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| 1. Managerial accounting reports must be prepared according to generally accepted accounting principles.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 2. Managerial accounting uses only past data in reports to aid management in the decision making process.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 3. Managerial accounting information includes both historical and estimated data.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 4. Since there are few rules to restrict how an organization chooses to arrange its own internal data for decision making, managerial accounting provides ample opportunity for developing business strategies.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 5. A diagram of the operating structure of an organization is called an organization chart.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 6. In most business organizations, the chief accountant is called the treasurer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 7. In most business organizations, the chief management accountant is called the controller.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 8. A staff department or unit is one that provides services, assistance, and advice to the departments with line or other staff responsibilities.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 9. The vice presidents of human resources and the controller hold line positions in most large organizations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 10. A staff department has no direct authority over a line department.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 11. The controller's staff consists of management accountants responsible for systems and procedures, general accounting, budgets, taxes, and cost accounting.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 12. Managerial accounting reports are designed to meet the specific needs of a company’s management.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 13. Planning is the process of monitoring operating results and comparing actual results with the expected results.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 14. Planning is the process of developing the company’s objectives or goals and translating these objectives into courses of action.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 15. Controlling deals with choosing goals and deciding how to achieve them.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 16. Controlling is the process of monitoring operating results and comparing actual results with the expected results.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 17. Managerial accounting provides useful information to managers on product costs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 18. The payment of dividends is an example of a cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 19. A cost can be a payment of cash for the purpose of generating revenues.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 20. Goods that are part way through the manufacturing process, but not yet complete, are referred to as materials inventory.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 21. The cost of a manufactured product generally consists of direct materials cost, direct labor cost, and factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 22. The cost of materials entering directly into the manufacturing process is classified as factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 23. The cost of wages paid to employees directly involved in converting materials to finished product is classified as direct labor cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 24. If the cost of employee wages is not a significant portion of the total product cost, the wages are classified as direct materials cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 25. For a construction contractor, the wages of carpenters would be classified as factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 26. For an automotive repair shop, the wages of mechanics would be classified as direct labor cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 27. Costs other than direct materials cost and direct labor cost incurred in the manufacturing process are classified as factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 28. Depreciation on factory plant and equipment is an example of factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 29. Cost of oil used to lubricate factory machinery and equipment is an example of a direct materials cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 30. If the cost of materials is not a significant portion of the total product cost, the materials may be classified as part of factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 31. Factory overhead cost is sometimes referred to as factory burden.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 32. Conversion cost is the combination of direct labor cost and factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 33. Conversion cost is the combination of direct materials cost and factory overhead cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 34. Factory overhead is an example of a product cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 35. Direct labor costs are included in the conversion costs of a product.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 36. The costs of materials and labor that do not enter directly into the finished product are classified as factory overhead.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 37. The costs of materials and labor that do not enter directly into the finished product are classified as cost of goods sold.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 38. Indirect labor would be included in factory overhead.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 39. A cost object indicates how costs are related or identified.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 40. Direct costs can be specifically traced to a cost object.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 41. Indirect costs can be specifically traced to a cost object.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 42. Period (nonmanufacturing) costs are classified into two categories: selling and administrative.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 43. Prime costs are the combination of direct labor costs and factory overhead costs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 44. Prime costs are the combination of direct materials and direct labor costs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 45. Conversion costs are the combination of direct labor, direct material, and factory overhead costs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 46. Manufacturers use machinery and labor to convert direct materials into finished products.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 47. Period costs include direct materials and direct labor.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 48. Period costs can be found on both the balance sheet and the income statement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 49. Product costs are not expensed until the product is sold.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 50. The plant manager’s salary in a manufacturing business would be considered an indirect cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 51. Operating expenses are product costs and are expensed when the product is sold.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 52. Period costs are operating costs that are expensed in the period in which the goods are sold.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 53. Factory overhead includes all manufacturing costs except direct materials and direct labor.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 54. Labor costs that are directly traceable to the product are part of factory overhead.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 55. Product costs include direct labor and advertising expense.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 56. Indirect labor and indirect materials would be part of factory overhead.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 57. Prime costs consist of factory overhead and direct labor.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 58. Conversion costs consist of product costs and period costs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 59. Prime costs consist of direct materials, indirect materials, and direct labor.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 60. Only the value of the inventory that is sold will appear on the income statement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 61. On the balance sheet for a manufacturing business, the cost of direct materials, direct labor, and factory overhead are categorized as either materials inventory, work in process inventory, or finished goods inventory.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 62. The statement of cost of goods manufactured is an extension of the income statement for a manufacturing company.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 63. Managers use managerial information to evaluate performance of a company’s operation.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 64. Managerial information is for external as well as internal stakeholders.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 65. A report analyzing how many products need to be sold to cover operating costs is not typically a managerial accounting report.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 66. A report analyzing the dollar savings of purchasing new equipment to speed up the production process is a managerial accounting report.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 67. A performance report that identifies the amount of employee downtime is a financial accounting report.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 68. In order to be useful to managers, managerial accounting reports should possess all of the following characteristics **except**   |  |  |  | | --- | --- | --- | |  | a. | provide objective measures of past operations and subjective estimates about future decisions | |  | b. | be prepared in accordance with generally accepted accounting principles | |  | c. | be provided at any time management needs information | |  | d. | be prepared to report information for any unit of the business to support decision making |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 69. What is the primary criterion for the preparation of managerial accounting reports?   |  |  |  | | --- | --- | --- | |  | a. | relevance of the reports | |  | b. | manager needs | |  | c. | timing of the reports | |  | d. | cost of the reports |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 70. Which of the following is most associated with managerial accounting?   |  |  |  | | --- | --- | --- | |  | a. | must follow GAAP | |  | b. | may rely on estimates and forecasts | |  | c. | is prepared for users outside the organization | |  | d. | always reports on the entire entity |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 71. Which of the following is most associated with financial accounting?   |  |  |  | | --- | --- | --- | |  | a. | can have both objective and subjective information | |  | b. | can be prepared periodically, or as needed | |  | c. | prepared in accordance with GAAP | |  | d. | can be prepared for the entity or segment |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 72. Which of the following statements is false?   |  |  |  | | --- | --- | --- | |  | a. | There is no overlap between financial and managerial accounting. | |  | b. | Managerial accounting sometimes relies on past information. | |  | c. | Managerial accounting does not need to conform to GAAP. | |  | d. | Financial accounting must conform to GAAP. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 73. In most business organizations, the chief management accountant is called the   |  |  |  | | --- | --- | --- | |  | a. | chief accounting officer | |  | b. | controller | |  | c. | chairman of the board | |  | d. | chief executive officer |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 74. All of the following employees hold line positions in Facebook **except**   |  |  |  | | --- | --- | --- | |  | a. | vice president of production | |  | b. | vice president of finance | |  | c. | manager of the web design | |  | d. | vice president of sales |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 75. The controller's staff often consists of several management accountants. All of the following would most likely be on the controller's staff **except**   |  |  |  | | --- | --- | --- | |  | a. | general accountants | |  | b. | budgets and budget analysts | |  | c. | investments and shareholder relations managers | |  | d. | cost accountants |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 76. Managerial accounting reports are   |  |  |  | | --- | --- | --- | |  | a. | prepared according to GAAP | |  | b. | prepared according to management needs | |  | c. | prepared periodically only | |  | d. | related to the entire business entity only |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 77. Who are the individuals charged with the responsibility for directing the day-to-day operations of a business?   |  |  |  | | --- | --- | --- | |  | a. | investors | |  | b. | managers | |  | c. | shareholders | |  | d. | customers |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 78. Which of the following are basic phases of the management process?   |  |  |  | | --- | --- | --- | |  | a. | supervising and directing | |  | b. | decision making and supervising | |  | c. | organizing and directing | |  | d. | planning and controlling |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 79. What term is used to describe the process of monitoring operating results and comparing actual results with the expected results?   |  |  |  | | --- | --- | --- | |  | a. | improving | |  | b. | controlling | |  | c. | directing | |  | d. | planning |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 80. Accounting designed to meet the needs of decision makers inside the business is   |  |  |  | | --- | --- | --- | |  | a. | general accounting | |  | b. | financial accounting | |  | c. | managerial accounting | |  | d. | external accounting |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 81. What term is used to describe the process of developing the organization’s objectives and translating those into courses of action?   |  |  |  | | --- | --- | --- | |  | a. | supervising | |  | b. | planning | |  | c. | improving | |  | d. | decision making |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 82. The primary goal of managerial accounting is to provide information to   |  |  |  | | --- | --- | --- | |  | a. | investors | |  | b. | creditors | |  | c. | management | |  | d. | external auditors |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 83. Which of the following is the principle reason for preparing managerial accounting reports?   |  |  |  | | --- | --- | --- | |  | a. | usefulness to management | |  | b. | cost of preparation | |  | c. | clarity | |  | d. | GAAP |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 84. Which of the following is **not** a characteristic of useful managerial accounting reports?   |  |  |  | | --- | --- | --- | |  | a. | accurate | |  | b. | GAAP—adhering | |  | c. | historical and estimated data | |  | d. | prepared as needed |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 85. Compute conversion costs given the following data: direct materials, $347,500; direct labor, $196,300; factory overhead, $187,900; and selling expenses, $45,290.   |  |  |  | | --- | --- | --- | |  | a. | $543,800 | |  | b. | $187,900 | |  | c. | $731,700 | |  | d. | $384,200 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | Conversion costs ​= Direct labor cost + Factory overhead cost = $196,300 + $187,900 = $384,200​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 86. Which of the following is **not** true in regards to direct materials for a bakery?   |  |  |  | | --- | --- | --- | |  | a. | Flour and sugar would probably be direct materials. | |  | b. | Eggs would probably be a direct material. | |  | c. | Oil to lubricate factory machines would not be a direct material. | |  | d. | Paper cupcake liners, that become part of the product, must be accounted for as direct materials. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 87. The cost of a manufactured product generally consists of which of the following costs?   |  |  |  | | --- | --- | --- | |  | a. | direct materials cost and factory overhead cost only | |  | b. | direct labor cost and factory overhead cost only | |  | c. | direct labor cost, direct materials cost, and factory overhead cost | |  | d. | direct materials cost and direct labor cost only |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 88. Materials must have which two qualities in order to be classified as direct materials?   |  |  |  | | --- | --- | --- | |  | a. | They must be classified as both prime costs and conversion costs. | |  | b. | They must be introduced into the process in both work-in-process inventories and finished goods inventories. | |  | c. | They must be an integral part of the finished product, but can be an insignificant portion of the total product cost. | |  | d. | They must be an integral part of the finished product and be a significant portion of the total product cost. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 89. Which of the following is an example of direct materials cost for an automobile manufacturer?   |  |  |  | | --- | --- | --- | |  | a. | cost of oil lubricants for factory machinery | |  | b. | cost of wages of assembly worker | |  | c. | salary of production supervisor | |  | d. | cost of interior upholstery |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 90. A plant manager’s salary is   |  |  |  | | --- | --- | --- | |  | a. | a direct cost and an indirect cost | |  | b. | a direct cost | |  | c. | an indirect cost | |  | d. | a period cost |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 91. If the cost of a direct material is a small portion of total production cost, it may be classified as part of   |  |  |  | | --- | --- | --- | |  | a. | direct labor cost | |  | b. | selling and administrative costs | |  | c. | miscellaneous costs | |  | d. | factory overhead cost |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 92. The cost of wages paid to employees directly involved in the manufacturing process in converting materials into finished products is classified as   |  |  |  | | --- | --- | --- | |  | a. | factory overhead cost | |  | b. | direct labor cost | |  | c. | miscellaneous costs | |  | d. | direct materials cost |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 93. Which of the following is an example of direct labor cost for a cell phone manufacturer?   |  |  |  | | --- | --- | --- | |  | a. | cost of oil lubricants for factory machinery | |  | b. | cost of wages of assembly worker | |  | c. | salary of plant supervisor | |  | d. | cost of phone components |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 94. Costs other than direct materials cost and direct labor cost incurred in the manufacturing process are classified as   |  |  |  | | --- | --- | --- | |  | a. | factory overhead cost | |  | b. | miscellaneous expense | |  | c. | product costs | |  | d. | period cost |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 95. Which of the following is an example of a factory overhead cost?   |  |  |  | | --- | --- | --- | |  | a. | repair and maintenance cost on the administrative building | |  | b. | factory heating and lighting cost | |  | c. | insurance premiums on salespersons' automobiles | |  | d. | president's salary |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 96. Period costs include   |  |  |  | | --- | --- | --- | |  | a. | current assets on the balance sheet | |  | b. | current liabilities on the balance sheet | |  | c. | operating costs that are shown on the income statement when products are sold | |  | d. | operating costs that are shown on the income statement in the period in which they are incurred |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 97. Another term for factory overhead is   |  |  |  | | --- | --- | --- | |  | a. | surplus | |  | b. | period cost | |  | c. | supervisory cost | |  | d. | factory burden |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 98. Which of the following costs are conversion costs?   |  |  |  | | --- | --- | --- | |  | a. | direct labor cost and factory overhead cost | |  | b. | direct materials cost and direct labor cost | |  | c. | factory overhead cost | |  | d. | direct materials cost and factory overhead cost |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 99. Goods that are partially completed by a manufacturer are   |  |  |  | | --- | --- | --- | |  | a. | merchandise inventory | |  | b. | work in process inventory | |  | c. | finished goods inventory | |  | d. | materials inventory |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 100. What term refers to the cost of changing direct materials into a finished manufactured product?   |  |  |  | | --- | --- | --- | |  | a. | factory overhead cost | |  | b. | period cost | |  | c. | conversion cost | |  | d. | direct labor cost |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 101. Which of the following items would **not** be classified as part of factory overhead?   |  |  |  | | --- | --- | --- | |  | a. | direct labor used | |  | b. | amortization of manufacturing patents | |  | c. | production supervisors' salaries | |  | d. | factory supplies used |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 102. Which of the following is part of factory overhead cost?   |  |  |  | | --- | --- | --- | |  | a. | sales commissions | |  | b. | depreciation of factory equipment and machines | |  | c. | depreciation of sales person's vehicle | |  | d. | direct materials used |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 103. Which of the following manufacturing costs is an indirect cost of producing a product?   |  |  |  | | --- | --- | --- | |  | a. | oil lubricants used for factory machinery | |  | b. | commissions for sales personnel | |  | c. | hourly wages of an assembly worker | |  | d. | memory chips for a microcomputer manufacturer |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 104. All of the following could be considered a direct material **except**   |  |  |  | | --- | --- | --- | |  | a. | steel | |  | b. | fabric | |  | c. | glue | |  | d. | lumber |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 105. Prime costs are   |  |  |  | | --- | --- | --- | |  | a. | direct materials and factory overhead | |  | b. | direct materials and direct labor | |  | c. | direct labor and factory overhead | |  | d. | period costs and factory overhead |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 106. A product cost is   |  |  |  | | --- | --- | --- | |  | a. | expensed in the period in which it is manufactured | |  | b. | shown with current liabilities on the balance sheet | |  | c. | shown with operating expenses on the income statement | |  | d. | expensed in the period the product is sold |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 107. Conversion costs are   |  |  |  | | --- | --- | --- | |  | a. | direct materials and direct labor | |  | b. | direct materials and factory overhead | |  | c. | factory overhead and direct labor | |  | d. | direct materials and indirect labor |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 108. Which of the following is **not** a prime cost?   |  |  |  | | --- | --- | --- | |  | a. | plant janitor’s wages | |  | b. | direct labor wages | |  | c. | machine operator wages | |  | d. | assembly line wages |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 109. The Darwin Company reports the following information:   |  |  | | --- | --- | | Sales | $76,500 | | Direct materials used | 7,300 | | Depreciation on factory equipment | 4,700 | | Indirect labor | 5,900 | | Direct labor | 10,500 | | Factory rent | 4,200 | | Factory utilities | 1,200 | | Sales salaries expense | 15,600 | | Office salaries expense | 8,900 | | Indirect materials | 1,200 |   ​  Product costs are   |  |  |  | | --- | --- | --- | |  | a. | $24,500 | |  | b. | $30,300 | |  | c. | $29,200 | |  | d. | $35,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | Product costs = Direct materials cost + Direct labor cost + Factory overhead cost = $7,300 + $10,500 + $4,700 + $5,900 + $4,200 + $1,200 + $1,200 = $35,000 ​ | | *DIFFICULTY:* | Bloom's: Applying Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 110. Product costs   |  |  |  | | --- | --- | --- | |  | a. | appear only on the balance sheet | |  | b. | appear only on the income statement | |  | c. | are expensed as costs are incurred for direct labor, direct material, and factory overhead | |  | d. | appear on both the income statement and balance sheet |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 111. The following are all product costs **except**   |  |  |  | | --- | --- | --- | |  | a. | direct materials | |  | b. | sales and administrative expenses | |  | c. | direct labor | |  | d. | factory overhead |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 112. Indirect labor and indirect materials are classified as   |  |  |  | | --- | --- | --- | |  | a. | factory overhead and product costs | |  | b. | factory overhead and period costs | |  | c. | operating costs and period costs | |  | d. | operating costs and product costs |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 113. An example of a period cost is   |  |  |  | | --- | --- | --- | |  | a. | advertising expense | |  | b. | indirect materials | |  | c. | depreciation on factory equipment | |  | d. | property taxes on plant facilities |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 114. Direct labor and direct materials are   |  |  |  | | --- | --- | --- | |  | a. | product costs and expensed when the goods are sold | |  | b. | product costs and expensed when incurred | |  | c. | period costs and expensed when incurred | |  | d. | period costs and expensed when the goods are sold |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 115. Indirect costs incurred in a manufacturing environment that cannot be traced directly to a product are treated as   |  |  |  | | --- | --- | --- | |  | a. | period costs and expensed when incurred | |  | b. | product costs and expensed when the goods are sold | |  | c. | product costs and expensed when incurred | |  | d. | period costs and expensed when the goods are sold |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 116. Rent expense on a factory building would be treated as a(n)   |  |  |  | | --- | --- | --- | |  | a. | period cost | |  | b. | product cost | |  | c. | indirect cost | |  | d. | direct material cost |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 117. Insurance expense incurred on a factory building would be treated as a   |  |  |  | | --- | --- | --- | |  | a. | direct cost | |  | b. | period cost | |  | c. | product cost | |  | d. | selling cost |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| Jensen Company reports the following:  ​   |  |  | | --- | --- | | Direct materials used | $345,000 | | Direct labor incurred | 250,000 | | Factory overhead incurred | 400,000 | | Operating expenses | 175,000 |   ​  ​ |

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| 118. Jensen Company’s period costs are   |  |  |  | | --- | --- | --- | |  | a. | $345,000 | |  | b. | $250,000 | |  | c. | $400,000 | |  | d. | $175,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 119. Jensen Company’s product costs are   |  |  |  | | --- | --- | --- | |  | a. | $995,000 | |  | b. | $920,000 | |  | c. | $825,000 | |  | d. | $770,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Product costs​ = Direct materials used + Direct labor incurred + Factory overhead incurred = $345,000 + $250,000 + $400,000 = $995,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 120. Which of the following is **not** a factory overhead cost?   |  |  |  | | --- | --- | --- | |  | a. | materials used directly in the manufacturing process of the product | |  | b. | insurance on factory equipment | |  | c. | salaries of production supervisors | |  | d. | property tax on factory building |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 121. Factory overhead includes   |  |  |  | | --- | --- | --- | |  | a. | factory rent and direct labor | |  | b. | direct materials and direct labor | |  | c. | indirect materials and direct materials | |  | d. | indirect labor and indirect materials |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 122. The Darwin Company reports the following information:  ​   |  |  | | --- | --- | | Sales | $76,500 | | Direct materials used | 7,300 | | Depreciation on factory equipment | 4,700 | | Indirect labor | 5,900 | | Direct labor | 10,500 | | Factory rent | 4,200 | | Factory utilities | 1,200 | | Sales salaries expense | 15,600 | | Office salaries expense | 8,900 | | Indirect materials | 1,200 |   ​  Period costs are   |  |  |  | | --- | --- | --- | |  | a. | $24,500 | |  | b. | $30,300 | |  | c. | $29,200 | |  | d. | $35,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Period costs = Sales salaries expense + Office salaries expense = $15,600 + $8,900 = $24,500​​ | | *DIFFICULTY:* | Bloom's: Applying Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 123. All of the following are examples of indirect labor **except**   |  |  |  | | --- | --- | --- | |  | a. | maintenance personnel | |  | b. | janitorial personnel | |  | c. | machine operators | |  | d. | plant managers |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 124. Which of the following accounts will be found on the income statement?   |  |  |  | | --- | --- | --- | |  | a. | Inventory | |  | b. | Work in Process | |  | c. | Finished Goods | |  | d. | Cost of Goods Sold |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 125. Given the following data:  ​  ​  Cost of materials used                       $45,000  Direct labor costs                               48,000 Factory overhead                                39,000  Work in process, beginning                 28,000 Work in process, ending                     18,000 Finished goods, beginning                   28,000 Finished goods, ending                        18,000  What is cost of goods sold?   |  |  |  | | --- | --- | --- | |  | a. | $152,000 | |  | b. | $142,000 | |  | c. | $10,000 | |  | d. | $128,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Cost of goods sold​ = Work in process, beginning + Cost of materials used + Direct labor costs + Factory overhead – Work in process, ending + Finished goods, beginning – Finished goods, ending = $28,000 + $45,000 + $48,000 – $18,000 + $28,000 – $18,000 = $152,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 126. Given the following data:  ​   |  |  | | --- | --- | | Beginning raw materials inventory | $30,000 | | Materials purchased | 65,000 | | Ending raw materials inventory | 40,000 |   ​  What is the amount of raw materials used?   |  |  |  | | --- | --- | --- | |  | a. | $5,000 | |  | b. | $55,000 | |  | c. | $75,000 | |  | d. | $30,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | Amount of raw materials used​ = Beginning raw materials inventory + Materials purchased – Ending raw materials inventory = $30,000 + $65,000 – $40,000 = $55,000​ | | *DIFFICULTY:* | Bloom's: Applying Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 127. A company manufactured 50,000 units of a product at a cost of $450,000.  It sold 45,000 units at $15 each.  The gross profit is   |  |  |  | | --- | --- | --- | |  | a. | $750,000 | |  | b. | $240,000 | |  | c. | $600,000 | |  | d. | $270,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | Cost of manufacturing 45,000 units = ($450,000 / 50,000 units)​ × 45,000 = $405,000  Gross profit = Sales – Cost of manufacturing = ($15 × 45,000) – $405,000 = $675,000 – $405,000 = $270,000  ​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 128. The following information is taken from the financial records of Gunner Manufacturing:  ​  ​  Cost of materials used                  $45,000  Direct labor costs                           48,000  Factory overhead                            39,000  Work in process, beginning             18,000  Work in process, ending                 28,000  ​  ​  What is the cost of goods manufactured?   |  |  |  | | --- | --- | --- | |  | a. | $178,000 | |  | b. | $132,000 | |  | c. | $122,000 | |  | d. | $142,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | Cost of goods manufactured​ = Work in process, beginning + Cost of materials used + Direct labor costs + Factory overhead – Work in process, ending = $18,000 + $45,000 + $48,000 + $39,000 – $28,000 = $122,000                                        ​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 129. Which of the following are reported on the income statement as part of cost of goods?   |  |  |  | | --- | --- | --- | |  | a. | administrative expenses | |  | b. | period costs | |  | c. | cost of goods manufactured | |  | d. | operating expenses |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 130. What is the purpose of the statement of cost of goods manufactured?   |  |  |  | | --- | --- | --- | |  | a. | to determine the ending materials inventory | |  | b. | to determine the ending work in process inventory | |  | c. | to determine the amounts transferred to finished goods | |  | d. | all of these |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 131. Costs on the income statement for both a merchandiser and a manufacturer would be   |  |  |  | | --- | --- | --- | |  | a. | operating expenses | |  | b. | direct materials | |  | c. | direct labor incurred | |  | d. | cost of goods manufactured |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 132. On the income statement of a manufacturing company, what replaces purchases in the cost of goods sold section of a retail company?   |  |  |  | | --- | --- | --- | |  | a. | finished goods | |  | b. | cost of merchandise available | |  | c. | cost of goods manufactured | |  | d. | work in process |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 133. Cost of goods sold for a manufacturer equals cost of goods manufactured plus   |  |  |  | | --- | --- | --- | |  | a. | beginning work in process inventory less ending work in process inventory | |  | b. | ending work in process inventory less beginning work in process inventory | |  | c. | beginning finished goods inventory less ending finished goods inventory | |  | d. | ending finished goods inventory less beginning finished goods inventory |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 134. Given the following data:  ​   |  |  | | --- | --- | | Work in process, beginning | $14,000 | | Work in process, ending | 20,000 | | Direct labor costs | 4,000 | | Cost of goods manufactured | 8,000 | | Factory overhead | 8,000 |   ​  Direct materials used is   |  |  |  | | --- | --- | --- | |  | a. | $2,000 | |  | b. | $4,000 | |  | c. | $8,000 | |  | d. | $14,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Direct materials used = Cost of goods manufactured – Work in process, beginning + Work in process, ending – Direct labor costs – Factory overhead = $8,000 – ​$14,000 + $20,000 – $4,000 – $8,000 = $2,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 135. Cost of goods manufactured is equal to   |  |  |  | | --- | --- | --- | |  | a. | total manufacturing costs plus ending materials inventory less beginning materials inventory | |  | b. | cost of goods sold plus beginning work in process inventory less ending work in process inventory | |  | c. | total manufacturing costs plus ending work in process inventory less beginning work in process inventory | |  | d. | total manufacturing costs plus beginning work in process inventory less ending work in process inventory |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 136. Finished goods inventory is reported on the   |  |  |  | | --- | --- | --- | |  | a. | income statement as a period cost | |  | b. | balance sheet as a long-term asset | |  | c. | balance sheet as a current asset | |  | d. | income statement as revenue |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 137. Beginning work in process is equal to   |  |  |  | | --- | --- | --- | |  | a. | cost of goods manufactured plus ending work in process minus manufacturing costs incurred during the current period | |  | b. | cost of goods manufactured minus ending work in process plus manufacturing costs incurred during the current period | |  | c. | ending work in process plus manufacturing costs incurred during the current period | |  | d. | manufacturing costs incurred during the current period minus ending work in process |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 138. All of the following would be reported on the balance sheet as a current asset **except**   |  |  |  | | --- | --- | --- | |  | a. | factory overhead | |  | b. | materials inventory | |  | c. | finished goods inventory | |  | d. | work in process inventory |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 139. Smith Company reports the following information:  ​   |  |  | | --- | --- | | Cost of goods manufactured | $68,250 | | Direct materials used | 27,000 | | Direct labor incurred | 25,000 | | Work in process inventory, January 1 | 11,000 |   ​  Factory overhead is 75% of the cost of direct labor.  Work in process inventory on December 31 is   |  |  |  | | --- | --- | --- | |  | a. | $16,250 | |  | b. | $8,500 | |  | c. | $18,750 | |  | d. | $13,500 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | Work in process inventory on December 31 = Beginning work in process inventory + Direct materials used + Direct labor incurred + Factory overhead – Cost of goods manufactured = $11,000 + $27,000 + $25,000 + ($25,000 × 75%) – $68,250 = $81,750 – $68,250 = $13,500​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 140. At the beginning of the current year, the Grant Company’s work in process inventory account had a balance of $30,000.  During the year, $68,000 of direct materials were used in production, and $66,000 of direct labor costs were incurred.  Factory overhead for the year amounted to $90,000. Cost of goods manufactured is $230,000.  The balance in work in process inventory on December 31 is   |  |  |  | | --- | --- | --- | |  | a. | $24,000 | |  | b. | $44,000 | |  | c. | $66,000 | |  | d. | $36,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Work in process inventory on December 31 = Beginning work in process inventory + Direct materials used + Direct labor incurred + Factory overhead – Cost of goods manufactured = $30,000 + $68,000 + $66,000 + $90,000 – $230,000​ = $24,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 141. A company used $35,000 of direct materials, incurred $73,000 in direct labor cost, and had $114,000 in factory overhead costs during the period.  If beginning and ending work in process inventories were $28,000 and $32,000, respectively, the cost of goods manufactured was   |  |  |  | | --- | --- | --- | |  | a. | $218,000 | |  | b. | $226,000 | |  | c. | $190,000 | |  | d. | $222,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Cost of goods manufactured = Beginning work in process inventories + Direct materials + Direct labor cost + Factory overhead costs – Ending work in process inventories = $28,000 + $35,000 + $73,000 + $114,000 – $32,000 = $218,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 142. Cost of goods manufactured during the year is $240,000 work in process inventory on December 31 is $50,000. Work in process inventory during the year decreased by 60%.  Total manufacturing costs incurred are   |  |  |  | | --- | --- | --- | |  | a. | $190,000 | |  | b. | $165,000 | |  | c. | $290,000 | |  | d. | $315,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | Total manufacturing costs = Cost of goods manufactured – Beginning work in process inventory + Ending work in process inventory​ = $240,000 – ($50,000 / 0.4) + $50,000 = $240,000 – $125,000 + $50,000 = $165,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 143. Work in process inventory on December 31 of the current year is $44,000. Work in process inventory increased by 60% during the year. Cost of goods manufactured amounts to $275,000. What are the total manufacturing costs incurred in the current year?   |  |  |  | | --- | --- | --- | |  | a. | $291,500 | |  | b. | $302,000 | |  | c. | $275,750 | |  | d. | $233,750 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Total manufacturing costs = Cost of goods manufactured – Beginning  work in process inventory + Ending work in process inventory​ = $275,000 – ($44,000 / 1.6) + $44,000 = $275,000 – $27,500 + $44,000 = $291,500​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 144. Work in process inventory on December 31 is $42,000.  Work in process inventory decreased by 40% during the year.  Total manufacturing costs incurred amount to $260,000.  What is the cost of goods manufactured?   |  |  |  | | --- | --- | --- | |  | a. | $232,000 | |  | b. | $302,000 | |  | c. | $288,000 | |  | d. | $190,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | Cost of goods manufactured​ = Beginning work in process inventory + Total manufacturing costs incurred – Ending work in process inventory = ($42,000 / 0.6) + $260,000 – $42,000 = $70,000 + $260,000 – $42,000 = $288,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 145. Work in process inventory increased by $20,000 during the current year.  Cost of goods manufactured was $180,000.  Total manufacturing costs incurred are   |  |  |  | | --- | --- | --- | |  | a. | $198,000 | |  | b. | $160,000 | |  | c. | $189,000 | |  | d. | $200,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | Total manufacturing costs = Cost of goods manufactured – Beginning work in process inventory + Ending work in process inventory = $180,000 – Beginning work in process inventory + (Beginning work in process inventory + $20,000) = $200,000​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 146. Which of the following will **not** be found on the balance sheet of a manufacturing company?   |  |  |  | | --- | --- | --- | |  | a. | cost of goods sold | |  | b. | materials | |  | c. | work in process | |  | d. | finished goods |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 147. A company sells goods for $150,000 that cost $54,000 to manufacture.  Which statement is true?   |  |  |  | | --- | --- | --- | |  | a. | The company will recognize sales on the balance sheet of $150,000. | |  | b. | The company will recognize $96,000 gross profit on the balance sheet. | |  | c. | The company will decrease finished goods by $54,000. | |  | d. | The company will increase finished goods by $54,000. |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 148. The cost of goods sold for Michaels Manufacturing in the current year was $233,000.  The January 1 finished goods inventory balance was $31,600, and the December 31 finished goods inventory balance was $24,200.  Cost of goods manufactured during the period was   |  |  |  | | --- | --- | --- | |  | a. | $233,000 | |  | b. | $225,600 | |  | c. | $288,800 | |  | d. | $240,400 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | Cost of goods manufactured = Cost of goods sold​ – Beginning finished goods inventory + Ending finished goods inventory = $233,000 – $31,600 + $24,200 = $225,600​ | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 149. Managers used managerial information for all of the following **except**   |  |  |  | | --- | --- | --- | |  | a. | to evaluate the company’s stock performance | |  | b. | to analyze the performance of a company’s operations | |  | c. | to support long-term planning decisions | |  | d. | to determine the cost of manufacturing a product |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 150. Managerial accountants could prepare all of the following reports **except**   |  |  |  | | --- | --- | --- | |  | a. | a performance report identifying amounts of scrap | |  | b. | a control report comparing direct material usage over time | |  | c. | a sales report targeting monthly sales and potential bonuses | |  | d. | an annual report for external regulators such as the SEC |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 151. Which of the following would be least likely to be considered a managerial accounting report?   |  |  |  | | --- | --- | --- | |  | a. | a report to analyze potential efficiencies and savings for the purchase of new production equipment | |  | b. | a schedule of total manufacturing costs incurred | |  | c. | a statement of cost of goods manufactured | |  | d. | a statement of stockholders’ equity |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-04 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 152. The phases of the management process are listed below. Match each phase to the appropriate description.  ​  \_\_\_\_\_ Planning  \_\_\_\_\_ Directing  \_\_\_\_\_ Controlling  \_\_\_\_\_ Improving  \_\_\_\_\_ Decision making  ​  a) Used by managers for continuous improvement  b) Managers must decide how to respond to unfavorable performances  c) Used by management to develop the organization’s objectives and goals  d) Monitoring the operating results of implemented plans and comparing actual results to expected results  e) Process by which managers run day-to-day operations   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | c | Planning | | e | Directing | | d | Controlling | | a | Improving | | b | Decision making | | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 153. Differentiate between financial and managerial accounting, addressing such issues as users, nature of information, guidelines for preparation, timeliness and focus of reporting.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | |  | Managerial Accounting | Financial Accounting | | Users | Management | External users and company management | | Nature of information | Objective and subjective | Objective | | Guidelines for preparation | Prepared according to management needs | Prepared according to GAAP | | Timeliness | Prepared at fixed intervals and on an as-needed basis | Prepared at fixed intervals | | Focus of reporting | Company as a whole or as a segment | Company as a whole | | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 154. Identify the following costs as (a) direct materials, (b) direct labor, or (c) factory overhead for a lawn mower manufacturer.  ​  1. \_\_\_\_\_ Wheels  2. \_\_\_\_\_ Depreciation on worker's tools  3. \_\_\_\_\_ Wages of assemblers  4. \_\_\_\_\_ Grease for wheel axles   |  |  | | --- | --- | | *ANSWER:* | 1. Direct material  2. Factory overhead  3. Direct labor  4. Factory overhead | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 155. Identify the following costs as (a) prime cost, (b) conversion cost, or (c) both for a cake factory.  ​  1. Frosting  2. Wages of the baker  3. Sprinkles for the topping (considered an indirect material)  4. Depreciation on oven   |  |  | | --- | --- | | *ANSWER:* | 1. a  2. c  3. b  4. b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 156. Classify the following costs as direct, indirect, or neither:   |  |  | | --- | --- | | a) | Labor for machine maintenance | | b) | Factory equipment depreciation | | c) | Materials not traceable to specific products | | d) | Office equipment depreciation | | e) | Materials traceable to specific products | | f) | Insurance expired on administrative facilities | | g) | Product assembly labor incurred | | h) | Administrative office salaries | | i) | Salespersons’ salaries | | j) | Utilities on factory building | | k) | Utilities on administrative facilities |  |  |  | | --- | --- | | *ANSWER:* | a) Indirect  b) Indirect  c) Indirect  d) Neither  e) Direct  f) Neither  g) Direct  h) Neither  i) Neither  j) Indirect  k) neither | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 157. Differentiate between: a) direct materials versus indirect materials b) direct labor versus indirect labor   |  |  | | --- | --- | | *ANSWER:* | a) Direct materials must become a physical part of the finished product and their costs must be separately and conveniently traceable through the manufacturing process to finished goods inventory.  Examples include wood, leather, steel, etc.  Indirect materials become part of the finished product but their minor costs cannot conveniently be traced directly to particular finished products.  They are included as part of factory overhead.  b) Direct labor cost is the compensation of employees who physically convert materials into the company’s products and whose effort can be traced directly to finished goods inventory.  Examples include machine operators and assemblers.  Indirect labor is factory labor that is difficult to trace to specific products.  Instead, the cost is included in factory overhead.  Examples include forklift operators, janitors, and plant managers. | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 158. *Match each description to the appropriate term (a-d).* a) Direct materials b) Selling and administrative expense c) Factory overhead d) Direct labor  ​   |  |  | | --- | --- | | (1) | Rent expense on factory building | | (2) | Sales supplies used | | (3) | Factory supplies used | | (4) | Indirect materials used | | (5) | Wages of assembly line personnel | | (6) | Cost of primary material used to make product | | (7) | Depreciation on office equipment | | (8) | Rent on office facilities | | (9) | Insurance expired on factory equipment | | (10) | Utilities incurred in the office | | (11) | Advertising expense |  |  |  | | --- | --- | | *ANSWER:* | (1) c  (2) b  (3) c  (4) c  (5) d  (6) a  (7) b  (8) b  (9) c  (10) b  (11) b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 159. The Putney Company reports the following information:  ​   |  |  | | --- | --- | | Sales | $76,500 | | Direct materials used | 7,300 | | Depreciation on factory equipment | 4,700 | | Indirect labor | 5,900 | | Direct labor | 10,500 | | Factory rent | 4,200 | | Factory utilities | 1,200 | | Sales salaries expense | 15,600 | | Office salaries expense | 8,900 | | Indirect materials | 1,200 |   ​  Compute: a) product costs b) period costs   |  |  | | --- | --- | | *ANSWER:* | a) product costs = $7,300 + $4,700 + $5,900 + $10,500 + $4,200 + $1,200 + $1,200 = $35,000  ​  b) period costs = $15,600 + $8,900 = $24,500 | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 160. Identify the following costs as a (a) product cost or (b) period cost for a cake factory.  1. \_\_\_\_\_ Frosting 2. \_\_\_\_\_ Baker’s wages 3. \_\_\_\_\_ Advertising fees 4. \_\_\_\_\_ Transportation out   |  |  | | --- | --- | | *ANSWER:* | 1. a 2. a 3. b 4. b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 161. Classify the following costs as either a product cost or a period cost:   |  |  | | --- | --- | | a) | Direct materials used | | b) | Factory utilities | | c) | Salespersons’ commissions | | d) | Salary of plant manager | | e) | Indirect materials used | | f) | Depreciation on store equipment | | g) | Indirect labor incurred | | h) | Advertising expense | | i) | Direct labor incurred | | j) | Factory machinery repairs and maintenance | | k) | Depreciation on factory machinery | | l) | Plant insurance expired |  |  |  | | --- | --- | | *ANSWER:* | a) Product  b) Product  c) Period  d) Product  e) Product  f) Period  g) Product  h) Period  i) Product  j) Product  k) Product  l) Product | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 162. The following information is available for Carter Corporation:  1) Materials inventory decreased $4,000.  2) Materials inventory on December 31 was 50% of materials inventory on January 1.  3) Beginning work in process inventory was $145,000.  4) Ending finished goods inventory was $65,000.  5) Purchases of direct materials were $154,700.  6) Direct materials used were 2.5 times the cost of direct labor.  7) Total manufacturing costs incurred were $246,400, 80% of cost of goods manufactured and $156,000 less than cost of goods sold.  ​  Compute:  (a) Finished goods inventory on January 1  (b) Work in process inventory on December 31  (c) Direct labor incurred  (d) Factory overhead incurred  (e) Materials inventory on January 1  (f) Materials inventory on December 31  (g) Direct materials used  ​   |  |  | | --- | --- | | *ANSWER:* | (a) Cost of goods sold = $246,400 + $156,000 = $402,400       Cost of goods manufactured = $246,400/0.80 = $308,000       Finished goods inventory on January 1 = $402,400 + $65,000 – $308,000 = $159,400  ​  (b) Work in process inventory on December 31        $246,400 + $145,000 – $308,000 = $83,400  ​  (c) Direct labor incurred = $158,700/2.5 = $63,480  ​  (d) Factory overhead incurred = $246,400 – $158,700 – $63,480 = $24,220  ​​  (e) Materials inventory on January 1        X = January 1 materials inventory        $4,000 = 0.5X        X = $8,000  ​  g) Materials inventory on December 31 = $8,000 – $4,000 = $4,000  ​  e) Direct materials used = $8,000 + $154,700 – $4,000 = $158,700 | | *DIFFICULTY:* | Bloom's: Applying Challenging | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 163. The Zoe Corporation has the following information for the month March. Determine the (a) cost of goods manufactured, and (b) cost of goods sold.   |  |  | | --- | --- | | Cost of materials placed in production | $69,000 | | Direct labor | 27,000 | | Factory overhead | 34,000 | | Work in process, March 1 | 15,000 | | Work in process, March 31 | 19,500 | | Finished goods inventory, March 1 | 25,000 | | Finished goods inventory, March 31 | 23,000 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | (a)   |  |  |  | | --- | --- | --- | | Beginning work in process inventory |  | $  15,000 | | Direct materials | $69,000 |  | | Direct labor | 27,000 |  | | Factory overhead | 34,000 |  | | Total manufacturing costs incurred |  | 130,000 | | Total manufacturing costs |  | $145,000 | | Less ending work in process inventory |  | 19,500 | | Cost of goods manufactured |  | $125,500 |   ​  (b)   |  |  | | --- | --- | | Finished goods inventory, March 1 | $  25,000 | | Cost of goods manufactured | 125,500 | | Cost of finished goods available for sale | $150,500 | | Less finished good inventory, March 31 | 23,000 | | Cost of goods sold | $127,500 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 164.  Sienna Company has the following information for January:   |  |  | | --- | --- | | Cost of materials placed in production | $20,000 | | Direct labor | 15,000 | | Factory overhead | 24,000 | | Work in process inventory, January 1 | 2,900 | | Work in process inventory, January 31 | 3,500 |   ​  Calculate the cost of goods manufactured.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | Beginning work in process inventory |  | $  2,900 | | Direct materials | $20,000 |  | | Direct labor | 15,000 |  | | Factory overhead | 24,000 |  | | Total manufacturing costs incurred |  | 59,000 | | Total manufacturing costs |  | $61,900 | | Less ending work in process inventory |  | 3,500 | | Cost of goods manufactured |  | $58,400 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 165. Magnus Industries has the following data:   |  |  | | --- | --- | | Beginning raw materials inventory | $75,000 | | Materials purchased | 40,000 | | Ending raw materials inventory | 60,000 |   ​  Calculate the cost of raw materials used.   |  |  | | --- | --- | | *ANSWER:* | Raw Materials Used = $75,000 +  $40,000 – $60,000 = $55,000 | | *DIFFICULTY:* | Easy Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 166. Watson Company has the following data:   |  |  | | --- | --- | | Work in process, beginning | $18,000 | | Work in process, ending | 25,000 | | Direct labor costs incurred | 5,000 | | Cost of goods manufactured | 9,000 | | Factory overhead | 7,000 |   ​  Calculate the amount of direct materials used.   |  |  | | --- | --- | | *ANSWER:* | Direct materials used = ($25,000 – $18,000 + $9,000) – ($7,000 + $5,000) = $4,000 | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 167. Laramie Technologies had the following data:  ​  Cost of materials used       $50,000  Direct labor costs                56,000  Factory overhead                28,000  Work in process, beg.         45,000  Work in process, end.         32,000  ​  Calculate the cost of goods manufactured.   |  |  | | --- | --- | | *ANSWER:* | Cost of goods manufactured = $50,000 + $56,000 + $28,000 + ($45,000 – $32,000) = $147,000 | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 168. Keeton Company had the following data:  Cost of materials used    $ 60,000  Direct labor costs              58,000 Factory overhead              33,000 Work in process, beg.       29,000 Work in process, end.       18,000 Finished goods, beg.          32,000 Finished goods, end.         18,000  Calculate the cost of goods sold.   |  |  | | --- | --- | | *ANSWER:* | Cost of goods sold = $60,000 + $58,000 + $33,000 + ($29,000 – $18,000) + ($32,000 – $18,000) = $176,000 | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 169. Zoe Corporation has the following information for the month of March:   |  |  | | --- | --- | | Purchases | $  92,000 | | Materials inventory, March 1 | 6,000 | | Materials inventory, March 31 | 8,000 | | Direct labor | 25,000 | | Factory overhead | 37,000 | | Work in process, March 1 | 22,000 | | Work in process, March 31 | 23,500 | | Finished goods inventory, March 1 | 21,000 | | Finished goods inventory, March 31 | 30,000 | | Sales | 257,000 | | Sales and administrative expenses | 79,000 |   ​  Prepare (a) a schedule of cost of goods manufactured, (b) an income statement for the month ended March 31, and (c) the inventory section of the balance sheet.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | (a)   |  |  |  |  | | --- | --- | --- | --- | | Zoe Corporation | | | | | Statement of Cost of Goods Manufactured | | | | | For Month Ended March 31 | | | | | Beginning work in process inventory, March 1 |  |  | ​  $  22,000 | | Direct materials: |  |  |  | | Beginning materials inventory | $  6,000 |  |  | | Purchases | 92,000 |  |  | | Cost of materials for use | $98,000 |  |  | | Less materials inventory | 8,000 |  |  | | Cost of materials used |  | $90,000 |  | | Direct labor |  | 25,000 |  | | Factory overhead |  | 37,000 |  | | Total manufacturing costs incurred |  |  | 152,000 | | Total manufacturing costs |  |  | $174,000 | | Less ending work in process inventory |  |  | 23,500 | | Cost of goods manufactured |  |  | $150,500 |   (b)   |  |  |  | | --- | --- | --- | | Zoe Corporation | | | | Income Statement | | | | For Month Ended March 31 | | | |  |  |  | | Sales |  | $257,000 | | Beginning finished goods inventory | $  21,000 |  | | Plus cost of goods manufactured | 150,500 |  | | Cost of finished goods available for sale | $171,500 |  | | Less ending finished goods inventory | 30,000 |  | | Cost of goods sold |  | 141,500 | | Gross profit |  | $115,500 | | Operating expenses: |  |  | | Sales and administrative expenses |  | 79,000 | | Net income |  | $ 36,500 |   (c)   |  |  | | --- | --- | | Inventories: |  | | Finished goods | $ 30,000 | | Work in process | 23,500 | | Materials | 8,000 | | Total inventories | $61,500 | |  |  | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 170. The following data (in thousands of dollars) have been taken from the accounting records of Rayburn Corporation for the current year.  ​   |  |  | | --- | --- | | Sales | $1,980 | | Selling expenses | 280 | | Manufacturing overhead | 460 | | Direct labor | 400 | | Administrative expenses | 300 | | Purchases of direct materials | 240 | | Finished goods inventory, beginning | 240 | | Finished goods inventory, ending | 320 | | Direct materials inventory, beginning | 80 | | Direct materials inventory, ending | 140 | | Work in process inventory, beginning | 140 | | Work in process inventory, ending | 100 |   ​  **Required:** (Present all calculations in thousands of dollars.)  (a) What was the cost of the direct materials used in production during the year? (b) What was the cost of goods manufactured for the year? (c) What was the cost of goods sold for the year? (d) What was the net income for the year?  Present all calculations in thousands of dollars.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​  (a) The cost of the direct materials used in production during the year is determined as follows:   |  |  | | --- | --- | | Direct materials inventory, beginning | $  80 | | Purchases of direct materials | 240 | | Less direct materials inventory, ending | 140 | | Direct materials used in production | $180 |   ​  (b) The cost of goods manufactured (finished) during the year is determined as follows:  ​   |  |  | | --- | --- | | Raw materials used in production | $  180 | | Direct labor | 400 | | Manufacturing overhead | 460 | | Total manufacturing costs | $1,040 | | Less: Work in process inventory, beginning | 140 | | ​ | $1,180 | | Less: Work in process inventory, ending | 100 | | Cost of goods manufactured | $1,080 |   ​  (c) The cost of goods sold for the year is determined as follows:  ​   |  |  | | --- | --- | | Finished goods inventory, beginning | $   240 | | Cost of goods manufactured | 1,080 | | Less: Finished goods inventory, ending | 320 | | Cost of goods sold | $1,000 |   ​  (d) Net income for the year is determined as follows:   |  |  |  | | --- | --- | --- | | Sales |  | $1,980 | | Cost of goods sold |  | 1,000 | | Gross profit |  | $   980 | | Operating expenses: |  |  | | Administrative expenses | $300 |  | | Selling expenses | 280 | 580 | | Net income |  | $   400 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 171. Allen Company used $71,000 of direct materials and incurred $37,000 of direct labor costs during the current year.  Indirect labor amounted to $2,700 while indirect materials used totaled $1,600.  Other operating costs pertaining to the factory included utilities of $3,100, maintenance of $4,500, supplies of $1,800, depreciation of $7,900, and property taxes of $2,600.  There was no beginning or ending finished goods inventory, but work in process inventory began the year with a $5,500 balance and ended the year with a $7,500 balance.  ​  Prepare a statement of cost of goods manufactured.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​  ​  ​   |  |  |  |  | | --- | --- | --- | --- | | Allen Company     Statement of Cost of Goods Manufactured       For the Year Ended December 31 | | | | | Beginning work in process inventory |  |  | $   5,500 | | Direct materials |  | $71,000 |  | | Direct labor |  | 37,000 |  | | Factory overhead: |  |  |  | | Indirect labor | $2,700 |  |  | | Indirect materials | 1,600 |  |  | | Utilities | 3,100 |  |  | | Maintenance | 4,500 |  |  | | Supplies | 1,800 |  |  | | Depreciation | 7,900 |  |  | | Property taxes | 2,600 | 24,200 |  | | Total manufacturing costs incurred |  |  | 132,200 | | Total manufacturing costs |  |  | $137,700 | | Less ending work in process inventory |  |  | 7,500 | | Cost of goods manufactured |  |  | $130,200 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 172. Davis Manufacturing Company had the following data:  ​   |  |  |  | | --- | --- | --- | |  | January 1 | December 31 | | Accounts receivable | $27,000 | $33,000 | | Materials inventory | 22,500 | 6,000 | | Work in process inventory | 70,200 | 48,000 | | Finished goods inventory | 3,000 | 15,000 |   ​  Collections on account were $625,000. Cost of goods sold was 68% of sales. Direct materials purchased amounted to $90,000. Factory overhead was 300% of the cost of direct labor.  Compute: (a) Sales revenue (all sales were on account) (b) Cost of goods sold (c) Cost of goods manufactured (d) Direct labor used (e) Direct materials incurred (f) Factory overhead incurred   |  |  | | --- | --- | | *ANSWER:* | (a) Sales revenue = $33,000 + $625,000 – $27,000 = $631,000  ​  (b) Cost of goods sold = $631,000 × 0.68 = $429,080  ​  (c) Cost of goods manufactured = $15,000 + $429,080 – $3,000 = $441,080  ​  (d) Direct materials used = $22,500 + $90,000 – $6,000 = $106,500  ​  (e) Direct labor incurred = $441,080 + $48,000 – $70,200 = $418,880 total manufacturing costs added      $418,880 – $106,500 = $312,380      $312,380 = Factory overhead + Direct labor      Let X = direct labor      3X + X = $312,380      4X = $312,380      Direct labor = $78,095  ​  (f) Factory overhead incurred = $78,095 × 3 = $234,285 | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 173. Taylor Industries had a fire and some of its accounting records were destroyed.  Available information is presented below for the year ended December 31.   |  |  | | --- | --- | | Materials inventory, December 31 | $  15,000 | | Direct materials purchased | 28,000 | | Direct materials used | 22,900 | | Cost of goods manufactured | 135,000 |   ​  Additional information: Factory overhead is 150% of direct labor cost Finished goods inventory decreased by $18,000 during the year Work in process inventory increased by $12,000 during the year  Calculate: (a) Materials inventory, January 1 (b) Direct labor cost (c) Factory overhead incurred (d) Cost of goods sold   |  |  | | --- | --- | | *ANSWER:* | (a) Materials inventory, January 1 = $15,000 + $22,900 – $28,000 = $9,900  ​  (b) Direct labor cost = $135,000 + $12,000 = $147,000 total manufacturing costs      $147,000 – $22,900 = $124,100 direct labor and factory overhead      Let X = direct labor cost      X + 1.5X = $124,100      2.5X = $124,100      Direct labor = $49,640  ​  (c) Factory overhead incurred = $49,640 × 1.5 = $74,460  ​  (d) Cost of goods sold = $135,000 + $18,000 = $153,000 | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-03 - 01-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| *Match the items below for a bakery to the type of cost (a-d).*   |  |  | | --- | --- | | a. | Direct materials | | b. | Direct labor | | c. | Factory overhead | | d. | Nonmanufacturing cost |  |  |  | | --- | --- | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 174. Salesman commissions   |  |  | | --- | --- | | *ANSWER:* | d | |

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| --- | --- | --- |
| 175. Factory rent   |  |  | | --- | --- | | *ANSWER:* | c | |

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| 176. Depreciation expense—factory   |  |  | | --- | --- | | *ANSWER:* | c | |

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| --- | --- | --- |
| 177. Frosting   |  |  | | --- | --- | | *ANSWER:* | a | |

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| --- | --- | --- |
| 178. Baker’s wages   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 179. Depreciation expense—office   |  |  | | --- | --- | | *ANSWER:* | d | |

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| 180. Cupcake mix   |  |  | | --- | --- | | *ANSWER:* | a | |

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| --- | --- | --- |
| 181. Sprinkles for decoration (indirect material)   |  |  | | --- | --- | | *ANSWER:* | c | |

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| *The following are some of the costs incurred by Cupcake Company. Identify them as either:*   |  |  | | --- | --- | | a. | Prime costs | | b. | Conversion costs | | c. | Both prime and conversion costs | | d. | Neither prime or conversion costs |  |  |  | | --- | --- | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 182. Salesman commissions   |  |  | | --- | --- | | *ANSWER:* | d | |

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| 183. Factory rent   |  |  | | --- | --- | | *ANSWER:* | b | |

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| --- | --- | --- |
| 184. Depreciation expense—factory   |  |  | | --- | --- | | *ANSWER:* | b | |

|  |  |  |
| --- | --- | --- |
| 185. Frosting   |  |  | | --- | --- | | *ANSWER:* | a | |

|  |  |  |
| --- | --- | --- |
| 186. Baker’s wages   |  |  | | --- | --- | | *ANSWER:* | c | |

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| --- | --- | --- |
| 187. Depreciation expense—office   |  |  | | --- | --- | | *ANSWER:* | d | |

|  |  |  |
| --- | --- | --- |
| 188. Cupcake mix   |  |  | | --- | --- | | *ANSWER:* | a | |

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| --- | --- | --- |
| 189. Sprinkles for decoration (indirect material)   |  |  | | --- | --- | | *ANSWER:* | b | |

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| *Bartel Corporation produces bar stools for restaurants. For each of the following, indicate whether the cost would typically be considered direct or indirect cost for the cost object given.*   |  |  | | --- | --- | | a. | Direct | | b. | Indirect |  |  |  | | --- | --- | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 190. The production labor wages for the bar stool assemblers   |  |  | | --- | --- | | *ANSWER:* | a | |

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| --- | --- | --- |
| 191. The factory supervisor’s salary for the bar stool factory   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 192. Lubricants used on the bar stool manufacturing equipment   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 193. Manufacturing costs for wood and steel used in the bar stools   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 194. Nails and screws used in the production of the bar stools   |  |  | | --- | --- | | *ANSWER:* | a | |

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| For each of the following, indicate whether the cost would typically be considered product or period cost for the cost object given.   |  |  | | --- | --- | | a. | Product | | b. | Period |  |  |  | | --- | --- | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 195. Tires for the bicycles   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 196. Electricity costs to run the factory   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 197. Selling costs for the period   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 198. Delivery costs to take the bicycles to stores   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 199. Accountant salaries   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 200. What is decision making? Who is responsible for decision making in a managerial situation?​   |  |  | | --- | --- | | *ANSWER:* | Inherent in each management process (planning, directing, controlling, and improving)​ is decision making. In managing a company, management must continually decide among alternative actions. For example, in directing operations, managers must continually decide on an operating structure, training procedures, and staffing of day-to-day operations. | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 201. Differentiate between a line department and a staff department.​   |  |  | | --- | --- | | *ANSWER:* | A line department is directly involved in providing goods or services to the customers of the company. Individuals in a line position are responsible for manufacturing and selling a company's products. Examples of a line position include senior vice president of equipment, ​plant manager, and managing director.  ​  A staff department provides services, assistance, and advice to the departments with line or other staff responsibilities. A staff department has no direct authority over a line department. Examples of staff positions include chief administrative office, vice president of human relations, chief financial officer, and controller. | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-01 - 01-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 202. Differentiate between period and product costs, including examples of each type of cost.​   |  |  | | --- | --- | | *ANSWER:* | Period costs consist of selling and administrative expenses. Selling expenses are incurred in marketing the product and delivering the product to customers. Administrative expenses are incurred in managing the company and are not directly related to the manufacturing or selling functions. Selling expenses include advertising expenses, sales salaries expenses, and commissions expenses. Administrative expenses include office salaries expenses, office supplies expense, and depreciation expense of the office building and equipment.  ​  Product costs consist of manufacturing costs: direct materials, direct labor, and factory overhead. Direct materials are the materials that go into the production of the product. The direct materials for a bakery include flour, sugar, eggs, and shortening. Direct labor costs are the wages or salaries of the employees that are actually assembling the product. Factory overhead would include the salaries of production supervisors, depreciation, insurance, and taxes on the manufacturing building and equipment. | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01-02 - 01-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 203. Managers do not need to consider the social and environmental settings in which a business operates.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 204. Sustainability is the practice of operating a business to maximize profits while attempting to preserve the environment, economy, and needs of future generations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 205. Issues such as population growth and climate change all have a direct impact on a company’s potential for success.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 206. Sustainability practices acknowledge that a company’s long-term success requires the continued availability of natural resources and a productive social environment.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 207. An example of a sustainable business practice in transportation is crop rotation.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 208. An example of a sustainable business practice in energy is the use of wind turbines.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 209. Sustainability information can provide important feedback to guide a company’s strategic and operational decision making.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 210. Eco-efficiency measures are a form of managerial accounting information that helps managers evaluate the savings generated by using fewer natural resources in a company’s operations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 211. Sustainability information only benefits internal financial statement users in their decision making.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 212. SASB was organized to develop accounting standards that help companies report decision-useful sustainability information to external financial statement users.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |

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| 213. SASB’s standards are required and provide sustainability information in financial statements.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Bloom's: Remembering Easy | | *LEARNING OBJECTIVES:* | MANG.WARD.18.01.03 - 01-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.25 - Managerial Characteristics/Terminology ACCT.ACBSP.APC.27 - Managerial Accounting Features/Costs ACCT.IMA.07 - Cost Management BUSPROG: Analytic | |