1. Shipping costs at Fisheries Inc. are a mixed cost with variable and fixed cost components. Records indicate the company shipped 6,000 tons of halibut for $5,000 in March and 9,000 tons for $7,400 in April. Assuming that this activity is within the relevant range, the expected shipping cost for shipping 7,800 tons would be:
   A) $6,240.
   B) $9,750.
   C) $6,440.
   D) $6,200.

2. At an activity level of 20,000 units produced, fixed costs total $30,000 and variable costs total $67,000. Assuming that this activity is within the relevant range if 25,000 units are produced, then:
   A) total fixed costs are expected to be $37,500.
   B) variable cost per unit is expected to equal $2.68.
   C) fixed cost per unit is expected to equal $1.20.
   D) total cost per unit is expected to equal $3.88.

Use the following to answer questions 3-6
Buffo Company fabricates metal folding chairs. Data concerning the company’s revenue and cost structure follow:

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling price per unit</td>
<td>$35</td>
</tr>
<tr>
<td>Manufacturing cost</td>
<td>$4,000 per month plus $17 per unit</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>$2,500 per month plus $2.5 per unit</td>
</tr>
<tr>
<td>Sales commission</td>
<td>15% of sales</td>
</tr>
<tr>
<td>Advertising expense</td>
<td>$2,000 per month</td>
</tr>
</tbody>
</table>

3. If Buffo plans to produce and sell 3,000 units next month, the expected contribution margin would be:
   A) $30,750.
   B) $74,250.
   C) $26,750.
   D) $96,500.
4. If Buffo plans to produce and sell 4,000 units next month, the expected gross margin would be:
   A) $41,000.
   B) $37,000.
   C) $68,000.
   D) $57,500.

5. If Buffo expects to produce and sell 2,000 units next month, the total expected manufacturing cost would be:
   A) $34,000.
   B) $39,000.
   C) $45,500.
   D) $38,000.

6. If Buffo expects to produce and sell 5,000 units next month, the expected net operating income would be:
   A) $51,250.
   B) $42,750.
   C) $71,000.
   D) $62,500.

Use the following to answer questions 7-8
Farmer Inc, would like to estimate the variable and fixed components of its electrical costs and has compiled the following data for the last four months of operations.

<table>
<thead>
<tr>
<th></th>
<th>Machine Hours</th>
<th>Electrical Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>30</td>
<td>$75</td>
</tr>
<tr>
<td>February</td>
<td>42</td>
<td>$90</td>
</tr>
<tr>
<td>March</td>
<td>35</td>
<td>$81</td>
</tr>
<tr>
<td>April</td>
<td>20</td>
<td>$68</td>
</tr>
</tbody>
</table>

7. Using the high-low method of analysis, the variable cost per machine hour for electricity would be estimated to be:
   A) $3.40.
   B) $2.14.
   C) $1.00.
   D) $0.87.

8. Using the high-low method of analysis, the fixed cost per month for electricity would be estimated to be:
   A) $53.46.
   B) $0.00.
   C) $3.40.
   D) $48.00.