of the following statements is correct regarding variable costing and absorption costing income statements for a company that has no beginning inventory and whose production exceeds sales for the current period. A.Net income is higher if absorption costing is used. B. The ending inventory amount is lower if absorption costing is used. C. The cost of goods sold amount is lower if absorption costing is used. D. The selling and administrative expense is higher if absorption costing is used.
31.	A review of Plunkett Corporation's accounting records for last year disclosed the following selected information. **Variable costs** Direct materials used: $56,000 Direct labor: $179,100 Manufacturing overhead: $154,000 Selling costs: $108,400 **Fixed costs** Manufacturing overhead: $267,000 Selling costs: $121,000 Administrative costs: $235,900

	In addition, the company suffered a $27,700 uninsured factory fire loss during the year. What were Plunkett's product costs and period costs for last year(Absorption Costing)? A. Product Cost: $493,000 Period Cost: $656,100 B. Product Cost: $656,100 Period Cost: $493,000 C. Product Cost: $493,000 Period Cost: $656,000 D. Product Cost: $490,000 Period Cost: $656,100
32.	Q17.Osawa, Inc. planned and actually manufactured 200,000 units of its single product in its first year of operations. Variable manufacturing costs were $30 per unit of product. Planned and actual fixed manufacturing costs were $600,000, and selling and administrative costs totaled $400,000. Osawa sold 120,000 units of product at a selling price of $40 per unit. Osawa's operating income for the year using variable costing is: A. $440,000 B. $800,000 C. $200,000 D. $600,000
33.	Sonimad Sawmill manufactures two lumber products from a joint milling process. The two products developed are mine support braces (MSB) and unseasoned commercial building lumber (CBL). A standard production run incurs joint costs of $300,000 and results in 60,000 units of MSB and 90,000 units of CBL. Each MSB sells for $2 per unit, and each CBL sells for $4 per unit. If there are no further processing costs incurred after the split-off point, the amount of joint cost allocated to : Mine support braces (MSB) on units of volume of output basis would be A. $75,000. B.$180,000. C.$225,000. D.$120,000.
34.	Killian Company manufactures two skin care lotions, Liquid Skin and Silken Skin, out of a joint process. The joint (common) costs incurred are $420,000 for a standard production run that generates 180,000 gallons of Liquid Skin (LS) and 120,000 gallons of Silken Skin (SS). Liquid Skin sells for $2.40 per gallon, and Silken Skin sells for $3.90 per gallon. Assuming both products are sold at the split-off point, the amount of joint cost of each production run allocated to Liquid Skin on a net realizable value (NRV)basis is A.$168,000. B.$201,600. C.$218,400. D.$252,000.
35.	Which among the following is the formula for audit risk (IR – Inherent risk ; CR – Control risk ; DR – Detection Risk) A. IR *CR* DR B. IR *RMM C. DR*IR *RMM D. IR * (CR + DR)
36.	Plymouth Company has two departments: Machining and Assembly. The following estimates were made for the first quarter of 20X7: <table><tr><td></td><td>**Machining**</td><td></td><td>**Assembly**</td></tr><tr><td>Support costs</td><td>$440,000</td><td></td><td>$1,360,000</td></tr><tr><td>Direct labor hours</td><td>45,000</td><td></td><td>80,000</td></tr><tr><td>Number of machine hours</td><td>25,000</td><td></td><td>20,000</td></tr></table>What is the single predetermined cost driver rate based on total plant direct labor hours ? A. 14.0 B. 17.0 C. 14.4 D. 15.4
37.	Pelder Products Company manufactures two types of engineering diagnostic equipment used in construction. The two products are based upon different technologies, X-ray and ultra-sound, but are manufactured in the same factory. Pelder has computed the manufacturing cost of the X-ray and ultra-sound products by adding together direct materials, direct labor, and overhead cost applied based on the number of direct labor hours. The factory has three overhead departments that support the single production line that makes both products. Budgeted overhead spending for the departments is as follows: **Department** • **Engineering design**: $6,000 • **Material handling**: $5,000 • **Setup**: $3,000 • **Total**: $14,000 Pelder's budgeted manufacturing activities and costs for the period are as follows:

Activity	X-Ray	Ultra-Sound
Units produced and sold	50	100
Direct materials used	$5,000	$8,000
Direct labor hours used	100	300
Direct labor cost	$4,000	$12,000
Number of parts used	400	600
Number of engineering changes	2	1
Number of product setups	8	7

What is the budgeted cost to manufacture **one ultra-sound** machine using the activity-based costing method?

A. 264 B. 332 C. 312 D. 246

38. Which of the following best describes the difference between an **unmodified opinion** and a **modified opinion** in an independent auditor's report?

A. An unmodified opinion is issued when financial statements contain material misstatements, while a modified opinion is issued when the financial statements are free of misstatements.
B. An unmodified opinion indicates that the financial statements present fairly in all material respects, while a modified opinion is issued when there is a material misstatement or a limitation in the scope of the audit.
C. An unmodified opinion includes an explanatory paragraph highlighting a significant matter, while a modified opinion is used only when the financial statements are unauditable.
D. An unmodified opinion and a modified opinion both indicate that the financial statements are materially misstated.

39. Which of the following is not a component of Internal Control.

A. Control Environment B. Risk Assessment C. Monitoring D. Information and Technology

40. Detection risk differs from both control risk and inherent risk in that detection risk

A. Exists independently of the financial statement audit.
B. Can be changed at the auditor’s discretion.
C. Arises from risk factors relating to fraud.
D. Should be assessed in nonquantitative terms.

41. Which of the following audit risk components may be assessed in non-quantitative terms?

A. Control risk and detection risk. B. Control risk and inherent risk.
C. Detection risk. D. Control risk, detection risk, and inherent risk.

42. There is a high risk that client’s internal control structure will fail to prevent or detect material misstatements on a timely basis. At what level should an auditor keep his detection risk?

A. Low. B. Medium. C. High. D. Detection risk is independent of internal control structure.

43. Professional skepticism requires that the auditor assume the management in the organization is?

A. Reasonably honest. B. Neither honest nor dishonest.
C. Not necessarily honest. D. Dishonest unless proved otherwise.

44. Periodic evaluation and testing of controls by internal audit would be an example of which component of internal controls?

A) Monitoring. B) Control environment. C) Risk assessment. D) Existing control activities.

45. An auditor assesses control risk because it

A. Is relevant to the auditor’s understanding of the control environment.
B. Provides assurance that the auditor’s materiality levels are appropriate.
C. Indicates to the auditor where inherent risk may be the greatest.
D. Affects the level of detection risk that the auditor may accept.

46. Which of the following is a control procedure that most likely could help prevent employee payroll fraud?

A. The personnel department promptly sends employee termination notices to the payroll supervisor.

	B. Employees who distribute payroll checks forward unclaimed payroll checks to the absent employees' supervisors. C. Salary rates resulting from new hires are approved by the payroll supervisor. D. Total hours used for determination of gross pay are calculated by the payroll supervisor.
47.	Mailing disbursement checks and remittance advices should be controlled by the employee who A) Approves the vouchers for payment. B) Matches the receiving reports, purchase orders, and vendors' invoices. C) Maintains possession of the mechanical check-signing device. D) Signs the checks last.
48.	Segregation of duties means: A. One person does all the work B. Employees are grouped by age C. Dividing responsibilities among different people to reduce fraud D. Giving more duties to the manager
49.	What is the main risk of not having good internal controls? A. More employee training B. Increased customer satisfaction C. Higher chance of errors and fraud D. More sales
50.	Which of the following is a **variable cost?** A. Rent of the factory B. Salary of the manager C. Cost of raw materials D. Insurance premium
51.	What are **manufacturing costs**? A. Costs related to selling products B. Costs for advertising C. Costs to produce goods D. Costs to transport goods to customers
52.	A company incurs the following costs for one of its products: Direct materials ₹20, Direct labor ₹15, Factory rent ₹5 (per unit), Selling expenses ₹10. What is the total manufacturing cost per unit? A. ₹45 B. ₹40 C. ₹35 D. ₹30
53.	Which of the following costs is not included in prime cost? A. Direct labor B. Direct materials C. Manufacturing overhead D. Direct expenses
54.	Contribution margin is defined as: A. Sales – Fixed costs B. Sales – Variable costs C. Sales – Manufacturing costs D. Sales – Total costs
55.	Which of the following is a prevention cost in the Cost of Quality model? A. Warranty repair B. Rework costs C. Employee training on quality standards D. Cost of customer complaints
56.	Which of the following is an example of benchmarking? A. Creating a new logo for the company B. Comparing your customer service with that of a top-rated company C. Hiring a new manager D. Conducting employee training
57.	What type of internal control is used to detect errors or fraud? A. Preventive control B. Detective control C. Creative control D. Managerial control
58.	Internal controls are important because they: A. Help employees get promoted B. Guarantee profits C. Reduce risk of fraud and error D. Increase production speed
59.	What is the purpose of service department cost allocation? A. To reduce taxes B. To assign service costs to production departments C. To calculate selling prices D. To increase advertising costs
60.	The point at which joint products can be identified separately is called the: A. Production point B. Separation point C. Joint cost point D. Split-off point
61.	Which of the following is a method for allocating joint costs? A. FIFO method B. LIFO method C. Net realizable value (NRV) method D. Job order method

62.	A by-product is: A. A secondary product of minor value obtained from a production process B. A service provided during manufacturing C. A main product sold at a high price D. A defective product
63.	In by-product costing, the value of by-products is usually: A. Ignored completely B. Deducted from the joint cost of main products C. Added to the selling expenses D. Added to fixed overheads
64.	A data lake is A) A consolidation of multiple data warehouses. B) A massive body of information that is fed from multiple sources for which the content has not been processed. C) User friendly. D) Can be used by all staff for data mining
65.	Which of the following is true about a data warehouse? A) A data warehouse is not used for everyday transaction processing. B) A data warehouse is usually updated by end users. C) A data warehouse contains only current data. D) All the above.
66.	Strategy Maps, Balanced Scorecards, and Key Performance Indicators are used with which of the following? A. Material Requirements Planning (MRP) software. B. Enterprise Performance Management (EPM) software. C. Enterprise Resource Planning (ERP) software. D. All of the above
67.	Which of the following is a type of data mart that draws data exclusively from an existing data warehouse? A. Dependent. B. Subschema. C. Independent. D. Hybrid.
68.	A database that consists of a group of related tables containing structured data in an organized format is known as a A. Distributed database. B. Relational database. C. Centralized database. D. NoSQL database.
69.	Data in a database is structured in various levels from the lowest level to the highest level. Arrange the following data elements according to their hierarchical levels, from the lowest level to the highest level: File Field Record Database A. Field, record, database, file. B. Field, file, record, database. C. Database, field, record, file. D. Field, record, file, database.
70.	A university lists all of its students in a student database. Which of the following fields can be used as the primary key? A. Class B. Grade point average. C. Elective subjects. D. Student ID number.
71.	A database management system can best be defined as a(n) A. Very large database that is used for analysis and not transactional processing. B. Management system that controls disconnected master files. C. Conceptual level schema that maps the relationships between all data elements.

	D. Program that manages a set of interrelated, centrally coordinated data files.
72.	The correlation coefficient (r) that describes the degree of the relationship between two variables (x and y) in a regression has been calculated as 0.6. What proportion of the variation in the dependent variable (y) is explained by the variation in the independent variable (x)? A. 64%. B. 60%. C. 40%. D. 36%.
73.	What is the difference between simple regression analysis and multiple regression analysis? A. Simple regression analysis has one coefficient of correlation whereas multiple regression analysis has more than one coefficient of correlation. B. Simple regression analysis has one independent variable whereas multiple regression analysis has more than one independent variable C. Simple regression analysis has one dependent variable whereas multiple regression analysis has more than one dependent variable. D. Simple regression analysis has one constant coefficient whereas multiple regression analysis has more than one constant coefficient.
74.	The equation of a simple linear regression line is $\hat{y} = a + bx$. The term "b" represents A. the variable coefficient. B. the dependent variable. C. the constant coefficient. D. the independent variable.
75.	Automite Company is an automobile replacement parts dealer in a large metropolitan community. Automite is preparing its sales forecast for the coming year. Data regarding both Automite's and industry sales of replacement parts as well as both the used and new automobile sales in the community for the last 10 years have been accumulated. If Automite wants to determine if its sales of replacement parts are patterned after the industry sales of replacement parts or to the sales of used and new automobiles, the company would employ A. Statistical sampling. B. Time series analysis. C. Correlation and regression analysis. D. Simulation techniques.

PART – B

COMPULSORY QUESTION **(2x12.5=25 Marks)**

76. SmallParts is a manufacturer of metal washers, screws, and other parts required in the manufacture of various handmade craft and novelty items. The firm has the ability to custom make virtually any small part, provided the client is able to provide SmallParts with the dimensions and tolerance required of the product. Because of its niche in the market, SmallParts has over 1,000 clients. Unfortunately, many of its small business clients eventually merge or cease operations. One of the company's biggest challenges is the return of shipped product. Usually, this is because the small business client has ceased operations. While most of the product is custom made, SmallParts has found that much of it can be sold to other clients for adapted use. The company's accountant is reviewing the company's internal controls and financial accounting procedures, in particular, with respect to inventory

Currently, SmallParts has one salesperson responsible for marketing returned product. This salesperson has exclusive and total control over the returned product including arranging of sales terms, billing, and collection. The salesperson receives the returned product and attempts to find a client who may be able to adapt the product for the client's use. The inventory of returned product is not entered in the accounting records, under the logic that the cost is sunk. Revenue generated from its sale is classified as other revenue on the SmallParts income statement.

i. Identify and describe the three objectives of a system of internal control. **(2)**
ii. Illustrate the 5 components of Internal Control. **(4.5)**
iii. Identify and explain three ways that the procedure for handling returned product violates the internal control system of segregation of duties. **(2)**
iv. Identify four functional responsibilities within an organization that should be separated. Explain why these responsibilities should be separated. **(2)**
v. Identify and describe 2 ways that Small Parts can provide for better internal control over its inventory of returned product. **(2)**

77. Valyn Corporation employs an absorption costing system for internal reporting purposes; however, the company is considering using variable costing. Data regarding Valyn's planned and actual operations for the calendar year are presented below.

	Planned Activity	Actual Activity
Beginning finished goods inventory	35,000	35,000
Sales	140,000	125,000
Production	140,000	130,000

	Planned Costs Per Unit	Planned Costs Total	Actual Incurred Costs
Direct materials	$12.00	$1,680,000	$1,560,000
Direct labor	9.00	1,260,000	1,170,000
Variable manufacturing overhead	4.00	560,000	520,000
Fixed manufacturing overhead	5.00	700,000	715,000
Variable selling expenses	8.00	1,120,000	1,000,000
Fixed selling expenses	7.00	980,000	980,000
Variable administrative expenses	2.00	280,000	250,000
Fixed administrative expenses	3.00	420,000	425,000
Total	$50.00	$7,000,000	$6,620,000

The planned per unit cost figures shown in the above schedule were based on Valyn producing and selling 140,000 units. Valyn uses a predetermined manufacturing overhead rate for applying manufacturing overhead to its product; thus, a combined manufacturing overhead rate of $9.00 per unit was employed for absorption costing purposes. Any over- or underapplied manufacturing overhead is closed to the Cost of Goods Sold account at the end of the reporting year.

The beginning finished goods inventory for absorption costing purposes was valued at the previous year's planned unit manufacturing cost, which was the same as the current year's planned unit manufacturing cost. There are no work-in-process inventories at either the beginning or the end of the year. The planned and actual unit selling price for the current year was $70.00 per unit.

i. What is the value of Valyn Corporation's actual ending finished goods inventory on the absorption costing basis? **(2)**

ii. What is the value of Valyn Corporation's actual ending finished goods inventory on the variable costing basis? **(2)**

iii. What is the difference between Valyn Corporation's operating income calculated on the absorption costing basis and calculated on the variable costing basis? **(2)**

iv. Differentiate between product cost and period cost. **(2)**

v. What is the total variable cost expensed currently by Valyn Corporation on the variable costing basis? **(2.5)**

vi. Give any 2 differences between variable costing and absorption costing. **(2)**

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