The purpose of a flexible budget is to:
A. remove items from performance reports that are not controllable by managers.
B. permit managers to reduce the number of unfavorable variances that are reported.
C. update the static planning budget to reflect the actual level of activity of the period.
D. reduce the amount of conflict between departments when master budget is prepared.

A static budget:
A. should be compared to actual costs to assess how well costs were controlled.
B. should be compared to a flexible budget to assess how well costs were controlled.
C. is valid for only one level of activity.
D. represents the best way to set spending targets for managers.

Which of these comparisons best isolates the impact of a change in activity on performance?
A. static planning budget and flexible budget

B. static planning budget and actual results
C. flexible budget and actual results

D. master budget and static planning budget

Oscarson Midwifery's cost formula for its wages and salaries is $2,720 per month plus $351 per birth. For the month of September, the company planned for activity of 121 births, but the actual level of activity was 119 births.
The actual wages and salaries for the month was $43,380.
The wages and salaries in the planning budget for September would be closest to:
A. $45,191 B. $43,380 C. $44,489 D. $44,109

Orscheln Snow Removal's cost formula for its vehicle operating cost is $2,800 per month plus $381 per snow-day. For the month of February, the company planned for activity of 17 snow-days, but the actual level of activity was 14 snow-days.
The actual vehicle operating cost for the month was $7,920.
The activity variance for vehicle operating cost in February would be closest to:
A. $1,357 F B. $1,357 U C. $1,143 F D. $1,143 U

 Fussner Medical Clinic measures its activity in terms of patient-visits. Last month, the budgeted level of activity was 1,610 patient-visits and the actual level of activity was 1,670 patient-visits. The cost formula for administrative expenses is $3.30 per patient-visit plus $17,900 per month. The actual administrative expense was $24,600.
In the clinic's flexible budget performance report for last month, the spending variance for administrative expenses was:
A. $1,387 U B. $198 U C. $69 U D. $1,189 U