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☐ 1. True/False: A business plan is a comprehensive st...

Points: 10

Question	A business plan is a comprehensive statement of how a company will achieve its objectives.
Answer	<div><div>True</div><div>False</div></div>

☐ 2. True/False: A job order cost card can be used to ...

Points: 10

Question	A job order cost card can be used to record all product costs incurred during production.
Answer	<div><div>True</div><div>False</div></div>

☐ 3. True/False: A manager should focus on the purpose...

Points: 10

Question	A manager should focus on the purpose of a report while preparing it.
Answer	<div><div>True</div><div>False</div></div>

☐ 4. True/False: A materials request form is prepared ...

Points: 10

Question	A materials request form is prepared whenever the purchasing department orders materials.
Answer	<div><div>True</div><div>False</div></div>

☐ 5. True/False: A production cost is classified as an...

Points: 10

Question	A production cost is classified as an overhead cost if it is not directly traceable to an end product or a cost object.
Answer	<div><div>True</div><div>False</div></div>

☐ 6. True/False: A supply chain includes only processe...

Points: 10

Question	A supply chain includes only processes and services that add value to the final product or service.
Answer	<div><div>True</div><div>False</div></div>

☐ 7. Essay: Accountants must have high profession...

Points: 10

Question	Accountants must have high professional ethics. List and briefly describe five ethical standards that management accountants subscribe to that, in your opinion, help maintain the impression that accountants are highly ethical.
Answer	<p>The student should list any five of the following ethical standards:</p> <p>Competence:</p> <p>Each member has a responsibility to:</p> <ol style="list-style-type: none">1. Maintain an appropriate level of professional expertise by continually developing knowledge and skills.2. Perform professional duties in accordance with relevant laws, regulations, and technical standards.3. Provide decision support information and recommendations that are accurate, clear, concise, and timely.4. Recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.

Confidentiality:

- Each member has a responsibility to:
- 1. Keep information confidential except when disclosure is authorized or legally required.
 - 2. Inform all relevant parties regarding appropriate use of confidential information. Monitor subordinates' activities to ensure compliance.
 - 3. Refrain from using confidential information for unethical or illegal advantage.

Integrity:

- Each member has a responsibility to:
- 1. Mitigate actual conflicts of interest. Regularly communicate with business associates to avoid apparent conflicts of interest. Advise all parties of any potential conflicts.
 - 2. Refrain from engaging in any conduct that would prejudice carrying out duties ethically.
 - 3. Abstain from engaging in or supporting any activity that might discredit the profession.

Credibility:

- Each member has a responsibility to:
- 1. Communicate information fairly and objectively.
 - 2. Disclose all relevant information that could reasonably be expected to influence an intended user's understanding of the reports, analyses, or recommendations.
 - 3. Disclose delays or deficiencies in information, timeliness, processing, or internal controls in conformance with organization policy and/or applicable law.

☐ 8. True/False: Accounting rules applicable to manage...

Points: 10

Question	Accounting rules applicable to management accounting are the same as those used for financial accounting.
Answer	<div>True</div> <div> False</div>

☐ 9. True/False: All ethical conflicts are resolved by...

Points: 10

Question	All ethical conflicts are resolved by the accountant of a company.
Answer	<div>True</div> <div> False</div>

☐ 10. Multiple Choice: All manufacturing costs incurred and ...

Points: 10

Question	All manufacturing costs incurred and assigned to products that are being produced are classified as
Answer	<div>variable costs.</div> <div>allocated costs.</div> <div> product costs.</div> <div>overhead costs.</div>

☐ 11. Multiple Choice: All manufacturing costs that are assi...

Points: 10

Question	All manufacturing costs that are assigned to completed (but unsold) products should be classified as
Answer	<div>materials inventory costs.</div> <div>cost of goods sold.</div> <div>work in process inventory costs.</div> <div> finished goods inventory costs.</div>

☐ 12. True/False: All product costs are expensed in the...

Points: 10

Question	All product costs are expensed in the period in which they are paid in cash.
Answer	<div>True</div> <div> False</div>

☐ 13. True/False: Although some management accountants ...

Points: 10

Question	Although some management accountants strive to update their knowledge and skills, such updating is within the realm of management accountants' ethical standards.
Answer	<div> True</div> <div>False</div>

14. True/False: Although the purpose of the confident...

Question	Although the purpose of the confidentiality standard is to encourage management accountants to remain loyal to their company, failure to disclose knowledge of internal illegal acts to outside authorities can result in the accountants being charged as an accessory to the crime.
Answer	<div><div><div><div></div></div><div>True</div></div><div><div></div><div>False</div></div></div>

☐ 15. Essay: As the management accountant for Byna...

Points: 10

Question	<p>As the management accountant for Bynami Enterprises Inc., you have been asked to prepare a statement of cost of goods manufactured at the end of the second quarter. Account balances at that time were as follows:</p> <table><tr><td>Materials inventory, April 1</td><td>\$ 510,500</td></tr><tr><td>Work in process inventory, April 1</td><td>697,300</td></tr><tr><td>Finished goods inventory, April 1</td><td>701,200</td></tr><tr><td>Direct materials purchased during the quarter</td><td>1,105,400</td></tr><tr><td>Direct labor costs</td><td>154,800</td></tr><tr><td>Depreciation expense, plant and equipment</td><td>16,200</td></tr><tr><td>Plant supervisors' salaries</td><td>50,600</td></tr><tr><td>Insurance expense, plant and equipment</td><td>1,100</td></tr><tr><td>Utilities expense, plant</td><td>4,000</td></tr><tr><td>Indirect labor costs</td><td>16,800</td></tr><tr><td>Manufacturing supplies expense</td><td>3,400</td></tr><tr><td>Small tools expense</td><td>1,500</td></tr></table> <p>June 30 inventories were as follows: materials, \$540,200; work in process, \$795,400; and finished goods, \$604,100. Prepare the statement of cost of goods manufactured for the second quarter.</p>	Materials inventory, April 1	\$ 510,500	Work in process inventory, April 1	697,300	Finished goods inventory, April 1	701,200	Direct materials purchased during the quarter	1,105,400	Direct labor costs	154,800	Depreciation expense, plant and equipment	16,200	Plant supervisors' salaries	50,600	Insurance expense, plant and equipment	1,100	Utilities expense, plant	4,000	Indirect labor costs	16,800	Manufacturing supplies expense	3,400	Small tools expense	1,500
Materials inventory, April 1	\$ 510,500																								
Work in process inventory, April 1	697,300																								
Finished goods inventory, April 1	701,200																								
Direct materials purchased during the quarter	1,105,400																								
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Utilities expense, plant	4,000																								
Indirect labor costs	16,800																								
Manufacturing supplies expense	3,400																								
Small tools expense	1,500																								
Answer																									

Bynami Enterprises, Inc. Statement of Cost of Goods Manufactured For the Quarter Ended June 30		
Direct materials used		
Materials inventory, April 1	\$ 510,500	
Direct materials purchased	<u>1,105,400</u>	
Cost of direct materials available for use	\$1,615,900	
Less materials inventory, June 30	<u>540,200</u>	
Cost of direct materials used		\$1,075,700
Direct labor costs		154,800
Overhead costs		
Depreciation expense, plant and equipment	\$ 16,200	
Plant supervisors' salaries	50,600	
Insurance expense, plant and equipment	1,100	
Utilities expense, plant	4,000	
Indirect labor costs	16,800	
Manufacturing supplies expense	3,400	
Small tools expense	<u>1,500</u>	
Total overhead costs		<u>93,600</u>
Total manufacturing costs		\$1,324,100
Add work in process inventory, April 1		<u>697,300</u>
Total cost of work in process during the quarter		\$2,021,400
Less work in process inventory, June 30		<u>795,400</u>
Cost of goods manufactured		<u>\$1,226,000</u>

☐ 16. True/False: As units are completed, their costs a...

Points: 10

Question	As units are completed, their costs are transferred from the Materials Inventory account to the Finished Goods Inventory account.
Answer	<div><div><div><div></div></div><div>True</div></div><div><div><div></div></div><div>False</div></div></div>

☐ 17. Essay: Assume you are the president of the b...

Points: 10

Question	Assume you are the president of the business club at your school. You are thinking about creating a fundraising project to generate money for next year's operations. Develop an outline of your ideas using the various stages of the management process.
Answer	<p>Note: Student answers will vary considerably; however, they should adequately cover the four stages of the management process. An example answer is given below.</p> <p>Plan: Under strategic planning, you need to define the objective, i.e., how much needs to be raised. In addition, the target market needs to be identified—for example, students, faculty, businesses, or the community at large. The operating plan would then specify how to approach the target markets.</p> <p>Perform: This would involve explaining the plan to the membership, getting volunteers to help, and performing the actual work, such as coordinating the mailings, staffing the donation booths, making phone calls, and visiting potential donors.</p>

Evaluate: This would involve comparing actual performance to expected performance on a daily basis and making adjustments as needed.

Communicate: This would involve preparing and presenting a report on the results achieved to the membership.

☐ 18. True/False: At the end of an accounting period, t...

Points: 10

Question

At the end of an accounting period, the balance in the Finished Goods Inventory account is the sum of costs of products completed and the cost of goods sold as of that date.

Answer

True

False

☐ 19. True/False: Both direct and indirect labor costs ...

Points: 10

Question

Both direct and indirect labor costs can be directly traced to finished products.

Answer

True

False

☐ 20. True/False: Both direct labor and indirect labor ...

Points: 10

Question

Both direct labor and indirect labor are recorded in the Work in Process Inventory account as the product is being manufactured.

Answer

True

False

☐ 21. True/False: Both indirect materials and indirect ...

Points: 10

Question

Both indirect materials and indirect labor are overhead costs.

Answer

True

False

☐ 22. True/False: Both product costs and period costs c...

Points: 10

Question

Both product costs and period costs could appear on the balance sheet.

Answer

True

False

☐ 23. True/False: Building depreciation is an example o...

Points: 10

Question

Building depreciation is an example of a direct product cost in a manufacturing company.

Answer

True

False

☐ 24. Essay: Complete the following chart by placi...

Points: 10

Question

Complete the following chart by placing an “X” under the applicable column headings. Classify each cost as a fixed cost or a variable cost and as either a direct or indirect product cost or a period cost.

Item	Cost Behavior		Product Costs		Period Cost
	Fixed	Variable	Direct	Indirect	
Glue used in furniture					
Wages of production-line workers					
Wages of factory custodian					
Grapes used in making grape jelly					
Rent of factory					
Factory insurance					
Company president's salary					
Factory washroom supplies					
Sugar in candy products					
Wages of a machinist					
Office supplies used					

Answer

Item	Cost Behavior		Product Costs		Period Cost
	Fixed	Variable	Direct	Indirect	
Glue used in furniture		X		X	

Wages of production-line workers		X	X		
Wages of factory custodian		X		X	
Grapes used in making grape jelly		X	X		
Rent of factory	X			X	
Factory insurance	X			X	
Company president's salary	X				X
Factory washroom supplies		X		X	
Sugar in candy products		X	X		
Wages of a machinist		X	X		
Office supplies used		X			X

☐ 25. Essay: Complete the following chart by placi...

Points: 10

Question Complete the following chart by placing an “X” under the applicable column heading. Classify each cost as a fixed cost or variable cost and as either a direct or indirect product cost or a period cost.

Item	Cost Behavior		Product Costs		Period Cost
	Fixed	Variable	Direct	Indirect	
Wages of assembly line workers					
Office salaries					
Salary of factory supervisor					
Depreciation on factory					
Sales commissions					
Paper used to make books					
Factory property taxes					
Screws in a calculator					
Office receptionist's payroll					
Wages of a machineman					
Advertising					

Answer

Item	Cost Behavior		Product Cost		Period Cost
	Fixed	Variable	Direct	Indirect	
Wages of assembly line workers		X	X		
Office salaries	X				X
Salary of factory supervisor	X			X	
Depreciation on factory	X			X	
Sales commissions		X			X
Paper used to make books		X	X		
Factory property taxes	X			X	
Screws in a calculator		X		X	
Office receptionist's payroll	X				X
Wages of a machineman		X	X		
Advertising	X				X

☐ 26. Multiple Choice: Consider the following information: d...

Points: 10

Question Consider the following information: direct materials used totaled \$124,700; direct labor amounted to \$412,000; overhead was computed to be \$789,600; Work in Process Inventory on March 1, 2014, was \$482,500; and Work in Process Inventory on March 31, 2014, was \$597,100. What was the cost of goods manufactured?

Answer

- ☒ \$1,211,700
- ☐ \$729,200
- ☐ \$1,440,900
- ☐ \$422,100

☐ 27. Multiple Choice: Conversion costs consist of

Points: 10

Question Conversion costs consist of

Answer

- ☐ direct materials costs and direct labor costs.
- ☒ direct labor costs and overhead costs.
- ☐ direct materials costs and overhead costs.
- ☐ direct labor costs and indirect labor costs.

☐ 28. True/False: Cost of goods manufactured appears on...

Points: 10

Question

Cost of goods manufactured appears on the income statement of a manufacturing company in a similar manner as purchases appear on the income statement of a merchandising company.

Answer

✔

True

False

☐ 29. Multiple Choice: Cost of goods manufactured is equal to

Points: 10

Question

Cost of goods manufactured is equal to

Answer

Direct Materials + Direct Labor + Overhead.

✔

Beginning Work in Process Inventory + Total Manufacturing Costs – Ending Work in Process Inventory.

Beginning Work in Process Inventory + Period Costs – Ending Work in Process Inventory.

Beginning Work in Process Inventory + Product Costs.

☐ 30. True/False: Cost of sugar is an indirect cost in ...

Points: 10

Question

Cost of sugar is an indirect cost in the manufacture of candy bars.

Answer

True

✔

False

☐ 31. True/False: Costs can also be classified as value...

Points: 10

Question

Costs can also be classified as value-adding or non-value-adding costs.

Answer

✔

True

False

☐ 32. Multiple Choice: Costs such as salary of supervisors a...

Points: 10

Question

Costs such as salary of supervisors and other support personnel, which are accounted for as overhead costs, are called

Answer

period labor costs.

sales assistance costs.

✔

indirect labor costs.

prime labor costs.

☐ 33. Essay: Dale, Smith, and Associates, a CPA fi...

Points: 10

Question

Dale, Smith, and Associates, a CPA firm, is trying to determine the hourly cost of its junior accountants in the auditing department. The following data have been gathered.

Monthly salaries of 4 junior accountants @ \$3,000 each	\$12,000
Monthly auditing department overhead costs	\$83,160
Average number of hours worked each month	800 hr

Assuming 40 percent of the monthly overhead costs for the auditing department are attributable to the junior accountants, compute the hourly cost of their services.(Round your answer to two decimal places.)

Answer

Salaries	\$12,000
Overhead costs (\$83,160 „ 40%)	33,264
Total costs	\$45,264
Divide by monthly hours	800
Cost per hour	\$ 56.58

☐ 34. Multiple Choice: Depreciation expense could be

Points: 10

Question

Depreciation expense could be

Answer

a period cost.

a product cost.

a fixed cost.

	<table><tr><td>Finished goods inventory, Jan. 1</td><td></td><td>7,000</td></tr><tr><td>Cost of goods manufactured</td><td>(c)</td><td></td></tr><tr><td>Cost of goods available for sale</td><td></td><td>23,000</td></tr><tr><td>Finished goods inventory, Dec. 31</td><td>(d)</td><td></td></tr><tr><td>Cost of goods sold</td><td></td><td>18,000</td></tr><tr><td>Gross margin</td><td>(e)</td><td></td></tr><tr><td>Operating expenses</td><td>(f)</td><td></td></tr><tr><td>Operating income</td><td></td><td>3,000</td></tr></table>	Finished goods inventory, Jan. 1		7,000	Cost of goods manufactured	(c)		Cost of goods available for sale		23,000	Finished goods inventory, Dec. 31	(d)		Cost of goods sold		18,000	Gross margin	(e)		Operating expenses	(f)		Operating income		3,000
Finished goods inventory, Jan. 1		7,000																							
Cost of goods manufactured	(c)																								
Cost of goods available for sale		23,000																							
Finished goods inventory, Dec. 31	(d)																								
Cost of goods sold		18,000																							
Gross margin	(e)																								
Operating expenses	(f)																								
Operating income		3,000																							
Answer	a. \$5,000 b. \$4,000 c. \$16,000 d. \$5,000 e. \$12,000 f. \$9,000																								

☐

42. True/False: Financial accounting information is c...

Points: 10

Question

Financial accounting information is confidential and private.

Answer

True

False

☐

43. True/False: Financial accounting relies on the cr...

Points: 10

Question

Financial accounting relies on the criterion of usefulness rather than formal guidelines in reporting information.

Answer

True

False

☐

44. True/False: Financial accounting reports are prep...

Points: 10

Question

Financial accounting reports are prepared on a periodic basis.

Answer

True

False

☐

45. True/False: Fixed costs remain constant within a ...

Points: 10

Question

Fixed costs remain constant within a defined range of activity or time period.

Answer

True

False

☐

46. Multiple Choice: From Jolier's year-end income st...

Points: 10

Question

From Jolier's year-end income statement, you observe that the finished goods inventory has doubled during the year. This would indicate that during the year Jolier

Answer

sold more goods than were produced.

produced more goods than last year.

produced more goods than were sold.

sold more goods than last year.

☐

47. Essay: Give two examples of each stage in th...

Points: 10

Question

Give two examples of each stage in the management process.

Answer

Plan: Determining the mission statement (strategic objectives and operating objectives); developing a business plan

Perform: Hiring and training personnel; properly matching human and technical resources to the work that must be done; purchasing/leasing facilities; maintaining inventories for sale; identifying operating activities that can minimize waste; improving the quality of products or services

Evaluate: Comparing actual to expected performance; correcting problems; revising original plans

Communicate: Preparing external and internal reports

☐

48. Essay: Identify and explain the important qu...

Points: 10

Question

Identify and explain the important questions a manager must address before preparing a managerial report. (Hint: Think "w's.")

Answer

Why: To establish the purpose of the report

Who: To determine whom the report is targeting, who will receive it, and who will read it; dictates the level of detail necessary for the report

What: To determine the content and style of the report

When: To determine when the report should be completed and distributed at a time when it will be most valuable to those who use it

☐ 49. Matching: Identify the document needed to suppo...

Points: 10

Question	Identify the document needed to support each of the following activities in a manufacturing organization:	
Answer	Match	Question Items Answer Items
	F. - A.	Purchase order A. Receiving direct materials at the dock
	E. - B.	Time card B. Billing a customer for a completed order
	D. - C.	Materials requisition C. Recording the costs of a specific job requiring direct materials, direct labor, and overhead
	C. - D.	Job order cost card D. Issuing direct materials into production
	B. - E.	Sales invoice E. Recording direct labor time at the beginning and end of each work shift
	A. - F.	Receiving report F. Placing an order for direct materials with a supplier

☐ 50. Multiple Choice: If a management accountant confides t...

Points: 10

Question	If a management accountant confides to a relative that his or her company has a confidential plan to merge with another company in the near future, the accountant has
Answer	<div><div></div>not violated ethical standards.</div> <div><div></div>violated ethical standards only if the relative owns stock in the company.</div> <div><div><input checked="" type="checkbox"/></div>violated ethical standards because the relative could stand to gain personally from that information.</div> <div><div></div>not violated ethical standards because the information was relayed to a family member only.</div>

☐ 51. True/False: If a management accountant gives info...

Points: 10

Question	If a management accountant gives information about a future merger of his or her company to a relative, the accountant has acted ethically.
Answer	<div><div></div>True</div> <div><div><input checked="" type="checkbox"/></div>False</div>

☐ 52. Multiple Choice: If the report is urgently needed, it ...

Points: 10

Question	If the report is urgently needed, it is sometimes necessary to sacrifice accuracy in the interest of
Answer	<div><div><input checked="" type="checkbox"/></div>timeliness</div> <div><div></div>personal feelings.</div> <div><div></div>profits.</div> <div><div></div>expectations.</div>

☐ 53. True/False: In a manufacturing company, an accoun...

Points: 10

Question	In a manufacturing company, an accountant’s salary is a value-adding cost.
Answer	<div><div></div>True</div> <div><div><input checked="" type="checkbox"/></div>False</div>

☐ 54. True/False: In a manufacturing company, the cost ...

Points: 10

Question	In a manufacturing company, the cost of direct materials, direct labor, and overhead will most likely become a part of the Cost of Goods Sold account balance.
Answer	<div><div><input checked="" type="checkbox"/></div>True</div> <div><div></div>False</div>

☐ 55. Multiple Choice: In a manufacturing environment, costs...

Points: 10

Question	In a manufacturing environment, costs of materials initially flow
Answer	<div><div></div>into the Work in Process Inventory account.</div> <div><div><input checked="" type="checkbox"/></div>into the Materials Inventory account.</div> <div><div></div>into the Cost of Goods Sold account.</div> <div><div></div>into the Finished Goods Inventory account.</div>

☐

56. Multiple Choice: In a manufacturing environment, direc...

Points: 10

Question	In a manufacturing environment, direct labor costs initially flow
Answer	<div><div></div>into the Materials Inventory account.</div> <div><div></div>into the Cost of Goods Sold account.</div> <div><div></div>into the Work in Process Inventory account.</div> <div><div></div>into the Finished Goods Inventory account.</div>

☐

57. True/False: Indirect product costs incurred are c...

Points: 10

Question	Indirect product costs incurred are charged directly to the Cost of Goods Sold account.
Answer	<div><div></div>True</div> <div><div></div>False</div>

☐

58. True/False: Inventoriable cost is a synonym of pr...

Points: 10

Question	Inventoriable cost is a synonym of product cost.
Answer	<div><div></div>True</div> <div><div></div>False</div>

☐

59. Essay: Job #178 consists of 500 units and ha...

Points: 10

Question	<div>Job #178 consists of 500 units and has total of direct materials, \$48,000; direct labor, \$58,000; and overhead, \$35,000.</div> <div>a. What is the unit product cost?</div> <div>b. What are the prime costs per unit?</div> <div>c. What are the conversion costs per unit?</div>
Answer	<div>a. $(\\$48,000 + \\$58,000 + \\$35,000) / 500 \text{ units} = \\282 per unit</div> <div>b. Prime Costs = Direct Materials + Direct Labor; so $(\\$48,000 + \\$58,000) / 500 \text{ units} = \\212 per unit</div> <div>c. Conversion Costs = Direct Labor + Overhead; so $(\\$58,000 + \\$35,000) / 500 \text{ units} = \\186 per unit</div>

☐

60. True/False: Lubrication used for machines is an e...

Points: 10

Question	Lubrication used for machines is an example of a direct material.
Answer	<div><div></div>True</div> <div><div></div>False</div>

☐

61. True/False: Management accountants are obligated ...

Points: 10

Question	Management accountants are obligated to refrain from activities that would prejudice their ability to carry out their duties.
Answer	<div><div></div>True</div> <div><div></div>False</div>

☐

62. True/False: Management accountants who alter repo...

Points: 10

Question	Management accountants who alter reports to meet targeted levels of performance are not acting unethically, because their job is to provide information that will aid in communicating the goals of the business.
Answer	<div><div></div>True</div> <div><div></div>False</div>

☐

63. True/False: Management accountants working in pur...

Points: 10

Question	Management accountants working in purchasing department must decline gifts from company vendors; because this might influence, or be perceived as influencing their performance or decision analyses.
Answer	<div><div></div>True</div> <div><div></div>False</div>

☐

64. True/False: Management accounting accumulates, ma...

Points: 10

Question	Management accounting accumulates, maintains, and processes an organization's financial and nonfinancial information.
----------	-----------------------------------------------------------------------------------------------------------------------

Answer

True

False

65. Multiple Choice: Management accounting activities

Points: 10

Question

Management accounting activities

Answer

are synonymous with financial accounting activities.

are substitute for the management process.

complement the management process.

have nothing to do with the management process.

66. True/False: Management accounting complements eac...

Points: 10

Question

Management accounting complements each stage of the management process.

Answer

True

False

67. True/False: Management accounting data must be ex...

Points: 10

Question

Management accounting data must be expressed in historical dollars.

Answer

True

False

68. Essay: Management accounting differs from fi...

Points: 10

Question

Management accounting differs from financial accounting in many ways. Indicate with an “X” in the appropriate column whether each of the following characteristics relates to financial accounting, management accounting, or neither.

	Financial Accounting	Management Accounting	Neither
Primary Users:			
Owners, stockholders, lenders, customers, governmental agencies			
Managers and lenders only			
Managers, employees, supply-chain partners			
Report Format:			
Flexible, driven by user’s needs			
Based on generally accepted accounting principles			
Nature of information:			
Objective and verifiable; reports on past performance			
Objective and verifiable for decision making; subjective for planning			
Publicly available			
Units of Measure:			
Monetary at historical or current market or projected values; physical measures of time or number of objects			
Dollars at historical values only			
Monetary at historical or current market values			

Answer

	Financial Accounting	Management Accounting	Neither
Primary Users:			
Owners, stockholders, lenders, customers, governmental agencies	X		
Managers and lenders only			X
Managers, employees, supply-chain partners		X	
Report Format			
Flexible, driven by user’s needs		X	
Based on generally accepted accounting principles	X		
Nature of information:			
Objective and verifiable; reports on past performance	X		
Objective and verifiable for decision making; subjective for planning		X	
Publicly available	X		
Units of Measure:			
Monetary at historical or current market or projected values; physical measures of time or number of objects		X	

Dollars at historical values only			X
Monetary at historical or current market values	X		

☐ 69. True/False: Management accounting exists primaril...

Points: 10

Question	Management accounting exists primarily for the benefit of people inside a company.
Answer	<div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div>

☐ 70. True/False: Management accounting formats are ide...

Points: 10

Question	Management accounting formats are identical for all companies.
Answer	<div><div>True</div><div><div>✔</div><div>False</div></div></div>

☐ 71. True/False: Management accounting information dem...

Points: 10

Question	Management accounting information demands more objectivity than financial accounting information.
Answer	<div><div>True</div><div><div>✔</div><div>False</div></div></div>

☐ 72. True/False: Management accounting information is ...

Points: 10

Question	Management accounting information is determined objectively and is verifiable, whereas financial accounting is more subjective.
Answer	<div><div>True</div><div><div>✔</div><div>False</div></div></div>

☐ 73. True/False: Management accounting information is ...

Points: 10

Question	Management accounting information is objective and verifiable for decision making.
Answer	<div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div>

☐ 74. True/False: Management accounting is a profession...

Points: 10

Question	Management accounting is a profession that involves partnering in management decision making.
Answer	<div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div>

☐ 75. True/False: Management accounting is a subordinat...

Points: 10

Question	Management accounting is a subordinate activity to financial accounting.
Answer	<div><div>True</div><div><div>✔</div><div>False</div></div></div>

☐ 76. True/False: Management accounting provides report...

Points: 10

Question	Management accounting provides reports that are future oriented.
Answer	<div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div>










☐ 77. Multiple Choice: Management accounting reports

Points: 10

Question	Management accounting reports
Answer	<div><div><div>✔</div><div>are primarily used by parties inside the organization.</div></div><div><div>must be prepared on a periodic basis.</div></div><div><div>are generally publicly available.</div></div><div><div>are based on generally accepted accounting principles.</div></div></div>

☐ 78. Multiple Choice: Management accounting reports are

Points: 10

Question	Management accounting reports are
	Answer
	<div>prepared using the double-entry system of accounting.</div> <div>prepared periodically.</div> <div>based on generally accepted accounting principles.</div> <div> driven by user's needs.</div>
<div><input type="checkbox"/> 79. Multiple Choice: Managerial accounting information is ...</div> <div>Points: <div>10</div></div>	
Question	Managerial accounting information is primarily used by
	Answer
	<div>lenders.</div> <div> supply-chain partners.</div> <div>governmental agencies.</div> <div>customers.</div>
<div><input type="checkbox"/> 80. True/False: Managerial accounting primarily provi...</div> <div>Points: <div>10</div></div>	
Question	Managerial accounting primarily provides information on past performance.
	Answer
	<div>True</div> <div> False</div>
<div><input type="checkbox"/> 81. True/False: Managerial accounting reports should ...</div> <div>Points: <div>10</div></div>	
Question	Managerial accounting reports should be prepared when they are needed, without regard to calendar dates or regularity of issue.
	Answer
	<div> True</div> <div>False</div>
<div><input type="checkbox"/> 82. True/False: Managerial accounting's main emp...</div> <div>Points: <div>10</div></div>	
Question	Managerial accounting's main emphasis is on full and accurate accounting for and disclosure of a company's operating results.
	Answer
	<div>True</div> <div> False</div>
<div><input type="checkbox"/> 83. True/False: Managers use managerial accounting pr...</div> <div>Points: <div>10</div></div>	
Question	Managers use managerial accounting principles to guide their actions and decisions in the management process.
	Answer
	<div> True</div> <div>False</div>
<div><input type="checkbox"/> 84. True/False: Manufacturing costs behave as variabl...</div> <div>Points: <div>10</div></div>	
Question	Manufacturing costs behave as variable or fixed costs.
	Answer
	<div> True</div> <div>False</div>
<div><input type="checkbox"/> 85. True/False: Manufacturing costs incurred in an ac...</div> <div>Points: <div>10</div></div>	
Question	Manufacturing costs incurred in an accounting period cannot be included in the cost of goods sold for the subsequent accounting period.
	Answer
	<div>True</div> <div> False</div>
<div><input type="checkbox"/> 86. Multiple Choice: Materials and supplies that cannot be...</div> <div>Points: <div>10</div></div>	
Question	Materials and supplies that cannot be traced conveniently to specific products are called
	Answer
	<div> indirect materials.</div> <div>raw materials.</div>

waste materials.	
direct materials.	
<div><div><input type="checkbox"/></div><div><div>87. True/False: Materials costs flow from the Materia...</div><div>Points: 10</div></div></div>	
Question	Materials costs flow from the Materials Inventory account to the Work in Process Inventory account to the Finished Goods Inventory account.
Answer	<div><div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>88. True/False: Minor materials and other production ...</div><div>Points: 10</div></div></div>	
Question	Minor materials and other production supplies that cannot be conveniently traced to specific products are accounted for as indirect materials.
Answer	<div><div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>89. True/False: Neither the amount of detail nor the ...</div><div>Points: 10</div></div></div>	
Question	Neither the amount of detail nor the format of a management accounting report is affected by those to whom the report is sent.
Answer	<div><div><div><div>True</div><div>✔ False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>90. True/False: Non-value-adding costs increase the c...</div><div>Points: 10</div></div></div>	
Question	Non-value-adding costs increase the cost of a product.
Answer	<div><div><div><div>✔</div><div>True</div></div><div><div>False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>91. Multiple Choice: Overhead costs are</div><div>Points: 10</div></div></div>	
Question	Overhead costs are
Answer	<div><div><div><div><div>not allocated to the Work in Process Inventory account.</div><div>✔ not charged directly to the Finished Goods Inventory account.</div><div>expensed in the period in which they are incurred.</div><div>not considered product costs.</div></div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>92. True/False: Overhead costs are not recorded in th...</div><div>Points: 10</div></div></div>	
Question	Overhead costs are not recorded in the Work in Process Inventory account.
Answer	<div><div><div><div>True</div><div>✔ False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>93. True/False: Overhead costs are traced to products...</div><div>Points: 10</div></div></div>	
Question	Overhead costs are traced to products in the same way that direct materials and direct labor are traced.
Answer	<div><div><div><div>True</div><div>✔ False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>94. True/False: Overhead costs can be directly traced...</div><div>Points: 10</div></div></div>	
Question	Overhead costs can be directly traced to products once the products are completed.
Answer	<div><div><div><div>True</div><div>✔ False</div></div></div></div>
<div><div><input type="checkbox"/></div><div><div>95. True/False: Period cost and product cost are syno...</div><div>Points: 10</div></div></div>	
Question	Period cost and product cost are synonymous terms.
Answer	<div><div><div><div>True</div><div>✔ False</div></div></div></div>

☐

96. Multiple Choice: Period cost is also called

Points: 10

Question	Period cost is also called
Answer	<div><div></div>variable cost.</div> <div><div></div>direct cost.</div> <div><div></div>value-adding cost.</div> <div><div><div></div></div>noninventoriable cost.</div>

☐

97. Multiple Choice: Period costs are

Points: 10

Question	Period costs are
Answer	<div><div><div></div></div>charged against the revenue of the current period.</div> <div><div></div>initially recognized on the balance sheet as inventory.</div> <div><div></div>charged to the period in which the product generates revenue.</div> <div><div></div>further classified as direct costs and indirect costs.</div>

☐

98. True/False: Period costs are also called noninven...

Points: 10

Question	Period costs are also called noninventoriable costs.
Answer	<div><div><div></div></div>True</div> <div><div></div>False</div>

☐

99. True/False: Period costs are charged against the ...

Points: 10

Question	Period costs are charged against the revenue of the current period.
Answer	<div><div><div></div></div>True</div> <div><div></div>False</div>

☐

100. True/False: Period costs flow through three types...

Points: 10

Question	Period costs flow through three types of inventory accounts before becoming part of the cost of goods sold amount.
Answer	<div><div></div>True</div> <div><div><div></div></div>False</div>

☐

101. True/False: Practitioners of management accountin...

Points: 10

Question	Practitioners of management accounting and financial management have a responsibility to communicate information fairly and objectively.
Answer	<div><div><div></div></div>True</div> <div><div></div>False</div>

☐

102. True/False: Primary users of managerial accountin...

Points: 10

Question	Primary users of managerial accounting include governmental agencies.
Answer	<div><div></div>True</div> <div><div><div></div></div>False</div>

☐

103. Multiple Choice: Prime costs is the sum of

Points: 10

Question	Prime costs is the sum of
Answer	<div><div></div>the direct labor costs and indirect labor costs.</div> <div><div></div>the direct material costs, direct labor costs, and overhead costs.</div> <div><div></div>the direct labor costs and overhead costs.</div> <div><div><div></div></div>the direct materials costs and direct labor costs.</div>

☐

104. True/False: Product costs can be found on both th...

Points: 10

Question

Product costs can be found on both the balance sheet and the income statement.

Answer

✔

True

False

105. True/False: Product costs for a manufacturing com...

Points: 10

Question

Product costs for a manufacturing company consist of cost of direct materials, direct labor, and overhead.

Answer

✔

True

False

106. True/False: Product unit cost is computed by divi...

Points: 10

Question

Product unit cost is computed by dividing the cost of goods sold by the number of units sold.

Answer

True

✔

False

107. True/False: Product unit cost is made up of direc...

Points: 10

Question

Product unit cost is made up of direct materials and indirect materials only.

Answer

True

✔

False

108. True/False: Product unit cost is the sum of direc...

Points: 10

Question

Product unit cost is the sum of direct materials, direct labor, and overhead divided by the total number of units produced.

Answer

✔

True

False

109. True/False: Property taxes and equipment deprecia...

Points: 10

Question

Property taxes and equipment depreciation are examples of indirect manufacturing costs.

Answer

✔

True

False

110. Multiple Choice: Recorded costs for the DC5 Division, ...

Points: 10

Question

Recorded costs for the DC5 Division, which manufactured 6,000 units of Product DC5 during the month, are as follows:

Direct materials	\$458,000
Direct labor	400,000
Indirect production costs	80,000
Supervisory services	<u>40,000</u>
Total	<u>\$978,000</u>

The per-unit cost of manufacturing Product DC5 this month is

Answer

✔

\$163.

\$152.

\$170.

\$150.

111. True/False: Recording cost of goods manufactured ...

Points: 10

Question

Recording cost of goods manufactured increases the Work in Process Inventory account.

Answer

True

✔

False

112. True/False: Reporting format of managerial accoun...

Points: 10

Question

Reporting format of managerial accounting is flexible and driven by user’s needs.

Answer

✔

True

False

☐

113. True/False: Salaries of supervisory production pe...

Points: 10

Question

Salaries of supervisory production personnel should be classified as direct labor costs.

Answer

True

✔

False

☐

114. True/False: Similar to financial accounting repor...

Points: 10

Question

Similar to financial accounting reports, management accounting reports are standardized in format.

Answer

True

✔

False

☐

115. True/False: Some period costs can be found in inv...

Points: 10

Question

Some period costs can be found in inventory accounts on the balance sheet.

Answer

True

✔

False

☐

116. Essay: Sorrel Pharmaceuticals Corporation ma...

Points: 10

Question

Sorrel Pharmaceuticals Corporation manufactures a variety of drugs that are marketed internationally. Inventories on May 31 and June 30 were as follows:

	May 31	June 30
Materials Inventory	\$354,100	\$327,400
Work in Process Inventory	112,600	116,400
Finished Goods Inventory	138,500	142,800

Purchases of materials for June were \$142,600. Direct labor costs were incurred and computed on the basis of 27,000 hours at \$8 per hour. Actual overhead costs incurred in June were as follows: operating supplies used, \$5,700; janitorial and materials handling labor, \$38,100; employee benefits, \$110,800; heat, light, and power, \$50,000; factory depreciation, \$8,400; property taxes, \$8,000; and expired portion of insurance premiums, \$12,000. Net sales for June were \$992,700. Selling and administrative expenses were \$165,000.

Prepare a statement of cost of goods manufactured for the month ended June 30.

Answer

Sorrel Pharmaceuticals Corporation Statement of Cost of Goods Manufactured For the Month Ended June 30		
Direct materials used		
Materials inventory, May 1	\$354,100	
Direct materials purchased	<u>142,600</u>	
Cost of direct materials available for use	\$496,700	
Less Materials Inventory, June 30	<u>327,400</u>	
Cost of direct materials used		\$169,300
Direct labor costs		216,000
Overhead costs		
Operating supplies	\$ 5,700	
Janitorial and materials handling labor	38,100	
Employee benefits	110,800	
Heat, light, and power	50,000	
Factory depreciation	8,400	
Property taxes	8,000	
Expired portion of insurance premiums	<u>12,000</u>	
Total overhead costs		<u>233,000</u>
Total manufacturing costs		\$618,300
Add work in process inventory, May 31		<u>112,600</u>
Total cost of work in process during the month		\$730,900
Less work in process inventory, June 30		<u>116,400</u>
Cost of goods manufactured		<u>\$614,500</u>

☐

117. True/False: Standard costing combines actual dire...

Points: 10

Question

Standard costing combines actual direct costs of materials and labor with estimated overhead costs to determine a product unit cost.

Answer

True


✔

False

☐

118. Multiple Choice: Steve, the management accountant of a...

Points: 10

Question	Steve, the management accountant of a company, is not familiar with the concept of prudence in financial reporting. Which of the following IMA standards is Steve violating?
Answer	<div>Confidentiality</div> <div>Materiality</div> <div>Disclosure</div> <div> Competence</div>


☐ 119. Essay: Suppose a management accountant becom...

Points: 10

Question	<p>Suppose a management accountant becomes aware of a confidential but illegal act that has occurred within her company. The management accountant must consider what she is ethically bound to do about this situation. Three alternative responses to this situation are given below. State whether you agree or disagree with each, and briefly detail your reasons.</p> <p>a. The accountant must remain loyal to the company at all times and should report the occurrence only to appropriate officials within the company.</p> <p>b. The accountant is bound to inform officials only if she stands to personally gain (make money) from knowledge of the illegal act.</p> <p>c. The accountant must exercise personal judgment; a clear-cut answer does not exist given the limited information provided.</p>
Answer	<p>a. The confidentiality standards state that management accountants must refrain from disclosing confidential information acquired in the course of their work except when authorized, unless legally obligated to do so. As such, the student should recognize that illegal acts could be an exception to the confidentiality standard. The severity and nature of the illegal act may dictate the accountant's obligation to disclose knowledge of this act to outside officials. An example would be an act involving a felony. Although the thrust of the confidentiality standard encourages accountants to remain loyal to their company in refraining from communicating confidential information, failure to disclose knowledge of illegal acts to outside authorities may result in their being charged as an accessory to the crime. Discussing the illegal act with officials inside the company would likely be the minimum amount of communication required.</p> <p>b. The confidentiality standards specifically state that management accountants should refrain from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantage either personally or through third parties. As such, if an accountant could stand to personal gain from knowledge of the illegal act, then refraining from communicating this information may give the appearance that the accountant is obtaining illegal profits from this information. Depending on the severity of the illegal act, the accountant should communicate knowledge of this act to officials inside or outside the company to avoid even the appearance of unethical behavior.</p> <p>c. As noted in parts a and b, the appropriate action dictated by this situation involves consideration of the severity and consequences of the illegal act. The severity and nature of the illegal act may dictate the accountant's obligation to disclose knowledge of this act to outside officials. In all likelihood, the required procedure should at a minimum include discussing the knowledge of this act with company officials.</p>

☐ 120. Multiple Choice: Suppose a management accountant becom...

Points: 10

Question	Suppose a management accountant becomes aware that a poor judgment he or she made has resulted in the loss of one of the company's clients. Is the accountant bound to share this information with the company? (The accountant doubts that the company will ever find out about it directly.)
Answer	<div>The management accountant is bound to respond honestly to inquiries regarding the adequacy of professional judgments but is not bound to communicate them if not directly asked.</div> <div>The management accountant is bound to communicate this error in judgment only if another client cannot be found.</div> <div>The management accountant is not bound to communicate this error.</div> <div> The management accountant is bound to communicate unfavorable and favorable judgments made, even if not directly asked.</div>

☐ 121. Essay: The Chief Financial Officer (CFO) of ...

Points: 10

Question	The Chief Financial Officer (CFO) of your company has asked you to help her develop a cost control report to be distributed within the company. She wants your input concerning what she should think about before developing such a report. Discuss the significant points, in detail, the CFO should consider before the cost control report is prepared.
Answer	<p>In addition to identifying the Why, Who, What, and When of the report, students should address the specific points that need to be considered under each topic.</p> <p>Why: What is the purpose of the report? Is the intent to report on total costs or is the report going to be concerned with specific costs? Are the costs being considered for the entire company or for specific segments of the company?</p> <p>Who: Who is going to receive the report? Is it going to specific line managers or to someone higher up in the company or to both groups? In other words, is it going to individuals actually incurring the costs or to individuals that are just familiar with the costs being reported?</p> <p>What: Can the information needed to prepare the report be obtained from existing source documents and other sources or not? How will the information be presented? As columnar data, as charts and graphs, as dollar amounts, as percentages, as year-to-date costs, as actual compared to budget, as actual this year compared to actual last year, or some other way?</p>

When: How often will the report be prepared? Daily, weekly, monthly, quarterly, annually? Is the report going to be used to influence current operations or future operations?

☐

122. Multiple Choice: The Finished Goods Inventory and the ...

Points: 10

Question	The Finished Goods Inventory and the Cost of Goods Sold for a manufacturing company for the year 2014 are as follows: May 1 Finished Goods Inventory, \$470,500; May 31 Finished Goods Inventory, \$125,000; Cost of Goods Sold for the year, \$1,110,000. The cost of goods manufactured for the month was
Answer	<div><div>\$1,455,500.</div><div>\$595,500.</div><div>\$985,000.</div><div> \$764,500.</div></div>

☐

123. True/False: The amount of cost of goods manufactu...

Points: 10

Question	The amount of cost of goods manufactured is transferred from the Work in Process Inventory account to the Finished Goods Inventory account.
Answer	<div><div> True</div><div>False</div></div>

☐

124. True/False: The amount of cost of goods sold and ...

Points: 10

Question	The amount of cost of goods sold and cost of goods manufactured will be the same if a company sells all of the units it produced.
Answer	<div><div> True</div><div>False</div></div>

☐

125. Multiple Choice: The beginning finished goods inventor...

Points: 10

Question	The beginning finished goods inventory of Ronald Co. was \$480,125. Goods completed during the year cost \$963,250. The ending finished goods inventory was dangerously low, having been reduced to \$135,850. The cost of goods sold for the year for Ronald Co. was
Answer	<div><div>\$618,975.</div><div> \$1,307,525.</div><div>\$1,579,225.</div><div>\$1,171,675.</div></div>

☐

126. True/False: The changes in the balance of Work in...

Points: 10

Question	The changes in the balance of Work in Process Inventory and the total manufacturing costs for a period are used to compute cost of goods manufactured.
Answer	<div><div> True</div><div>False</div></div>

☐

127. True/False: The cost of goods manufactured is add...

Points: 10

Question	The cost of goods manufactured is added to the beginning balance of finished goods inventory to obtain the total cost of goods available for sale.
Answer	<div><div> True</div><div>False</div></div>

☐

128. True/False: The cost of goods sold decreases the ...

Points: 10

Question	The cost of goods sold decreases the balance in the Finished Goods Inventory account.
Answer	<div><div> True</div><div>False</div></div>

☐

129. Matching: The costs listed below are related to...

Points: 10

Question	The costs listed below are related to a manufacturer of All-natural ice cream. Classify the following costs as
Answer	<div>Match Question Items</div> <div>Answer Items</div>

<div>C. - A. Maintenance on factory building</div> <div>A. - B. Cream</div> <div>B. - C. Mixing department wages</div> <div>A. - D. Vanilla</div> <div>C. - E. Factory supervisor's salary</div> <div>C. - F. Machine oil for mixing machines</div> <div>A. - G. Sugar</div> <div>B. - H. Machine operator wages</div> <div>C. - I. Factory maintenance labor</div> <div>C. - J. Depreciation on factory equipment</div>		<div>A. Direct Material</div> <div>B. Direct Labor</div> <div>C. Overhead</div>	
<div><div><input type="checkbox"/></div><div>130. True/False: The costs of labor for maintenance an...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The costs of labor for maintenance and inspections are examples of direct labor.</div></div>			
<div><div>Answer</div><div><div>True</div><div><div><input checked="" type="checkbox"/></div>False</div></div></div>			
<div><div><input type="checkbox"/></div><div>131. True/False: The costs of marketing and delivering...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The costs of marketing and delivering a product are recorded in the Work in Process Inventory account.</div></div>			
<div><div>Answer</div><div><div>True</div><div><div><input checked="" type="checkbox"/></div>False</div></div></div>			
<div><div><input type="checkbox"/></div><div>132. True/False: The costs of materials used in produc...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The costs of materials used in production are transferred from the Materials Inventory account directly to the Cost of Goods Sold account.</div></div>			
<div><div>Answer</div><div><div>True</div><div><div><input checked="" type="checkbox"/></div>False</div></div></div>			
<div><div><input type="checkbox"/></div><div>133. Multiple Choice: The credibility standard of managemen...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The credibility standard of management accountants state that management accountants must communicate information fairly and objectively. This means essentially that accountants must perform each task</div></div>			
<div><div>Answer</div><div><div>as professionals, possessing the degree of skill of those management accountants who held the position before them.</div><div><div><input checked="" type="checkbox"/></div>to provide relevant information, both positive and negative, to the recipients of their reports.</div><div>in conformity with generally accepted accounting principles.</div><div>to the satisfaction of government regulators.</div></div></div>			
<div><div><input type="checkbox"/></div><div>134. True/False: The evaluation stage of management pr...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The evaluation stage of management process includes comparing actual with the established standards.</div></div>			
<div><div>Answer</div><div><div><div><input checked="" type="checkbox"/></div>True</div><div>False</div></div></div>			
<div><div><input type="checkbox"/></div><div>135. Multiple Choice: The factory personnel whose wages are...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The factory personnel whose wages are traceable directly to a product include</div></div>			
<div><div>Answer</div><div><div>maintenance personnel.</div><div>support personnel.</div><div>factory supervisors.</div><div><div><input checked="" type="checkbox"/></div>employees who help to shape the product.</div></div></div>			
<div><div><input type="checkbox"/></div><div>136. Multiple Choice: The following are costs for a selecte...</div></div>		Points: <div>10</div>	
<div><div>Question</div><div>The following are costs for a selected period: direct materials used in production, \$75,000; direct labor cost of converting materials into product, \$150,000; total indirect costs of manufacturing, \$45,000. What is the unit cost of manufacturing 30,000 units in this period?</div></div>			
<div><div>Answer</div><div>\$7.50</div></div>			

\$9.00

\$6.00

\$4.00

137. True/False: The four stages of the management pro...

Points: 10

Question

The four stages of the management process are: planning, performing, evaluating, and communicating.

Answer

True

False

138. Multiple Choice: The fundamental way in which a compan...

Points: 10

Question

The fundamental way in which a company will achieve its goal is described in its

Answer

balance sheet and income statement.

cash flow statement.

budget.

mission statement.

139. Multiple Choice: The income statement for a manufactur...

Points: 10

Question

The income statement for a manufacturing company usually contains a detailed computation of the

Answer

total manufacturing cost.

cost of goods sold.

total cost of materials used.

total overhead.

140. True/False: The key to produce an accurate and us...

Points: 10

Question

The key to produce an accurate and useful report include identifying the why, who, what, and when of the report.

Answer

True

False

141. True/False: The key to the preparation of an inco...

Points: 10

Question

The key to the preparation of an income statement for a manufacturing company is proper determination of the cost of goods manufactured.

Answer

True

False

142. True/False: The management accountant must be kno...

Points: 10

Question

The management accountant must be knowledgeable about all relevant laws, regulations, and technical standards that pertain to his or her duties.

Answer

True

False

143. True/False: The management process and management...

Points: 10

Question

The management process and management accounting are identical.

Answer

True

False

144. True/False: The overall guideline or limit for ma...

Points: 10

Question

The overall guideline or limit for management accounting information is that the report or analysis must be meaningful and must answer the questions or issues under review.

Answer

True

False

Points: 10

145. True/False: The overriding goal of a business is ...

Question The overriding goal of a business is to increase the value of the stakeholders' interest in the business.

Answer ☒ True
☐ False

Points: 10

146. Multiple Choice: The presentation of merchandise inven...

Question The presentation of merchandise inventory on the balance sheet of a merchandising company most nearly resembles the presentation of _____ inventory on the balance sheet of a manufacturing company.

Answer ☐ materials
☒ finished goods
☐ manufacturing supplies
☐ work in process

Points: 10

147. True/False: The product costs that appear in the ...

Question The product costs that appear in the financial statements are estimated product costs.

Answer ☐ True
☒ False

Points: 10

148. True/False: The product is the cost object when a...

Question The product is the cost object when assigning indirect product costs.

Answer ☒ True
☐ False

Points: 10

149. True/False: The reporting format of financial acc...

Question The reporting format of financial accounting information is based on generally accepted accounting principles.

Answer ☒ True
☐ False

Points: 10

150. True/False: The standard costing method uses esti...

Question The standard costing method uses estimated costs to find product unit cost.

Answer ☒ True
☐ False

Points: 10

151. True/False: The standard costing method uses the ...

Question The standard costing method uses the sum of actual direct materials, actual direct labor, and actual overhead to determine the product unit cost.

Answer ☐ True
☒ False

Points: 10

152. True/False: The terms total manufacturing costs a...

Question The terms total manufacturing costs and total cost of goods manufactured are synonymous.

Answer ☐ True
☒ False

Points: 10

153. Multiple Choice: The three elements of product costs are

Question The three elements of product costs are

Answer ☐ direct materials, work in process, and overhead.
☐ direct materials, work in process, and finished goods.
☒ direct materials, direct labor, and overhead.
☐ direct materials, direct labor, and period costs.

<div><div><input type="checkbox"/></div><div><div>154. True/False: The two primary types of cost behavio...</div></div></div>		Points: <div>10</div>
Question	The two primary types of cost behavior are fixed and variable.	
Answer	<div><div><div><div><div></div></div></div><div>True</div></div><div><div><div></div></div><div>False</div></div></div>	
<div><div><input type="checkbox"/></div><div><div>155. Multiple Choice: The unit of measurement used in manag...</div></div></div>		Points: <div>10</div>
Question	The unit of measurement used in management accounting reports is	
Answer	<div><div><div><div></div></div><div>primarily the historical dollar.</div></div><div><div><div></div></div><div>usually current replacement cost.</div></div><div><div><div><div></div></div><div>any measurement unit that is useful in a particular situation.</div></div><div>the measurement unit used by competing companies.</div></div></div>	
<div><div><input type="checkbox"/></div><div><div>156. Multiple Choice: To calculate the total cost of goods ...</div></div></div>		Points: <div>10</div>
Question	To calculate the total cost of goods manufactured from total manufacturing costs	
Answer	<div><div><div><div></div></div><div>subtract all period costs from total manufacturing costs.</div></div><div><div><div></div></div><div>add beginning and subtract ending finished goods inventory to total manufacturing costs.</div></div><div><div><div></div></div><div>you must know how many goods were sold during the period.</div></div><div><div><div><div></div></div><div>add beginning and subtract ending work in process inventory to total manufacturing costs.</div></div></div></div>	
<div><div><input type="checkbox"/></div><div><div>157. True/False: Total manufacturing costs and the cha...</div></div></div>		Points: <div>10</div>
Question	Total manufacturing costs and the change in the Work in Process Inventory are used to compute the cost of goods sold.	
Answer	<div><div><div><div></div></div><div>True</div></div><div><div><div><div></div></div><div>False</div></div></div></div>	
<div><div><input type="checkbox"/></div><div><div>158. True/False: Total manufacturing costs decrease th...</div></div></div>		Points: <div>10</div>
Question	Total manufacturing costs decrease the balance of the Work in Process Inventory account.	
Answer	<div><div><div><div></div></div><div>True</div></div><div><div><div><div></div></div><div>False</div></div></div></div>	
<div><div><input type="checkbox"/></div><div><div>159. True/False: Total manufacturing costs include all...</div></div></div>		Points: <div>10</div>
Question	Total manufacturing costs include all direct materials used as well as all direct labor costs and overhead costs incurred during a period.	
Answer	<div><div><div><div><div></div></div><div>True</div></div><div><div><div></div></div><div>False</div></div></div></div>	
<div><div><input type="checkbox"/></div><div><div>160. Multiple Choice: Total manufacturing costs incurred du...</div></div></div>		Points: <div>10</div>
Question	Total manufacturing costs incurred during a period are transferred to the	
Answer	<div><div><div><div></div></div><div>Cost of Goods Sold account.</div></div><div><div><div><div></div></div><div>Work in Process Inventory account.</div></div><div>Finished Goods Inventory account.</div><div>Overhead account.</div></div></div>	
<div><div><input type="checkbox"/></div><div><div>161. True/False: Total variable costs remain constant ...</div></div></div>		Points: <div>10</div>
Question	Total variable costs remain constant within a defined time period or range of activity.	
Answer	<div><div><div><div></div></div><div>True</div></div><div><div><div><div></div></div><div>False</div></div></div></div>	
<div><div><input type="checkbox"/></div><div><div>162. Essay: Use the information below for the yea...</div></div></div>		Points: <div>10</div>

Question

Use the information below for the year ended December 31, 2014, to prepare the statement of cost of goods manufactured.

Inventories	Beginning	Ending
Materials inventory	\$32,600	\$ 32,500
Work in process inventory	41,200	41,800
Direct materials purchased		168,000
Total direct labor costs		245,200
Total indirect labor costs		52,100
Utilities		27,300
Depreciation		35,000
Small tools		2,500
Factory insurance		1,600
Factory supervision		45,200
Miscellaneous overhead costs		7,200

Answer

Statement of Cost of Goods Manufactured For the Year Ended December 31, 2014		
Direct materials used		
Materials inventory, January 1	\$ 32,600	
Direct materials purchased	<u>168,000</u>	
Cost of direct materials available for use	\$200,600	
Less materials inventory, December 31	<u>32,500</u>	
Cost of direct materials used		\$168,100
Direct labor costs		245,200
Overhead costs		
Indirect labor costs	\$ 52,100	
Utilities	27,300	
Depreciation	35,000	
Small tools	2,500	
Factory insurance	1,600	
Factory supervision	45,200	
Miscellaneous overhead costs	<u>7,200</u>	
Total overhead costs		<u>170,900</u>
Total manufacturing costs		\$584,200
Add work in process inventory, January 1		<u>41,200</u>
Total cost of work in process during the year		\$625,400
Less work in process inventory, December 31		<u>41,800</u>
Cost of goods manufactured		<u>\$583,600</u>

☐ 163. Essay: Use the information below for the yea...

Points: 10

Question

Use the information below for the year ended December 31, 2014, to prepare the statement of cost of goods manufactured.

Inventories	Beginning	Ending
Materials inventory	\$41,000	\$ 51,000
Work in process inventory	62,000	78,000
Direct materials purchased		258,000
Total direct labor costs		372,000
Total indirect labor costs		67,000
Utilities		41,000
Depreciation		54,000
Small tools		5,000
Factory insurance		3,000
Factory supervision		66,000
Miscellaneous overhead costs		11,000

Answer

Statement of Cost of Goods Manufactured For the Year Ended December 31, 2014		
Direct materials used		
Materials inventory, January 1	\$ 41,000	
Direct materials purchased	<u>258,000</u>	
Cost of direct materials available for use	\$299,000	
Less materials inventory, December 31	<u>51,000</u>	
Cost of direct materials used		\$248,000
Direct labor costs		372,000
Overhead costs		
Indirect labor costs	\$ 67,000	
Utilities	41,000	
Depreciation	54,000	
Small Tools	5,000	
Factory Insurance	3,000	
Factory supervision	66,000	
Miscellaneous overhead costs	<u>11,000</u>	

Total overhead costs		<u>247,000</u>
Total manufacturing costs		\$867,000
Add work in process inventory, January 1		<u>62,000</u>
Total cost of work in process during the year		\$929,000
Less work in process inventory, December 31		<u>78,000</u>
Cost of goods manufactured		<u>\$851,000</u>

☐ 164. True/False: Variable costs per unit change in an ...

Points: 10

Question	Variable costs per unit change in an inversely proportional rate to changes in volume.
Answer	<div>True</div> <div> False</div>

☐ 165. Multiple Choice: Velocity Ltd. is a sports car manufac...

Points: 10

Question	Velocity Ltd. is a sports car manufacturer. Which of the following is a value-adding cost for Velocity?
Answer	<div>Salary of the payroll department</div> <div> Cost of tires used in cars</div> <div>Cost of office supplies</div> <div>Salary of operations manager</div>

☐ 166. True/False: Wages of machine operators and other ...

Points: 10

Question	Wages of machine operators and other workers involved in actually shaping the product are classified as indirect labor costs.
Answer	<div>True</div> <div> False</div>

☐ 167. True/False: When there is an ethical conflict, th...

Points: 10

Question	When there is an ethical conflict, the management accountant should resign if the immediate supervisor is involved in the conflict.
Answer	<div>True</div> <div> False</div>

☐ 168. Multiple Choice: Which cost measurement method calcula...

Points: 10

Question	Which cost measurement method calculates product unit cost using estimates for direct materials, direct labor, and overhead?
Answer	<div> Standard costing</div> <div>Actual costing</div> <div>Full costing</div> <div>Normal costing</div>

☐ 169. Multiple Choice: Which of the following account balanc...

Points: 10

Question	Which of the following account balances is <i>not</i> reported on the balance sheet?
Answer	<div>Materials Inventory</div> <div>Manufacturing Patents</div> <div> Cost of Goods Sold</div> <div>Work in Process Inventory</div>

☐ 170. Multiple Choice: Which of the following accounts conta...

Points: 10

Question	Which of the following accounts contain only one type of product cost?
Answer	<div>Work in Process Inventory</div> <div> Materials Inventory</div> <div>Finished Goods Inventory</div>

Cost of Goods Sold	
<div><div><input type="checkbox"/></div><div>171. Multiple Choice: Which of the following accounts decre...</div></div>	Points: <div>10</div>
Question	Which of the following accounts decreases when cost of goods manufactured is recorded?
Answer	<div><div><div><div></div></div><div>Work in Process Inventory</div></div><div><div></div><div>Finished Goods Inventory</div></div><div><div></div><div>Overhead</div></div><div><div></div><div>Cost of Goods Sold</div></div></div>
<div><div><input type="checkbox"/></div><div>172. Multiple Choice: Which of the following accounts inclu...</div></div>	Points: <div>10</div>
Question	Which of the following accounts includes the cost of completed but unsold units of a manufacturing firm?
Answer	<div><div><div><div></div></div><div>Cost of Goods Sold</div></div><div><div><div></div></div><div>Finished Goods Inventory</div></div><div><div></div><div>Work in Process Inventory</div></div><div><div></div><div>Materials Inventory</div></div></div>
<div><div><input type="checkbox"/></div><div>173. Multiple Choice: Which of the following activities is ...</div></div>	Points: <div>10</div>
Question	Which of the following activities is <i>not</i> a part of the "perform" stage in the management process?
Answer	<div><div><div><div></div></div><div>Producing products as per customer specifications</div></div><div><div></div><div>Manage supply chain relationships</div></div><div><div></div><div>Identifying operating activities that minimize waste</div></div><div><div><div></div></div><div>Calculating variances by comparing estimated and actual costs</div></div></div>
<div><div><input type="checkbox"/></div><div>174. Multiple Choice: Which of the following contains perio...</div></div>	Points: <div>10</div>
Question	Which of the following contains period costs?
Answer	<div><div><div><div></div></div><div>Work in Process Inventory</div></div><div><div></div><div>Finished Goods Inventory</div></div><div><div></div><div>Cost of Goods Sold</div></div><div><div><div></div></div><div>Selling and administrative expenses</div></div></div>
<div><div><input type="checkbox"/></div><div>175. Multiple Choice: Which of the following costs is consi...</div></div>	Points: <div>10</div>
Question	Which of the following costs is considered overhead?
Answer	<div><div><div><div></div></div><div>Indirect labor costs only</div></div><div><div></div><div>Direct materials costs only</div></div><div><div><div></div></div><div>Both indirect materials and indirect labor costs</div></div><div><div></div><div>Direct materials and direct labor costs</div></div></div>
<div><div><input type="checkbox"/></div><div>176. Multiple Choice: Which of the following costs is not a...</div></div>	Points: <div>10</div>
Question	Which of the following costs is <i>not</i> an inventoriable cost?
Answer	<div><div><div><div></div></div><div>Cost to ship products to a customer</div></div><div><div></div><div>Cost of factory machinery used in production</div></div><div><div></div><div>Cost to design the product</div></div><div><div></div><div>Plant supervisor's salary</div></div></div>

177. Multiple Choice: Which of the following documents init...

Points: 10

Question	Which of the following documents initiates the purchasing of materials?
Answer	<div><div>Job order cost sheet</div><div>Receiving report</div><div> Purchase request</div><div>Purchase order</div></div>

☐ 178. Multiple Choice: Which of the following equations is c...

Points: 10

Question	Which of the following equations is correct?
Answer	<div><div>Total Manufacturing Costs = Direct Materials + Direct Labor + Selling Costs</div><div> Total Manufacturing Costs = Direct Materials + Direct Labor + Overhead</div><div>Total Manufacturing Costs = Direct Labor + Overhead + Selling Costs + Administrative Costs</div><div>Total Manufacturing Costs = Product Costs + Period Costs</div></div>

☐ 179. Multiple Choice: Which of the following is a differenc...

Points: 10

Question	Which of the following is a difference between managerial and financial accounting?
Answer	<div><div>Managerial accounting reports non-monetary information whereas financial accounting reports both monetary and non-monetary information.</div><div>Managerial accounting is used by government authorities whereas financial accounting is used by stockholders.</div><div>Managerial accounting prepares reports monthly whereas financial accounting prepares reports annually.</div><div> Managerial information is confidential whereas financial accounting information is publicly available.</div></div>

☐ 180. Multiple Choice: Which of the following is a period cost?

Points: 10

Question	Which of the following is a period cost?
Answer	<div><div> Advertising costs</div><div>Indirect materials</div><div>Manufacturing overhead</div><div>Direct materials</div></div>

☐ 181. Multiple Choice: Which of the following is a product c...

Points: 10

Question	Which of the following is a product cost?
Answer	<div><div>General expenses</div><div>Selling expenses</div><div>Advertising expenses</div><div> Material handling expenses</div></div>

☐ 182. Multiple Choice: Which of the following is a source do...

Points: 10

Question	Which of the following is a source document for purchase of materials?
Answer	<div><div>Vendor's invoice</div><div>Purchase request</div><div>Receiving report</div><div> All of these</div></div>

☐ 183. Multiple Choice: Which of the following is a variable ...

Points: 10

<div>Question</div> <div>Which of the following is a variable cost?</div>	
<div>Answer</div> <div><div><div>✔</div><div>Raw materials</div></div><div>Rent</div><div>Insurance expense</div><div>Salaries</div></div>	

184. Multiple Choice: Which of the following is exclusive t...

Points: 10

<div>Question</div> <div>Which of the following is exclusive to a production-oriented company?</div>	
<div>Answer</div> <div><div>Balance sheet</div><div>Statement of cash flows</div><div>Income statement</div><div>✔ Statement of cost of goods manufactured</div></div>	

185. Multiple Choice: Which of the following is included in...

Points: 10

<div>Question</div> <div>Which of the following is included in prime costs?</div>	
<div>Answer</div> <div><div>Overhead costs</div><div>Indirect materials costs</div><div>Selling and administrative costs</div><div>✔ Direct labor costs</div></div>	

186. Multiple Choice: Which of the following is not a produ...

Points: 10

<div>Question</div> <div>Which of the following is <i>not</i> a product cost?</div>	
<div>Answer</div> <div><div>✔ Depreciation on office furniture</div><div>Manufacturing overhead</div><div>Direct labor</div><div>Direct materials</div></div>	

187. Multiple Choice: Which of the following is not a produ...

Points: 10

<div>Question</div> <div>Which of the following is <i>not</i> a product cost?</div>	
<div>Answer</div> <div><div>Indirect materials costs</div><div>✔ Packaging costs</div><div>Direct labor costs</div><div>Overhead costs</div></div>	

188. Multiple Choice: Which of the following is not a reaso...

Points: 10

<div>Question</div> <div>Which of the following is <i>not</i> a reason to classify costs as either product or period costs?</div>	
<div>Answer</div> <div><div>To determine unit manufacturing costs</div><div>✔ To determine if the costs are fixed or variable</div><div>To analyze costs for control purposes</div><div>To report production costs on the income statement</div></div>	

189. Multiple Choice: Which of the following is not a stage...

Points: 10

<div>Question</div> <div>Which of the following is not a stage in the management process?</div>	
<div>Answer</div> <div><div>Evaluating</div><div>Communicating</div></div>	

Planning	
<div><div></div>Recording</div>	
<div><div><div></div></div><div>190. Multiple Choice: Which of the following is not one of ...</div><div>Points: 10</div></div>	
Question	Which of the following is <i>not</i> one of the key questions to be addressed when preparing an accounting report?
Answer	<div><div>What is audience's familiarity with accounting?</div><div>What information should be included?</div><div>When is it due and what method of presentation is best?</div><div><div></div>How long should the information be valid?</div></div>
<div><div><div></div></div><div>191. Multiple Choice: Which of the following is one of the ...</div><div>Points: 10</div></div>	
Question	Which of the following is one of the integrity standards of management accountants?
Answer	<div><div>Refraining from accepting hospitality gifts from coworkers</div><div>Refraining from activities that the company does not actively endorse</div><div><div></div>Avoiding actual or apparent conflicts of interest</div><div>Avoiding only those conflicts of interest that occur between coworkers</div></div>
<div><div><div></div></div><div>192. Multiple Choice: Which of the following is the formula...</div><div>Points: 10</div></div>	
Question	Which of the following is the formula used to compute product unit cost?
Answer	<div><div>(Direct Materials + Direct Labor) / Number of Units Produced</div><div><div></div>(Direct Materials + Direct Labor + Overhead) / Number of Units Produced</div><div>(Direct Labor + Overhead) / Number of Units Produced</div><div>(Indirect Materials + Indirect Labor + Overhead) / Number of Units Produced</div></div>
<div><div><div></div></div><div>193. Multiple Choice: Which of the following labor costs wo...</div><div>Points: 10</div></div>	
Question	Which of the following labor costs would be included in direct labor?
Answer	<div><div>Maintenance workers</div><div><div></div>Machine operators</div><div>Managers and supervisors</div><div>Materials storeroom custodian</div></div>
<div><div><div></div></div><div>194. Multiple Choice: Which of the following questions do n...</div><div>Points: 10</div></div>	
Question	Which of the following questions <i>do not</i> dictate a managerial report's format?
Answer	<div><div><div></div>Who should write the report?</div><div>To whom should the report be distributed?</div><div>What is the purpose of the report?</div><div>What information is needed?</div></div>
<div><div><div></div></div><div>195. Multiple Choice: Which of the following represents nor...</div><div>Points: 10</div></div>	
Question	Which of the following represents normal cost measurement?
Answer	<div><div>Actual Direct Materials + Actual Direct Labor + Actual Overhead</div><div><div></div>Actual Direct Materials + Actual Direct Labor + Estimated Overhead</div><div>Estimated Direct Materials + Estimated Direct Labor + Actual Overhead</div><div>Actual Direct Materials + Estimated Direct Labor + Estimated Overhead</div></div>

☐

196. Multiple Choice: Which of the following should not be ...

Points: 10

Question	Which of the following should <i>not</i> be included in the computation of cost of goods manufactured?
Answer	<div><div>Factory power costs</div><div>Indirect materials costs</div><div><input checked="" type="checkbox"/> Selling costs</div><div>Direct materials costs</div></div>

☐

197. Multiple Choice: Which of the following statements is ...

Points: 10

Question	Which of the following statements is true of financial and managerial accounting?
Answer	<div><div>Both use historical costs as their primary unit of measurement.</div><div>Both depend on the double-entry system of accounting.</div><div>Both require adherence to generally accepted accounting principles.</div><div><input checked="" type="checkbox"/> Both assist managers in decision making.</div></div>

☐

198. Multiple Choice: Which of the following terms apply to...

Points: 10

Question	Which of the following terms apply to materials and supplies that can be traced conveniently to specific products?
Answer	<div><div>Indirect materials</div><div>Indirect manufacturing costs</div><div><input checked="" type="checkbox"/> Direct costs</div><div>Manufacturing overhead</div></div>

☐

199. Multiple Choice: Which of the following types of produ...

Points: 10

Question	Which of the following types of product costs appear in the financial statements?
Answer	<div><div>Predetermined overhead costs</div><div>Estimated costs</div><div>Standard costs</div><div><input checked="" type="checkbox"/> Actual costs</div></div>

☐

200. Multiple Choice: Which of the following user groups wi...

Points: 10

Question	Which of the following user groups will use managerial accounting information for decision-making purposes?
Answer	<div><div>Customers</div><div>Lenders</div><div><input checked="" type="checkbox"/> Employees</div><div>Stockholders</div></div>

☐

201. Multiple Choice: Woodies Inc. produces wooden desks. W...

Points: 10

Question	Woodies Inc. produces wooden desks. Which of the following is <i>not</i> an indirect material for Woodies?
Answer	<div><div><input checked="" type="checkbox"/> Wood in a desk</div><div>Nails in a desk</div><div>Screws in a desk</div><div>Lubricants for production machinery</div></div>

☐

202. Essay: Yamishi Production had the following ...

Points: 10

Question	
----------	--

Yamishi Production had the following inventories for the first quarter of 2014:

	Beginning	Ending
Materials	\$606,600	\$522,100
Work in process	312,100	280,800
Finished goods	416,100	540,200

Purchases of materials during the quarter were \$427,800. Total direct labor costs were incurred in the amount of \$1,482,000. Actual overhead costs were incurred as follows: operating supplies used, \$17,100; janitorial and maintenance, \$87,300; employee benefits, \$26,400; utilities, \$162,000; depreciation of factory, \$43,200; property taxes, \$24,000; factory insurance, \$29,000. Net sales for the quarter were \$3,562,200. Selling and administrative expenses were \$508,000. Income taxes should be computed at 40 percent.

Prepare a statement of cost of goods manufactured for the first quarter of 2014.

Answer

Yamishi Production Statement of Cost of Goods Manufactured For the Quarter Ended March 31, 2014		
Direct materials used		
Materials inventory, January 1	\$ 606,600	
Direct materials purchased	<u>427,800</u>	
Cost of direct materials available for use	\$1,034,400	
Less materials inventory, March 1	<u>522,100</u>	
Cost of direct materials used		\$ 512,300
Direct labor		1,482,000
Overhead costs		
Operating supplies	\$ 17,100	
Janitorial and maintenance	87,300	
Employee benefits	26,400	
Utilities	162,000	
Depreciation of factory	43,200	
Property taxes	24,000	
Factory insurance	<u>29,000</u>	
Total overhead costs		<u>389,000</u>
Total manufacturing costs		\$2,383,300
Add work in process inventory, January 1		<u>312,100</u>
Total cost of work in process during the quarter		\$2,695,400
Less work in process inventory, March 31		<u>280,800</u>
Cost of goods manufactured		<u>\$2,414,600</u>

Select: All None : Select by Type: - Question Type - ▼

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