

Review the following ten statements, and identify those which are false. For the false statements, restate each such that they become true.

1. With a decentralized style, the top leaders make and direct most important decisions.
2. For cost centers, "cost overruns" are expected if they are coupled with commensurate gains in revenue and profitability.
3. One simple expression of ROI is operating Income divided by average assets.
4. Common fixed costs support the operations of more than one unit.
5. The static budget responds to changes in activity.
6. Achievable standards are realistically within reach, and take into account normal spoilage and inefficiency.
7. The materials quantity variance compares the standard quantity of materials that should have been used to the actual quantity of materials used.
8. The labor rate variance is equal to the difference between the standard rate and actual rate, multiplied times the standard hours worked.
9. Variance analysis for overhead is split between variances related to variable overhead and variances related to fixed overhead.
10. Although a balanced scorecard approach may include target thresholds that should be met, the primary focus is on improvement.