Cornerstones of Cost Management 4th edition Hansen Test Bank

SKU: 9781305970663-TEST-BANK

Chapter 2

1. The cost management information system is primarily concerned with producing outputs for internal users using inputs and processes needed to satisfy management objectives.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:26 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMG-CE5U-NATZ-G71S-RPDF-GESU-YPUD-CESU-EAJS-GOSU-E3TS-CWSU-CQBA-GC5D-ECMB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

2. The Financial accounting information system provides information for three broad objectives: costing services and products, planning and control, and decision making.

a. True

b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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O3TI-8YSU-NQJU-GOSS-EPTZ-CWSU-13UF-GPUD-QPTI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

3. The value chain is the set of activities required to design, develop, produce, market, deliver and provide post-sales service for the products and services sold to customers.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-26 - Management Functions United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-11 - Strategic Planning
KEYWORDS:	Bloom's - Remembering
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4. Cost management information benefits production, marketing, and customer service systems as well as being a crucial part of managerial decision making.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-26 - Management Functions United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-08 - Information Management
KEYWORDS:	Bloom's - Understanding
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5. An integrated cost management system receives information from and provides information to only the controller of a company.

a. True

b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management

KEYWORDS: Bloom's - Remembering

NOTES: Time Estimate - 5 min.

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6. Cost assignment is one of the key processes of the cost accounting system.

a. True

b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Remembering

NOTES: Time Estimate - 5 min.

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7. Cost is the cash or cash equivalent value sacrificed for goods and services that are expected to bring a current or future loss to the company.

a. True
b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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8. The three methods of cost assignment are direct tracing, driver tracing, and allocation.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.

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9. Assigning costs accurately to cost objects is of low priority. Accuracy is not evaluated based on knowledge of some underlying "true cost".

a. True
b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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10. The most precise of the three methods of cost assignment is direct tracing since it relies on observable causal relationships.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

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KEYWORDS: Bloom's - Understanding
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11. Services differ from tangible products on three dimension: intangibility, perishability, and inseparability.
    a. True
    b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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12. Intangible products are goods produced by converting raw material into finished products through the use of labor and capital inputs.
    a. True
    b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology

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	United States - v1 - AICPA-01 - BB-Industry United States - v1 - IMA-02 - Global Business
KEYWORDS:	Bloom's - Understanding
NOTES:	Time Estimate - 5 min.
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13. Production costs are costs associated with manufacturing goods or providing services and are classified as direct materials, direct labor, and overhead.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Remembering
NOTES:	Time Estimate - 5 min.
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14. Conversion cost is the sum of direct materials and direct labor cost and prime cost is the sum of direct labor and overhead cost.

a. True

b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-3 - LO: 02.03

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United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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15. Product costs include production, marketing, and customer service, and are used for strategic design decisions and tactical profitability analysis.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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16. The income statement prepared for external parties is frequently referred to as absorption-costing income, or full costing income.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False

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HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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17. The cost of goods sold is the cost of direct materials, direct labor and overhead attached to the units sold.
    a. True
    b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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18. The cost of goods manufactured represents the total manufacturing cost of goods completed during the current period.
    a. True
    b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy

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QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-G7OU-NCUG-CITD-GAJ3-GHSS-KCBS-CESS-K3B1-GOSU-C3T3-GYSS-ECBU-GJOS-CATU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

19. Work in process consists of all partially completed units found in production at a given point in time.
    a. True
    b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-C3UD-RCMG-8RAD-YCUN-GESS-RPDD-8RSS-K3BI-GOSU-GPBO-GCSS-NCUG-CRHU-RCDR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

20. Gross margin, also called gross profit, is the difference between sales and costs of goods sold.
    a. True
    b. False

ANSWER: True
POINTS: 1

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DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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21. Cost management systems can be broadly classified as traditional or activity based.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJO-CCAU-1PT1-GT1G-ECDN-8YSU-CCTA-8RSU-OCUR-GOSU-QAMD-CASU-RCMF-8RHD-CPTO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

22. A traditional cost accounting system assumes that all costs can be classified as fixed with respect to changes in the units or volume produced.
a. True
b. False
ANSWER: False

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POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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23. The overall objective of an activity-based cost management system is to manage activities to reduce costs and improve customer value.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Understanding
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24. Error costs are costs associated with measurements required by the cost management system and measurement costs are the costs associated with making poor decisions.

a. True

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b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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25. The cost accounting system that emphasizes tracing over allocation is called an activity-based accounting system.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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26. A subsystem of the accounting information system designed to satisfy costing, controlling and decision making objectives is called the _____ system.

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ANSWER: cost management
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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27. The cost management subsystem designed to provide accurate and timely feedback concerning the performance of managers relative to their control of activities is the _____ information system.
ANSWER: operational control
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:26 AM
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28. The overall objective of accounting information is to provide information to _____.
ANSWER: users
POINTS: 1
DIFFICULTY: Easy

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QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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29. The resources given up that are expected to bring a current or future benefit to the organization are called _____ .
ANSWER: costs
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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30. Expired costs used up in the generation of revenues are called _____ .
ANSWER: expenses
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02

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United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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31. The least accurate but easiest to apply method of cost assignment is the _____ method.
ANSWER: allocation
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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QUESTION ID: JFND-GO33-GINU-1P1F
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-CW3G-CCDB-GO3G-G3UN-CCSS-EA31-CESU-Q3J3-GOSU-OPJZ-CWSU-O3MD-GOHU-13BT-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

32. _____ means the consumer cannot see, hear, feel, or taste a service before it is bought.
ANSWER: Intangibility
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business

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KEYWORDS: Bloom's - Remembering
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33. _____ are generally materials necessary for production that do not become part of the finished product or are not used to provide a service.
ANSWER: Supplies
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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34. Costs necessary to market and distribute a product or service are often referred to as order- _____ and order- _____ costs.
ANSWER: getting; filling
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
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KEYWORDS: Bloom's - Remembering
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35. In preparing an income statement, _____ and _____ costs are separated.
ANSWER: production; nonproduction
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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36. Gross margin is the difference between _____ and the cost of goods or services sold.
ANSWER: sales revenues
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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37. _____ income is the difference between gross margin and selling and administrative expenses.

ANSWER: Operating

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Completion

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Remembering

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38. Cost management systems are made up of two subsystems: the _____ accounting system and the _____ control system.

ANSWER: cost; operational

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Completion

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management

KEYWORDS: Bloom's - Remembering

NOTES: Time Estimate - 5 min.

DATE CREATED: 10/7/2016 9:26 AM

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QUESTION ID: JFND-GO33-GINU-1PTZ

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-

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8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-CW3U-YPMF-GT1S-N3BZ-CRSS-KC5R-8RSU-CAUG-GOSU-YATU-8YSU-1PBW-GBTD-EQJS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

39. Generally, more managerial objectives can be met with an activity-based system than with a _____ system.

ANSWER: traditional
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:26 AM
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40. In deciding whether to implement a(n) _____ cost management system, managers must evaluate the trade-off between costs of measurement and cost of errors.

ANSWER: activity-based
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Completion
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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41. The set of interrelated parts that performs one or more processes to accomplish specific objectives is called a(n):
    a. cost objective
    b. system
    c. activity
    d. cost driver

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-26 - Management Functions United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-08 - Information Management
KEYWORDS:	Bloom's - Remembering
NOTES:	Time Estimate - 5 min.
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42. The overall objective of accounting information systems is to
    a. provide information to users.
    b. manage the organization.
    c. prepare financial reports.
    d. report to the government.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-26 - Management Functions United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-08 - Information Management
KEYWORDS:	Bloom's - Understanding
NOTES:	Time Estimate - 5 min.
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43. The outputs of an accounting information system includes:

a. economic events.

b. financial statements.

c. bill of lading report.

d. value chain information.

ANSWER: b

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management

KEYWORDS: Bloom's - Understanding

NOTES: Time Estimate - 5 min.

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44. Which of the following is a cost management subsystem designed to assign costs to individual products and services and other objects, as specified by management?

a. financial accounting information system

b. operational control information system

c. cost accounting information system

d. all of the above

ANSWER: c

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions

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	United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-08 - Information Management
KEYWORDS:	Bloom's - Understanding
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45. In a company that supplies muffins to bakeries, which of the following would be considered an input?
    a. delivered muffins
    b. flour
    c. baking
    d. none of these

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-26 - Management Functions United States - v1 - AICPA-01 - BB-Industry United States - v1 - IMA-08 - Information Management
KEYWORDS:	Bloom's - Applying
NOTES:	Time Estimate - 5 min.
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46. In a company that supplies muffins to bakeries, which of the following would NOT be considered an input?
    a. delivered muffins
    b. flour
    c. egg
    d. oil

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy

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QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Applying
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47. For financial accounting, the nature of the inputs and the rules and conventions governing processes are defined by the _____.
a. Securities and Exchange Commission (SEC)
b. Trade Reporting and Compliance Board (TRCP)
c. International Ethics Standards Board (IESB)
d. Monetary and Securities Trade Regulation Commission (MSTRC)

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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48. In a company that supplies muffins to bakeries, which of the following would be considered a transforming process?
a. delivered muffins
b. baking

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c. egg
d. oil

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
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49. In a company that supplies muffins to bakeries, delivered muffins to bakeries would be a(n)
a. interrelated part.
b. input.
c. output.
d. process.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
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GO4W-NQNBEE

50. In an accounting information system, the inputs are usually
a. financial statements.
b. analyzing data.
c. economic events.
d. performance reports.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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51. Which of the following is a cost management subsystem designed to provide accurate and timely feedback concerning the performance of managers and others relative to their planning and control of activities?
a. financial accounting information system
b. operational control information system
c. cost accounting information system
d. all of the above

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.

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52. The accounting information subsystem that is primarily concerned with producing outputs for external users is called:
a. cost management information system
b. computer system
c. internal accounting system
d. financial accounting information system

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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53. High quality cost management systems should have an organization-wide perspective. Which of the following would NOT be a benefit of a cost management system?
a. increases speed by ignoring non-financial information
b. reduces duplicate data storage and use of data
c. improves timeliness of reports
d. increases the efficiency of generating reliable and accurate information

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01

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NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
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54. Which of the following is a major subsystem of the cost accounting information system?
a. ERP
b. Operational control information system
c. OLAP
d. EDI

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Technology
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-09 - FN-Leveraging Technology
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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55. A computerized information system that strives to input data once and to make it available to people across the company for different purposes is called a:
a. cost management information system
b. enterprise resource planning system
c. internal accounting system
d. financial accounting information system

ANSWER: b

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POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Technology
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-09 - FN-Leveraging Technology
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:26 AM
QUESTION ID: JFND-GO33-GINU-1P3S
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMR-GPTD-1PTT-CC3U-ECJ1-CASS-GCJ1-8RSU-OCDG-GOSS-CAJ1-COSS-RCBZ-GHHD-CPUF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

56. A cost management subsystem designed to provide accurate and timely feedback concerning the performance of managers and others relative to their planning and control activities is called the:

a. cost accounting information system
b. financial accounting system
c. operational control information system
d. tax reporting system

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:26 AM
QUESTION ID: JFND-GO33-GINU-1P3I
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ1-G3TS-GCT3-GH3D-CPUR-GASS-EC3S-CRSU-EPDG-GOSU-OCUF-CWSU-C3BI-GAAU-GPJZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

57. _____ is concerned with determining what activities should be performed and assessing how well they are performed.

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a. The financial accounting system
b. The value chain
c. Operational control
d. Traditional costing

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
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58. Which of the following is an objective of the operational control system?
a. Providing information to external users
b. Facilitating stewardship evaluation
c. Increasing value to customers
d. Increasing post-purchase costs

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
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59. A cost that expires without producing any revenue benefit is known as a(n) _____.

a. loss
b. expense
c. profit
d. surplus

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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60. The cash or cash equivalent value sacrificed for goods and services that are expected to bring a current or future benefit to the organization is/are called:

a. Expenses
b. Cost
c. An activity
d. A loss

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

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KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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61. A cost used up in the production of revenues is a(n)
    a. unexpired cost.
    b. loss.
    c. expense.
    d. asset.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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62. Which of the following is an example of a loss?
    a. the cost of a product delivered to a customer
    b. the cost of a delivered advertising campaign
    c. the cost of the purchase of equipment
    d. the write-off of an obsolete product

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

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LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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63. Which of the following is an example of an expense?
a. the cost of a proposed advertising campaign
b. the cost of a product delivered to a customer
c. the cost of the purchase of equipment
d. the write-off of an obsolete product

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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64. A(n) _____ is a basic unit of work performed within an organization.
a. allocation
b. object
c. driver
d. activity

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ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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65. Which of the following statements is true of traceability?
a. It uses well-specified economic events as inputs, and its processes follow certain rules and conventions.
b. It is used for investment decisions, stewardship evaluation, activity monitoring, and regulatory measures.
c. It is the ability to assign a cost directly to a cost object in an economically feasible way by means of a causal relationship.
d. It is concerned with determining what activities should be performed by managers and assessing how well they are performed.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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GO4W-NQNBEE

66. Factors that cause changes in resource usage, activity usage, costs and revenues are called

a. indirect costs.
b. drivers.
c. assignments.
d. cost objects.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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67. The most likely method to assign the cost of an assembly-line supervisor when the assembly line is the cost object is the:

a. driver tracing method
b. arbitration method
c. allocation method
d. direct tracing method

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.

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68. Which cost assignment method would likely assign the cost of heating in a plant that makes beds and dressers when the bed product line is the cost object?

a. driver tracing
b. direct tracing
c. allocation
d. arbitration

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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69. Which cost assignment method would likely assign the cost of maintenance for machines in a department that does cutting when the cutting activity is the cost object?

a. driver tracing
b. direct tracing
c. allocation
d. arbitration

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

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LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:26 AM
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70. Which of the following expenses incurred by a department store is a direct cost for the women's shoe department?
a. the salespersons' commissions in the women's shoe department
b. the salaries for individuals working in the accounting department
c. the advertising expense for the service department
d. the allocated rent expense for the clothing department

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
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71. Which of the following costs incurred by a chair manufacturer would be traced to the product cost through direct tracing?
a. the depreciation on factory equipment
b. the supervisor's salary
c. the insurance on the factory building
d. the woodworker's salary

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ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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72. Direct costs
a. are incurred for the benefit of the business as a whole.
b. would continue even if a particular product were discontinued.
c. are those costs that can be easily and accurately traced to a cost object.
d. can be assigned to products only by a process of allocation.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:26 AM
DATE MODIFIED: 10/7/2016 9:26 AM
QUESTION ID: JFND-GO33-GINU-1PBI
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJO-CFUD-YCTI-CJTD-RPMN-CESU-GQJT-8YSU-RQDB-GOSU-GATU-GOSS-N3JS-GOAD-OQDB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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73. The direct costs of operating a college computer center would NOT include
    a. rent paid for computers.
    b. a fair share of college utilities.
    c. paper used by the center.
    d. computer consultants' salaries.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Understanding
NOTES:	Time Estimate - 5 min.
DATE CREATED:	10/7/2016 9:26 AM
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QUESTION ID:	JFND-GO33-GINU-1PBW
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJS-CJTS-G3JU-CEAU-1AJW-GHSU-CC5B-8YSS-GPMN-GOSU-GA5N-GESU-KPDB-8BTU-CCB1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

74. Which of the following methods of assigning costs is based on convenience or some assumed linkage, and reduces the overall accuracy of the cost assignments?
    a. direct tracing
    b. driver tracing
    c. allocation
    d. all of the above

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Understanding
NOTES:	Time Estimate - 5 min.
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QUESTION ID: JFND-GO33-GINU-1PKN

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75. Which of the following costs incurred by a bus manufacturer would NOT be directly attributable to the finished product?

a. the wages paid to assembly-line production workers
b. the tires for buses
c. the windshields for buses
d. the depreciation on factory building

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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76. The assignment of indirect costs to cost objects is referred to as:

a. Allocation
b. Direct tracing
c. Physical observation
d. Cost management

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs

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	United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Remembering
NOTES:	Time Estimate - 5 min.
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77. What is a disadvantage of assigning costs evenly over all cost objects?
    a. not all costs will be assigned
    b. total costs will be distorted
    c. costs may be distorted by consumption patterns of other cost objects
    d. none of these

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Understanding
NOTES:	Time Estimate - 5 min.
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78. The three methods of assigning costs to cost objects are direct tracing, driver tracing, and _____.
    a. observation
    b. arbitration
    c. assignment
    d. allocation

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy

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QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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79. Which of the following would NOT be a cost that could be directly traced to a custom piece of furniture based upon physical observation?

a. the wood and upholstery materials that are in the final piece
b. the depreciation paid on factory equipment t
c. he labor of the worker assembling the piece of furniture
d. the labor of the woodworker who finishes the wood of the piece

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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80. The precision of driver tracing depends upon

a. physically observable relationships.
b. the strength of causal relationships described by the driver.

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c. allocation estimations.

d. both b and c.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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81. If physical observation can NOT be used to identify the exact amount of resources consumed by a cost object, the next best approach is

a. driver tracing.

b. allocation.

c. estimation.

d. none of these.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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N3MR-CRSU-K3TW-GOSU-NCDD-GESU-NA5F-8F1D-1ATS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

82. Services differ from tangible products on three important dimensions: intangibility, inseparability, and _____.

a. profitability
b. sustainability
c. utility
d. perishability

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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83. With regards to products, perishability can be defined as

a. buyers of products who can not see, feel, hear or taste the product before it is bought.
b. services that cannot be stored.
c. buyers and sellers who must be in direct contact for the sale to take place.
d. buyers of the product who do not need direct contact with the manufacturer of the product.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.

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84. Intangibility of services means that
a. products cannot be seen, tasted, heard or felt before the purchase.
b. products cannot be stored.
c. exchange takes place in direct contact.
d. both a and c.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Remembering
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85. An example of a tangible product, rather than a service, would be
a. housekeeping.
b. insurance coverage.
c. paper.
d. medical exam.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic

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STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Understanding
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86. With regard to services, inseparability means that
    a. products cannot be stored.
    b. direct contact must take place for an exchange.
    c. products have a physical presence.
    d. none of the above apply to inseparability.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Remembering
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87. An example of a service, rather than a tangible product, would be
    a. medical exams.
    b. cloths.
    c. trucks.
    d. radios.

ANSWER: a
POINTS: 1

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DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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88. Which of the following is a service organization?
a. grocery store
b. CPA firm
c. cattle ranch
d. department store

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-01 - BB-Industry
United States - v1 - IMA-02 - Global Business
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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89. Which of the following will be included in traditional product costs?
a. Customer service costs

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b. Marketing costs
c. Research and development costs
d. Production costs

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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90. Product value-chain costs assist managers in meeting which of the following objectives?
a. product mix decisions
b. tactical profitability analysis
c. external financial reporting
d. strategic design decisions

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:26 AM
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QUESTION ID: JFND-GO33-GINW-NOKN
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJT-CEHU-NCTZ-CF1U-EATT-CWSS-

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CCDN-8YSU-R3TW-GOSU-YAUR-CASS-NAJI-CW3U-GCMF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

91. Value-chain product costs include which of the following?
    a. customer service costs
    b. marketing costs
    c. research and development
    d. all of the above

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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92. Which of the following costs would NOT be included in operating product costs?
    a. production
    b. marketing
    c. research and development
    d. all of the above

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.

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93. Which of the following managerial objectives is served by traditional product costs?
    a. Product mix decisions
    b. External financial reporting
    c. Strategic design decisions
    d. Tactical profitability analysis

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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94. Which of the following costs is NOT a product cost?
    a. rent on an office building
    b. indirect labor
    c. repairs on manufacturing equipment
    d. steel used in inventory items produced

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic

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STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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95. Which of the following costs is an example of product costs?
a. selling commissions
b. nonfactory office salaries
c. direct materials
d. advertising expense

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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96. During the month of January, Marcos & Henesey, Inc. had total manufacturing costs of $165,000. It incurred $62,000 of direct labor cost and $40,000 of manufacturing overhead cost during the month. If the materials inventory on January 1 was $5,800 less than the materials inventory on January 31, what was the cost of materials purchased during the month?
a. $53,650
b. $68,800
c. $58,000
d. $93,800

ANSWER: b

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RATIONALE: SUPPORTING CALCULATIONS:
Direct materials used = Total manufacturing cost − (Direct labor cost + Overhead cost) = $165,000 − ($62,000 + $40,000) = $165,000 − $102,000 = $63,000
Direct materials purchased = Direct materials used + Difference in inventory balances = $63,000 + $5,800 = $68,800
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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97. Which of the following costs is a product cost?
a. lease payments on cars used by salespersons
b. president's salary
c. property taxes on factory building
d. depreciation on office equipment

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-8YAU-CCUD-CFTD-NC33-GOSU-QC5N-8YSS-KCJT-GOSS-ECUR-COSU-EPJU-GOHD-EPTS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

98. Which of the following costs is a period cost for a manufacturing company?
    a. controller's salary
    b. wages of machine operators
    c. insurance on factory equipment
    d. fringe benefits for factory employees

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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99. In a traditional manufacturing company, product costs include
    a. direct materials only.
    b. direct materials, direct labor, and factory overhead.
    c. direct materials and direct labor only.
    d. direct labor only.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding

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100. According to the rules and conventions of the Financial Accounting Standards Board (FASB), only production costs should be used in calculating product costs for _____.

a. tactical profitability analysis
b. pricing decisions
c. product mix decisions
d. external financial reporting

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GR3G-C3TZ-GB1U-KC5N-GESS-GQBA-8RSU-1QBU-GOSU-OCTA-CCSU-NCDR-CE5D-EQJA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

101. If total warehousing cost for the year amounts to $950,000, and 35 percent of the warehousing activity is associated with finished goods and 65 percent with direct materials, how much of the cost would be charged as a product cost?

a. $285,000
b. $332,500
c. $617,500
d. $950,000

ANSWER: c
RATIONALE: SUPPORTING CALCULATIONS: Total product cost = Total cost × Percent of direct materials = $950,000 × 0.65 = $617,500
POINTS: 1
DIFFICULTY: Moderate

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QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMF-GTTU-YQMD-GRAU-NAMD-GASU-ECTS-8YSU-CQDG-GOSU-YCMF-CCSU-OQMN-8R4S-CAJZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

102. Which of the following costs would be included as part of direct materials in the production of an automobile?
a. glue for a sticker applied to the automobile
b. steel
c. gasoline used to fuel machines in production
d. none of these

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJT-G3TU-OQJS-CE5U-NPBA-8RSS-GCTO-8RSS-RATS-GOSU-QCTS-GHSU-Q3BT-CAHU-NC3Z-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

103. All of Eva Enterprise's operations are housed in one building with the costs of occupying the building accumulated in a separate account. The total costs incurred in July amounted to $48,000. The company allocates these costs on the basis of square feet of floor space occupied. Administrative offices, sales offices, and factory operations occupy 9,000, 6,000, and 30,000 square feet, respectively. How much will be classified as a product cost for July?

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a. $9,600
b. $6,400
c. $16,000
d. $32,000

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: [30,000/(9,000 + 6,000 + 30,000)] × $48,000 = $32,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
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QUESTION ID: JFND-GO33-GINW-NOJS
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-GHHD-Y3MB-GEHD-NPJS-GCSU-YQMR-8RSU-KPJA-GOSU-R3JA-8RSS-CCJW-CCHS-EPBW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

104. Which of the following costs would be considered a direct material?
a. glue in the production of automobiles
b. labor used to finish product
c. paper used in the production of books
d. depreciation on the corporation's office building

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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QUESTION ID: JFND-GO33-GINW-NOJI

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJT-GYAG-C3UB-CR4U-CQMB-8YSU-Y3DD-CRSS-CCTU-GOSS-K3DN-GASS-NQMB-G71G-GPJA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

105. The difference between a supply and an indirect material is that

a. supplies are not necessary for production.

b. indirect materials are not physically part of the product.

c. supplies are not necessary for production and are not physically part of the product.

d. supplies are necessary for production and are not physically part of the product.

ANSWER: d

POINTS: 1

DIFFICULTY: Moderate

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Understanding

NOTES: Time Estimate - 5 min.

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QUESTION ID: JFND-GO33-GINW-NOJW

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMB-CTOU-GPJI-CCHU-YA3I-CASS-RA3A-CESS-NPTU-GOSS-KQB3-CCSS-CCUD-GC4S-CCT3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

106. Which of the following costs would be included as part of direct labor?

a. a materials handler

b. a cutter in the production of shelving

c. an assembly-line supervisor

d. a janitor

ANSWER: b

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement

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	United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Understanding
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GBOS-GPMN-GC4G-KATI-8YSU-O3DD-CESU-GQMD-GOSU-Q3DN-CWSU-EQMG-8R5U-NQBU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

107. Which of the following costs would be included as part of factory overhead?
   a. depreciation of plant equipment
   b. direct labor
   c. depreciation on the corporation's office building
   d. paper used in the production of books

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Understanding
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMD-GW5G-R3JZ-CRHS-KPJS-8RSU-EA3U-CESU-QA5F-GOSU-QPBW-GASU-RCJI-GHAU-GCJ1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

108. Which of the following items would NOT be classified as part of factory overhead of a firm that makes sailboats?
   a. factory supplies used
   b. depreciation of factory buildings
   c. canvas used in sail
   d. indirect materials

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice

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HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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109. Wages paid to a janitor in the factory would be classified as
a. direct labor.
b. direct janitor salaries.
c. supervisor salaries.
d. factory overhead.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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110. All of the following costs are included in factory overhead EXCEPT
a. factory supplies.
b. indirect labor.
c. plant foreman's salary.

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d. direct labor.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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111. Selling and administrative costs are classified as

a. product costs.
b. conversion costs.
c. period costs.
d. factory overhead.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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112. Which of the following costs is NOT a period cost?
a. receptionist's salary
b. steel used in steel railings
c. depreciation on sales staffs' cars
d. sales commission

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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113. Which of the following costs is a period cost?
a. depreciation of factory equipment
b. transportation-in for material shipments
c. amortization of a patent for the company's product
d. depreciation of office computers

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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114. An example of a period cost is
   a. president's salary.
   b. insurance on factory equipment.
   c. property taxes on factory building.
   d. wages of factory custodians.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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115. An example of a nonproduction cost is
   a. wages paid to assembly-line employees.
   b. manufacturing supplies.
   c. insurance on manufacturing facilities.
   d. the treasurer's salary.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
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116. Which of the following costs are expensed in the period in which they are incurred?

a. Direct materials costs

b. Product costs

c. Factory overhead costs

d. Nonproduction costs

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG - Analytic
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Understanding
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117. Order-getting costs would NOT include

a. marketing costs.

b. customer service costs.

c. advertising.

d. salaries of sales personnel.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice

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HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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118. Period costs do NOT include
a. order-getting costs.
b. order-filling costs.
c. order-making costs.
d. all of the above are period costs.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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119. Prime product costs include
a. only factory overhead.
b. only direct labor.
c. direct labor and factory overhead.

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d. direct materials and direct labor.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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120. The sum of direct labor and factory overhead is referred to as

a. period costs.
b. conversion costs.
c. prime costs.
d. direct product costs.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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121. Conversion costs do NOT include
a. direct materials.
b. direct labor.
c. factory overhead.
d. any of these costs.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
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United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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122. Which of the following would NOT be included in the conversion cost of an automobile?
a. screws used in assembly
b. assembly worker wages
c. depreciation on machinery
d. steel

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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123. Costs that are expensed in the period in which they are incurred are called:

a. Direct materials costs
b. Product costs
c. Noninventoriable costs
d. Inventoriable costs

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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124. Information from the records of the Abel Corporation for July 2018 was as follows:

Sales	$1,230,000
Selling and administrative expenses	210,000
Direct materials used	264,000
Direct labor	300,000
Factory overhead *	405,000

*variable overhead is $205,000, fixed overhead is $200,000

	Inventories	
	July 1, 2018	July 31, 2018
Direct materials	$36,000	$42,000
Work in process	75,000	84,000
Finished goods	69,000	57,000

The conversion cost is

a. $960,000
b. $1,179,000

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c. $705,000
d. $564,000

ANSWER: c
RATIONALE: $300,000 + $405,000 = $705,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 11:45 AM
QUESTION ID: JFND-GO33-GINW-NQB3
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMB-GR5U-YC5N-8YAD-QA3W-GWSS-EP3Z-CESS-RP5R-GOSS-EPTS-GCSS-K3DR-GI1D-YCDG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

125. Information from the records of the Abel Corporation for July 2018 was as follows:

Sales	$1,230,000
Selling and administrative expenses	210,000
Direct materials used	264,000
Direct labor	300,000
Factory overhead *	405,000

*variable overhead is $205,000, fixed overhead is $200,000

	Inventories	
	July 1, 2018	July 31, 2018
Direct materials	$36,000	$42,000
Work in process	75,000	84,000
Finished goods	69,000	57,000

The prime costs are
a. $210,000
b. $264,000
c. $300,000
d. $564,000

ANSWER: d
RATIONALE: $264,000 + $300,000 = $564,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice

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HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 11:47 AM
QUESTION ID: JFND-GO33-GINW-NQBA
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMG-CAHS-E3J3-CC3D-R3TU-CWSS-CP5B-CRSS-KPDG-GOSS-KCJT-GHSU-RPTU-CW5G-CQJT-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

126. Information from the records of the Abel Corporation for July 2018 was as follows:

Sales	$1,230,000
Selling and administrative expenses	210,000
Direct materials used	264,000
Direct labor	300,000
Factory overhead *	405,000

*variable overhead is $205,000, fixed overhead is $200,000

	Inventories	
	July 1, 2018	July 31, 2018
Direct materials	$36,000	$42,000
Work in process	75,000	84,000
Finished goods	69,000	57,000

The variable product costs are

a. $969,000
b. $769,000
c. $764,000
d. $1,179,000

ANSWER: b
RATIONALE: $264,000 + $300,000 + $205,000 = $769,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-28 - Variable and Fixed Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying

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NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 11:49 AM
QUESTION ID: JFND-GO33-GINW-NQNG
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJI-8F1D-CPBW-GTTU-QQB1-GCSS-GQDN-8YSU-CC3O-GOSU-RA5N-GRSU-OC5B-CA3S-KCDD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

127. Information from the records of the Abel Corporation for July 2018 was as follows:

Sales	$1,230,000
Selling and administrative expenses	210,000
Direct materials used	264,000
Direct labor	300,000
Factory overhead *	405,000

*variable overhead is $205,000, fixed overhead is $200,000

	Inventories	
	July 1, 2018	July 31, 2018
Direct materials	$36,000	$42,000
Work in process	75,000	84,000
Finished goods	69,000	57,000

The total product cost is

a. $1,179,000
b. $969,000
c. $615,000
d. $764,000

ANSWER: b
RATIONALE: $264,000 + $300,000 + $405,000 = $969,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 11:52 AM
QUESTION ID: JFND-GO33-GINW-NQNF
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJI-CO5D-NQBW-GE5U-RA31-GYSS-NCT1-8RSU-GQDF-GOSU-EP5B-CASS-GAUR-CE5D-1QJS-E7JI-YT4D-JFNN-4OTI-

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GO4W-NQNBEE

128. Information from the records of the Conundrum Company for September 2018 was as follows:

Sales	$307,500
Selling and administrative expenses	52,500
Direct materials used	66,000
Direct labor	75,000
Variable factory overhead	50,000
Factory overhead	51,250

	Inventories	
	Sept. 1, 2018	Sept 30, 2018
Direct materials	$ 8,000	$10,500
Work in process	18,750	21,000
Finished goods	17,250	14,250

Conundrum Corporation produced 20,000 units.

The prime costs per unit for September were

a. $7.05
b. $8.8125
c. $14.7375
d. $20.00

ANSWER: a
RATIONALE: $66,000 + $75,000 = $141,000/20,000 units = $7.05 per unit
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/13/2017 3:06 AM
QUESTION ID: JFND-GO33-GINW-NQNR
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-GOHD-GCTO-COHG-GPJ1-CESU-YATA-CESU-KP3Z-GOSU-YAMB-CCSU-QA3O-GWAS-CPUF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

129. Information from the records of the Conundrum Company for September 2018 was as follows:

Sales $307,500

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Selling and administrative expenses	52,500
Direct materials used	66,000
Direct labor	75,000
Variable factory overhead	50,000
Factory overhead	51,250

Inventories

	Sept. 1, 2018	Sept 30, 2018
Direct materials	$ 8,000	$10,500
Work in process	18,750	21,000
Finished goods	17,250	14,250

Conundrum Corporation produced 20,000 units.

What are the conversion costs per unit?

a. $7.05
b. $8.8125
c. $12.1125
d. $14.7375

ANSWER:	b
RATIONALE:	$75,000 + $50,000 + $51,250 = $176,250/20,000 units = $8.8125
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG - Reflective Thinking
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Applying
NOTES:	Time Estimate - 5 min.
DATE CREATED:	10/7/2016 9:27 AM
DATE MODIFIED:	1/13/2017 3:07 AM
QUESTION ID:	JFND-GO33-GINW-NQND
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMG-CJOS-NC5B-GTTG-ECTS-GCSS-K3BO-CESU-1P5B-GOSU-KAJ3-CCSU-1P3S-CRAU-KPDD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

130. Information from the records of the Conundrum Company for September 2018 was as follows:

Sales	$307,500
Selling and administrative expenses	52,500
Direct materials used	66,000
Direct labor	75,000
Variable factory overhead	50,000
Factory overhead	51,250

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	Inventories	
	Sept. 1, 2018	Sept 30, 2018
Direct materials	$ 8,000	$10,500
Work in process	18,750	21,000
Finished goods	17,250	14,250

Conundrum Corporation produced 20,000 units.

If production increased to 32,000 units next year, what is the effect on variable product costs per unit and total product costs per unit respectively?

a. remain the same; remain the same
b. remain the same; decrease
c. increase; remain the same
d. decrease; increase

ANSWER: b
RATIONALE: variable product cost per unit remain the same; total product cost per unit will decrease
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/13/2017 3:08 AM
QUESTION ID: JFND-GO33-GINW-NQBU
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMR-CE5U-EAUR-CFOU-RP3O-GHSU-N3B1-8YSU-YCDN-GOSU-1AT1-CRSU-YC5B-GTTG-GCJU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

131. Information from the records of the Conundrum Company for September 2018 was as follows:

Sales	$307,500
Selling and administrative expenses	52,500
Direct materials used	66,000
Direct labor	75,000
Variable factory overhead	50,000
Factory overhead	51,250

	Inventories	
	Sept. 1, 2018	Sept 30, 2018
Direct materials	$ 8,000	$10,500
Work in process	18,750	21,000

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Finished goods	17,250	14,250

Conundrum Corporation produced 20,000 units.

What are the total variable costs per unit?

a. $7.05
b. $9.55
c. $2.175
d. $6.25

ANSWER:	b
RATIONALE:	$66,000 + 75,000 + 50,000 = $191,000/20,000 units = $9.55 per unit
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG - Reflective Thinking
STATE STANDARDS:	United States - v1 - ACBSP-APC-28 - Variable and Fixed Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Applying
NOTES:	Time Estimate - 5 min.
DATE CREATED:	10/7/2016 9:27 AM
DATE MODIFIED:	1/13/2017 3:09 AM
QUESTION ID:	JFND-GO33-GINW-NQB1
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GITG-NA5G-GBUD-QA33-GOSU-E3DG-CESU-RAMR-GOSS-NCJ1-COSS-NAJU-GIUG-RQB3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

132. Information from the records of the Conundrum Company for September 2018 was as follows:

Sales	$307,500
Selling and administrative expenses	52,500
Direct materials used	66,000
Direct labor	75,000
Variable factory overhead	50,000
Factory overhead	51,250

	Inventories	
	Sept. 1, 2018	Sept 30, 2018
Direct materials	$ 8,000	$10,500
Work in process	18,750	21,000
Finished goods	17,250	14,250

Conundrum Corporation produced 20,000 units.

What is the total product cost per unit?

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a. $14.7375
b. $12.1125
c. $12.175
d. $12.2375

ANSWER: b
RATIONALE: $66,000 + $75,000 + $50,000 + $51,250 = $242,250/20,000 = $12.1125
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/13/2017 3:12 AM
QUESTION ID: JFND-GO33-GINW-NQBT
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJI-CWAU-OPJI-GH5G-R3JS-8YSS-GPDN-CESS-NCJT-GOSU-CAUF-GCSU-KCBW-CR4U-NA5N-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

133. Product costs are converted from cost to expense when
a. units are completed.
b. materials are purchased.
c. units are sold.
d. materials are requisitioned.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM

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QUESTION ID: JFND-GO33-GINW-NQBO

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-CA4G-E3TI-CW3G-RAT3-CCSU-OA5R-8RSS-CQMR-GOSU-RCJI-CASS-R3BA-GC5D-OCUG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

134. A company has purchased some steel to use in the production of steel railings. If this steel has NOT been put into production, it would be classified as

a. finished goods inventory.

b. factory supplies.

c. work-in-process inventory.

d. direct materials inventory.

ANSWER: d

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Understanding

NOTES: Time Estimate - 5 min.

DATE CREATED: 10/7/2016 9:27 AM

DATE MODIFIED: 10/7/2016 9:27 AM

QUESTION ID: JFND-GO33-GINW-NQBZ

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ1-GBTD-O3JS-GJTU-N3BS-8RSU-OCMG-CRSS-KCJ3-GOSS-NPMD-8RSU-NPUF-CW3U-KQB1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

135. The income statement prepared for external reporting is

a. based on a functional classification.

b. referred to as absorption-costing income.

c. called full-costing income.

d. all of the above.

ANSWER: d

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements

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United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NQBS
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMR-CC4U-RCT1-GR5D-EQMG-CCSU-RATO-8YSS-NP3A-GOSU-EPUD-CRSU-N3UN-GJ1G-NCBS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

136. Which of the following costs would NOT be included in calculating inventory values under the absorption-costing basis?

a. direct materials
b. fixed overhead
c. selling and administrative expenses
d. direct labor

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NQBI
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMB-GE3G-RAMB-G71G-RQJI-GASS-G3UR-8YSU-RQJU-GOSU-13BI-GESU-YQJI-GB1U-KAUR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

137. When calculating the absorption-costing income for external reporting, all

a. manufacturing costs ultimately become nonmanufacturing costs.
b. manufacturing costs are product costs and product costs are never expensed.
c. costs of selling manufactured products are classified as product costs.
d. selling and administrative costs are classified as nonmanufacturing costs.

ANSWER: d
POINTS: 1

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DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NQBW
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ1-GO4D-1AMB-G71D-YPTO-GCSU-NP3O-8RSU-O3MG-GOSU-EPDB-8YSU-Y3BU-GO5U-YCTI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

138. Which of the following accounts would appear on the financial statements of ONLY a manufacturing firm?
a. materials inventory
b. bonds payable
c. prepaid insurance
d. retained earnings

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:27 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJA-GH3U-OATI-CC4G-EQJ1-CRSU-1PMB-8RSU-KCMR-GOSU-EAUN-GASU-CCJA-GC4U-NCT3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

139. Which type of inventory is normally sold to other organizations?
a. direct materials

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b. factory supplies
c. work in process
d. finished goods

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-GWHD-NA5G-8B1S-G3JI-CESS-NCJA-CRSS-GATI-GOSU-OC3A-GASS-NP3I-GW3S-G3DD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

140. The records of Bentler Shoppers, Inc. for December 2018 shows the following information:

Sales	$2,050,000
Selling and administrative expenses	250,000
Direct materials purchases	205,000
Direct labor	298,000
Factory overhead	350,000
Direct materials, December 1	50,000
Work-in-process, December 1	85,000
Finished goods, December 1	64,000
Direct materials, December 31	41,000
Work-in-process, December 31	72,000
Finished goods, December 31	55,000

The net income for the month of December is:

a. $875,000.
b. $916,000.
c. $884,000.
d. $770,000.

ANSWER: b
RATIONALE: SUPPORTING CALCULATIONS:
Cost of goods manufactured = (Beginning direct materials + Direct materials purchases − Ending direct materials) + (Direct labor + Factory overhead + Beginning work in process − Ending work in process) = ($50,000 +$205,000 − $41,000) + ($298,000 + $350,000 + $85,000 − $72,000) = $875,000

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Cost of goods sold = Cost of goods manufactured + Beginning finished goods − Ending finished goods = $875,000 + $64,000 − $55,000 = $884,000
Net income = Sales − Cost of goods sold − Selling and administrative expense = $2,050,000 − $884,000 − $250,000 = $916,000

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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DATE MODIFIED: 1/27/2017 3:31 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMN-G3TD-NATU-8BTD-YP3O-GOSU-E3MN-8YSS-CAMR-GOSS-EQBS-GRSU-CC3O-GEHU-OCJT-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

141. The merchandise inventory in a merchandising business corresponds most closely to which of the following items in a manufacturing firm?

a. materials inventory
b. cost of goods available for sale
c. cost of goods manufactured
d. finished goods inventory

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-

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8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMF-GA3U-RAUB-COHU-KPTZ-CCSU-1AUR-8YSU-G3MF-GOSU-GP3W-GRSU-OC5G-CPOU-CP3U-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

142. Beginning work-in-process inventory is $188,000, ending work-in-process inventory is $220,000, cost of goods manufactured is $850,000, and direct materials used are $162,000. What are the conversion costs?

a. $688,000
b. $980,000
c. $656,000
d. $720,000

ANSWER: d

RATIONALE: SUPPORTING CALCULATIONS: Conversion costs = Cost of goods manufactured + Ending work-in-process − Beginning work-in-process − Direct materials used = $850,000 + $220,000 − $188,000 − $162,000 = $720,000

POINTS: 1

DIFFICULTY: Challenging

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Applying

NOTES: Time Estimate - 10 min.

DATE CREATED: 10/7/2016 9:27 AM

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QUESTION ID: JFND-GO33-GINW-NQKG

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMD-CIUD-R3TS-CFOS-NC3A-GRSS-CC3O-8YSU-O3BS-GOSU-1PUR-CCSU-1P3O-GC4S-N3BS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

143. The following information pertains to Steel Wheels, Inc:

Cost of goods manufactured	$350,000
Beginning work-in-process inventory	110,000
Ending work-in-process inventory	80,000
Manufacturing overhead	50,000

What are the prime costs for the year?

a. $360,000
b. $480,000
c. $270,000
d. $300,000

ANSWER: c

RATIONALE: SUPPORTING CALCULATIONS: $350,000 + $80,000 − $110,000 − $50,000 = $270,000

POINTS: 1

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DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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DATE MODIFIED: 1/3/2017 1:02 AM
QUESTION ID: JFND-GO33-GINW-NQKF
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMN-GA5S-ECBA-GC3D-NQBW-GYSU-Y3DR-8YSU-NATS-GOSS-EQB1-GYSU-CAJT-C3TD-RCTA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

144. Inventory balances for Balmer Company in April 2018 are as follows:

	April 1, 2018	April 30, 2018
Raw materials	$ 40,000	$ 35,000
Work in process	67,500	59,800
Finished goods	150,000	120,000

During April, purchases of direct materials were $58,000. Direct labor and factory overhead costs were $82,000 and $110,000, respectively.

Prime costs for April were:

a. $145,000.
b. $140,000.
c. $88,000.
d. $152,700.

ANSWER: a
RATIONALE: SUPPORTING CALCULATIONS: Prime cost = Direct materials cost + Direct labor cost = ($40,000 + $58,000 − $35,000) + $82,000 = $145,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.

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145. Inventory balances for Marshall, Inc., in June 2018 are as follows:

	June 1, 2018	June 30, 2018
Raw materials	$1,125	$ 875
Work in process	2,000	1,550
Finished goods	4,500	3,750

During June, purchases of direct materials were $1,500. Direct labor and factory overhead costs were $2,500 and $3,500, respectively.

Conversion costs for June were

a. $8,200.
b. $7,750.
c. $7,500.
d. $6,000.

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: $2,500 + $3,500 = $6,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 1/13/2017 3:19 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJW-CW5D-QQBT-8RHU-NCMB-GRSU-1C3U-8RSU-GPBU-GOSU-E3JZ-GASU-E3TZ-CW4S-NQBI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

146. Inventory balances for the Jameson Company in October 2018 are as follows:

	October 1, 2018	October 31, 2018
Raw materials	$ 27,000	$21,000

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Work in process	48,000	37,200
Finished goods	108,000	90,000

During October, purchases of direct materials were $36,000. Direct labor and factory overhead costs were $60,000 and $84,000, respectively.

What is the cost of materials used in production?

a. $36,000
b. $42,000
c. $47,800
d. $54,000

ANSWER: b
RATIONALE: $27,000 + $36,000 − $21,000 = $42,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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DATE MODIFIED: 1/13/2017 3:23 AM
QUESTION ID: JFND-GO33-GINW-NQJU
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GA5D-N3UN-CWAU-1ATZ-GASU-CPTS-CRSU-K3JI-GOSS-KA3T-GASS-EPJT-GTUG-EAJ1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

147. Inventory balances for the Jameson Company in October 2018 are as follows:

	October 1, 2018	October 31, 2018
Raw materials	$ 27,000	$21,000
Work in process	48,000	37,200
Finished goods	108,000	90,000

During October, purchases of direct materials were $36,000. Direct labor and factory overhead costs were $60,000 and $84,000, respectively.

What are the total manufacturing costs added to production in the period?

a. $186,000
b. $180,000
c. $144,000
d. $174,200

ANSWER: a

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RATIONALE: $42,000 + $60,000 + $84,000 = $186,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/13/2017 3:26 AM
QUESTION ID: JFND-GO33-GINW-NQJ1
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMD-CCHU-YA3O-8Y3G-GPUG-GCSU-QP33-8YSS-GPDF-GOSS-GP5G-CRSS-CA5B-CCHG-KCUR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

148. The sum of the total additions to work in process during a period is
a. total manufacturing costs added.
b. factory overhead applied.
c. material used.
d. cost of goods manufactured.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NQJT
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJA-CE5G-KATT-GWAD-KAMF-COSU-GCDB-8YSU-KP5D-GOSU-YPMD-GWSU-OPDD-8Y3U-CCMN-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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149. Inventory balances for the Jameson Company in October 2018 are as follows:

	October 1, 2018	October 31, 2018
Raw materials	$ 27,000	$21,000
Work in process	48,000	37,200
Finished goods	108,000	90,000

During October, purchases of direct materials were $36,000. Direct labor and factory overhead costs were $60,000 and $84,000, respectively.

What is the cost of goods manufactured?

a. $180,000
b. $186,000
c. $194,000
d. $196,800

ANSWER: d
RATIONALE: $42,000 + $60,000 + $84,000 + $48,000 − $37,200 = $196,800
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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DATE MODIFIED: 1/22/2017 9:20 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJS-CA3S-NPJ1-8Y4D-KAT1-8YSS-GC5G-CESS-ECBT-GOSU-YC3I-COSS-CQJA-8R3D-NPJA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

150. The ending work-in-process inventory is deducted on the

a. balance sheet.
b. income statement.
c. statement of cost of goods manufactured.
d. statement of cash flows.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

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NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Remembering

NOTES: Time Estimate - 5 min.

DATE CREATED: 10/7/2016 9:27 AM

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QUESTION ID: JFND-GO33-GINW-NQJS

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMD-CE3D-N3DR-8YHG-CQMF-GYSU-EQBS-8RSU-YAJW-GOSU-YATZ-COSU-E3MN-CC5D-EC3W-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

151. The following information for the Sutton Glass Company has been provided:

Cost of goods manufactured	$100,000
Work in process:	
Beginning	15,000
Ending	20,000
Direct labor	30,000
Direct materials used	?
Factory overhead	45,000

What is the amount of direct materials used?

a. $25,000
b. $30,000
c. $35,000
d. $100,000

ANSWER: b

RATIONALE: SUPPORTING CALCULATIONS: $100,000 + $20,000 − $15,000 − $30,000 − $45,000 = $30,000

POINTS: 1

DIFFICULTY: Moderate

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Applying

NOTES: Time Estimate - 10 min.

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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJA-CR4S-GQJW-8F1U-KP3O-CRSU-OQBO-8RSU-RCDF-GOSU-NA33-GOSU-Q3DF-CEHD-RPBI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

152. Cost of goods sold equals cost of goods manufactured
   a. when finished goods inventories remain constant.
   b. when work-in-process inventories remain constant.
   c. plus beginning work-in-process inventory minus ending work-in-process inventory.
   d. when materials inventories remain constant.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NQJI
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJS-GEAU-Q3UD-GY3G-NATS-GRSS-RPDN-CESU-1P5G-GOSS-E3DD-CRSU-QPBU-GYHD-CA3T-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

153. Selected data concerning the past year's operations of the Motor City Corporation are as follows:

Selling and administrative expenses	$225,000
Direct materials used	467,500
Direct labor (50,000 hours)	450,000
Factory overhead application rate	8 per DLH

	Inventories	
	Beginning	Ending
Direct material	$75,000	$67,500
Work in process	112,500	135,000
Finished goods	60,000	37,500

The cost of direct materials purchased is
   a. $467,500.
   b. $460,000.
   c. $437,500.
   d. $445,000.

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ANSWER: b
RATIONALE: SUPPORTING CALCULATIONS: $467,500 + $67,500 − $75,000 = $460,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 4:16 AM
QUESTION ID: JFND-GO33-GINW-NTKN
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMF-CA4D-E3BT-CI1U-RAT1-GRSU-RQBU-CRSU-N3DF-GOSS-C3UB-CASU-RAJW-CA3D-NQBI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

154. Inventory balances for Spiritlight Ventures for November 2018 are as follows:

	November 1, 2018	November 30, 2018
Materials	$ 9,000	$ 7,000
Work in process	16,000	12,400
Finished goods	36,000	30,000

During November, purchases of direct materials were $18,000. Direct labor and factory overhead costs were $20,000 and $28,000, respectively.

The cost of goods manufactured in November was

a. $68,000.
b. $77,600.
c. $74,000.
d. $71,600.

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: $9,000 + $18,000 − $7,000 + $20,000 + $28,000 + $16,000 − $12,400 = $71,600
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement

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United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/13/2017 3:31 AM
QUESTION ID: JFND-GO33-GINW-NQJW
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-G31U-NCBW-CTOU-YAJ1-CESS-EPJA-CESS-CP5B-GOSU-13DD-GRSU-1AUB-GJ1S-RA5G-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

155. The following is the data for Lauren Enterprises:

Selling and administrative expenses	$75,000
Direct materials used	265,000
Direct labor (25,000 hours)	300,000
Factory overhead application rate	$16 per DLH

	Inventories	
	Beginning	Ending
Direct materials	$50,000	$45,000
Work in process	75,000	90,000
Finished goods	40,000	25,000

What is the cost of goods manufactured?

a. $1,115,000
b. $965,000
c. $955,000
d. $950,000

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: $265,000 + $300,000 + $400,000($16 × 25,000) + $75,000 − $90,000 = $950,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 12:15 PM
QUESTION ID: JFND-GO33-GINW-NTKB
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-GCAS-K3MF-CE4U-OC5G-8YSS-

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CATU-CRSU-KAJO-GOSU-KQB3-CESS-KQBZ-CA4U-RA33-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

156. The following is the data for Lauren Enterprises:

Selling and administrative expenses	$75,000
Direct materials used	265,000
Direct labor (25,000 hours)	300,000
Factory overhead application rate	$16 per DLH

	Inventories	
	Beginning	Ending
Direct materials	$50,000	$45,000
Work in process	75,000	90,000
Finished goods	40,000	25,000

What is the cost of goods sold?

a. $565,000
b. $950,000
c. $965,000
d. $980,000

ANSWER: c
RATIONALE: $265,000 + $300,000 + $400,000 + $75,000 − $90,000 + $40,000 − $25,000 = $965,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 12:15 PM
QUESTION ID: JFND-GO33-GINW-NTJ3
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-CR4U-NATA-GY4D-EAMR-GASU-O3DF-CESS-EP3I-GOSU-GATO-CWSU-K3JS-CITU-EQJ3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

157. The cost of units completed during a period is called

a. cost of goods sold.
b. cost of goods manufactured.
c. current manufacturing costs.
d. finished goods inventory.

ANSWER: b

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POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NTJA
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMD-8RHU-R3BU-CW5D-NC3I-8YSS-RCMR-CRSS-KCTA-GOSU-GPBA-CESS-EPB1-8FOS-GP31-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

158. The records for the previous year for Sarasota Boat Builders, Inc., shows the following data:

Selling and administrative expenses	$300,000
Direct materials used	530,000
Direct labor (100,000 hours)	600,000
Factory overhead application rate	$5 per DLH

	Inventories	
	Beginning	Ending
Work in process	$150,000	$160,000
Finished goods	80,000	50,000

The cost of goods sold is

a. $1,630,000.
b. $1,880,000.
c. $1,600,000.
d. $1,650,000.

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: $530,000 + $600,000 + $500,000($5 × 100,000) + $150,000 − $160,000 + $80,000 − $50,000 = $1,650,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

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KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 6:55 AM
QUESTION ID: JFND-GO33-GINW-NTKG
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMB-CE5S-RATS-G31G-CQDF-CRSS-R3JZ-CESU-QA5B-GOSS-NCJT-CCSU-RA5G-COHU-RPBW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

159. The following information has been provided for Hopen Enterprises:

Cost of goods manufactured	$7,500
Work in process	
Beginning	1,200
Ending	1,400
Direct labor	4,000
Materials placed in production	1,500
Factory overhead	?

What is the amount of factory overhead?

a. $2,000
b. $2,200
c. $1,400
d. $5,500

ANSWER: b
RATIONALE: SUPPORTING CALCULATIONS: $7,500 + $1,400 − $1,200 − $4,000 − $1,500 = $2,200
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 6:50 AM
QUESTION ID: JFND-GO33-GINW-NTKF
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GT1S-KAJW-CC3U-RP3W-GESS-CA5F-8RSU-OCDR-GOSU-QP3O-CESS-NP3A-GA5S-K3JS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

160. The following information is from the records of Stretch Limousines, Inc.:

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Net direct materials purchase cost	$225,000
Total direct materials used	275,000
Beginning direct materials inventory	125,000

The ending direct materials inventory is

a. $175,000.
b. $75,000.
c. $50,000.
d. $100,000.

ANSWER: b

RATIONALE: SUPPORTING CALCULATIONS: $125,000 + $225,000 − $275,000 = $75,000

POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 6:52 AM
QUESTION ID: JFND-GO33-GINW-NTKR
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-GA3S-RAMD-CCHU-C3DR-GRSU-1PJZ-CESS-EPBO-GOSS-N3BI-GWSU-EAMG-CFOU-KPBO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

161. The Sumter Company recently had a fire in its accounting office, destroying most of its records. Only the following information could be salvaged for 2018:

Direct labor	$400,000
Factory overhead	200,000
Cost of goods sold	800,000
Work in process, January 1	80,000
Finished goods, January 1	160,000
Work in process, December 31	100,000
Finished goods, December 31	120,000

The cost of direct materials used in production during 2018 is

a. $140,000.
b. $180,000.
c. $200,000.
d. $260,000.

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ANSWER: b
RATIONALE: SUPPORTING CALCULATIONS: $800,000 + $120,000 − $160,000 + $100,000 − $80,000 − $400,000 − $200,000 = $180,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 7:52 AM
QUESTION ID: JFND-GO33-GINW-NTKD
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJI-GO5D-KP5N-GFTG-NA3A-GCSU-1ATS-CESS-GC3S-GOSU-KCUN-GHSU-1P31-8R3D-KCDB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

162. Information from the records of Chrome Ponies Enterprises for June 2018 is as follows:

Sales	$41,000
Direct labor	10,000
Selling and administrative expenses	7,000
Direct materials purchases	6,000
Factory overhead	13,500

	Inventories	
	June 1, 2018	June 30, 2018
Direct materials	$1,200	$1,400
Work in process	2,500	2,800
Finished goods	2,300	1,900

What was the cost of materials used in production?

a. $6,200
b. $6,000
c. $5,800
d. $19,500

ANSWER: c
RATIONALE: $6,000 + $1,200 − $1,400 = $5,800
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

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NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 12:17 PM
QUESTION ID: JFND-GO33-GINW-NTJU
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMF-8RHU-GPTS-8YHU-RQJU-GOSU-C3B3-8RSU-EPDR-GOSU-YP3T-CESS-C3UB-CTTD-YCB1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

163. Information from the records of Chrome Ponies Enterprises for June 2018 is as follows:

Sales	$41,000
Direct labor	10,000
Selling and administrative expenses	7,000
Direct materials purchases	6,000
Factory overhead	13,500

	Inventories	
	June 1, 2018	June 30, 2018
Direct materials	$1,200	$1,400
Work in process	2,500	2,800
Finished goods	2,300	1,900

Chrome Ponies Enterprises' cost of goods manufactured in June is

a. $29,300.
b. $29,700.
c. $29,200.
d. $29,000.

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: ($1,200 + $6,000 − $1,400) + $10,000 + $13,500 + $2,500 − $2,800 = $29,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM

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DATE MODIFIED: 1/4/2017 12:19 PM
QUESTION ID: JFND-GO33-GINW-NTJ1
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJS-GE3S-GQMG-GCHG-ECJO-CWSU-YA3T-CRSU-GPBI-GOSS-NCDD-GASU-QQMD-C3UD-1CTA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

164. Information from the records of Chrome Ponies Enterprises for June 2018 is as follows:

Sales	$41,000
Direct labor	10,000
Selling and administrative expenses	7,000
Direct materials purchases	6,000
Factory overhead	13,500

	Inventories	
	June 1, 2018	June 30, 2018
Direct materials	$1,200	$1,400
Work in process	2,500	2,800
Finished goods	2,300	1,900

What are the total manufacturing costs added?

a. $18,500
b. $19,300
c. $29,000
d. $29,300

ANSWER: d
RATIONALE: $6,000 + $1,200 − $1,400 + $10,000 + $13,500 = $29,300
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 12:21 PM
QUESTION ID: JFND-GO33-GINW-NTJT
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-COHU-QP31-CE5D-CPTW-GOSS-KCDB-8YSS-RA3O-GOSU-QCUN-GESU-KC3S-GR3U-EP5D-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

165. Information from the records of Chrome Ponies Enterprises for June 2018 is as follows:

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Sales	$41,000
Direct labor	10,000
Selling and administrative expenses	7,000
Direct materials purchases	6,000
Factory overhead	13,500

	Inventories	
	June 1, 2018	June 30, 2018
Direct materials	$1,200	$1,400
Work in process	2,500	2,800
Finished goods	2,300	1,900

What is the gross margin (profit)?

a. $11,500
b. $11,600
c. $ 4,500
d. $ 4,600

ANSWER: b

RATIONALE: $41,000 − ($1,200 + $6,000 − $1,400) + $10,000 + $13,500 + $2,500 − $2,800 + $2,300 − $1,900 = $11,600

POINTS: 1

DIFFICULTY: Challenging

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Applying

NOTES: Time Estimate - 10 min.

DATE CREATED: 10/7/2016 9:27 AM

DATE MODIFIED: 1/4/2017 12:23 PM

QUESTION ID: JFND-GO33-GINW-NTJO

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMR-GI1D-NC3T-GWAS-GCJI-GCSS-EC3Z-8RSS-KATA-GOSU-13BZ-GHSU-13B3-GY4S-GPBZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

166. Information from the records of Chrome Ponies Enterprises for June 2018 is as follows:

Sales	$41,000
Direct labor	10,000
Selling and administrative expenses	7,000
Direct materials purchases	6,000
Factory overhead	13,500

	Inventories	
	June 1, 2018	June 30, 2018
Direct materials	$1,200	$1,400

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Work in process	2,500	2,800
Finished goods	2,300	1,900

What is the cost of goods sold?

a. $36,500
b. $28,600
c. $29,400
d. $29,500

ANSWER: c
RATIONALE: ($1,200 + $6,000 − $1,400) + $10,000 + $13,500 + $2,500 − $2,800 + $2,300 − $1,900 = $29,400
POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/4/2017 12:23 PM
QUESTION ID: JFND-GO33-GINW-NTJZ
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-GH3S-RQMN-8BOU-13TS-GESU-EA3I-8RSS-GCTO-GOSU-KP5N-GCSU-EP5R-GHAD-RC5N-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

167. Morton Manufacturing shows cost of goods sold for the month of March was $90,000. The finished goods inventory was $15,000 on March 1 and $17,500 on March 31. Beginning and ending work-in-process inventories were $20,000 and $25,000, respectively. What was the cost of goods manufactured during March?

a. $92,500
b. $90,000
c. $87,500
d. $97,500

ANSWER: a
RATIONALE: SUPPORTING CALCULATIONS: $90,000 + $17,500 − $15,000 = $92,500
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs

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	United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Applying
NOTES:	Time Estimate - 10 min.
DATE CREATED:	10/7/2016 9:27 AM
DATE MODIFIED:	10/7/2016 9:27 AM
QUESTION ID:	JFND-GO33-GINW-NTJS
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMR-GOHU-GPTS-GO3U-GPJ3-GRSU-E3MF-8RSU-NCJW-GOSS-GCDD-CRSS-C3MN-GHAS-GATU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

168. Assume the following information for the Blue Knights Corporation for the year ended December 31, 2018:

Sales	$2,250
Cost of goods manufactured for the year	1,350
Beginning finished goods inventory	450
Ending finished goods inventory	495
Selling and administrative expenses	300

What is the cost of goods sold for the year ended December 31, 2018?

a. $1,305
b. $1,605
c. $1,350
d. $1,650

ANSWER:	a
RATIONALE:	SUPPORTING CALCULATIONS: $1,350 + 450 − $495 = $1,305
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS:	United States - BUSPROG - Reflective Thinking
STATE STANDARDS:	United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs United States - v1 - AICPA-10 - FN-Measurement United States - v1 - IMA-07 - Cost Management
KEYWORDS:	Bloom's - Applying
NOTES:	Time Estimate - 10 min.
DATE CREATED:	10/7/2016 9:27 AM
DATE MODIFIED:	1/3/2017 9:34 AM
QUESTION ID:	JFND-GO33-GINW-NTJI
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMR-GRHG-ECBU-GJOU-CP3S-CRSU-GCTO-CRSU-RQDD-GOSU-Y3UD-GESU-EPBT-GT1D-RAT1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

169. Rebel Yell, Inc., recorded the following data for April:

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Beginning finished goods inventory	$60,000
Beginning work-in-process inventory	40,000
Ending work-in-process inventory	80,000
Ending finished goods inventory	50,000
Factory overhead costs	200,000
Direct materials used	160,000
Direct labor	100,000

What is the cost of goods manufactured for April?

a. $470,000
b. $420,000
c. $460,000
d. $430,000

ANSWER: b

RATIONALE: SUPPORTING CALCULATIONS: $160,000 + $100,000 + $200,000 + $40,000 − $80,000 = $420,000

POINTS: 1

DIFFICULTY: Moderate

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Applying

NOTES: Time Estimate - 10 min.

DATE CREATED: 10/7/2016 9:27 AM

DATE MODIFIED: 1/3/2017 7:00 AM

QUESTION ID: JFND-GO33-GINW-NTJW

QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMG-GRAU-KC3W-C3TG-ECT3-GHSU-QCT3-8RSS-GQMN-GOSU-NPBI-GHSU-RQMB-GCHD-GCJW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

170. The records of the Williamson Company show the following information:

Direct materials used	$90,000
Direct labor	130,000
Factory overhead	150,000
Beginning work-in-process inventory	15,000
Beginning finished goods inventory	20,000
Ending work-in-process inventory	42,000
Selling and administrative expenses	37,500

What was the cost of goods manufactured during the year?

a. $370,000
b. $365,000

ANSWER: a

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RATIONALE: SUPPORTING CALCULATIONS:
$90,000 + $130,000 + $150,000 + $15,000 − $42,000 = $343,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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171. Which of the following is NOT an example of a difference between the income statement of a service organization and the income statement of a manufacturing organization?

a. A service company will never have work in process.
b. The service company will not have a finished goods inventory.
c. Fulfillment costs may be added to cost of goods sold of a service company.
d. Research and development expenses are not usually a major component of a service organization.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:27 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJO-GRAU-1CBO-GJTD-OQBU-CRSS-

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KCDD-CRSS-KQJS-GOSU-KAJS-8YSS-NQJI-G3OU-GPJA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

172. Which of the following items would NOT appear on an income statement of a service organization?
a. selling expenses
b. cost of goods sold
c. administrative expenses
d. gross margin

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMD-CA4G-KCTT-GWAU-NCJA-GESU-GATT-8RSU-Y3TU-GOSU-Q3JS-COSU-CCJ3-G31U-KA3I-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

173. Which of the following items is NEVER relevant to the cost flows of a service organization?
a. finished goods inventory
b. materials inventory
c. work-in-process inventory
d. all of the above are always relevant.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.

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DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NTTA
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMN-8BTD-N3JZ-CJUD-NPBU-GWSU-NAMF-CRSS-EAJO-GOSU-RP3T-GESU-GQMF-GT1S-K3JZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

174. Assume the following data for Rodriguez Services, an accounting firm, for November:

Beginning materials inventory	$20,000
Beginning work-in-process inventory	40,000
Ending work-in-process inventory	50,000
Ending materials inventory	10,000
Actual overhead costs	100,000
Direct materials used	60,000
Direct labor	200,000

What is the cost of services sold for November?

a. $370,000
b. $350,000
c. $360,000
d. $330,000

ANSWER: b
RATIONALE: SUPPORTING CALCULATIONS: $60,000 + $200,000 + $100,000 + $40,000 − $50,000 = $350,000
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 7:03 AM
QUESTION ID: JFND-GO33-GINW-NT1G
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJS-GY3U-CP3A-CW5D-OCMD-CASS-EQDF-CRSU-NQBA-GOSU-1PTU-GOSU-CC3W-GHAD-1CTS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

175. A small engine repair shop purchased materials costing $9,000 in July. The beginning inventory of material parts was $4,500 and the ending inventory of material parts was $4,000. Payments for direct labor for July totaled $27,000, secretarial costs were $2,000, and overhead of $5,000 was incurred. In addition, $5,000 was spent on advertising and

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$2,000 for the franchise name. Revenue for July was $50,000.

What is the cost of services sold for July?

a. $41,500
b. $43,500
c. $50,500
d. $40,500

ANSWER: a
RATIONALE: SUPPORTING CALCULATIONS:
$9,000 + $4,500 − $4,000 + $27,000 + $5,000 = $41,500
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/3/2017 5:04 AM
QUESTION ID: JFND-GO33-GINW-NT1F
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMF-GY5U-RC5N-CC5D-EPJO-GASU-RPBS-8RSU-N3DD-GOSS-RQBI-GOSS-RATU-GC5G-GC3I-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

176. A small engine repair shop purchased materials costing $9,000 in July. The beginning inventory of material parts was $4,500 and the ending inventory of material parts was $4,000. Payments for direct labor for July totaled $27,000, secretarial costs were $2,000, and overhead of $5,000 was incurred. In addition, $5,000 was spent on advertising and $2,000 for the franchise name. Revenue for July was $50,000.

What is the gross margin for July?

a. $41,500
b. $43,500
c. $1,500
d. $8,500

ANSWER: d
RATIONALE: SUPPORTING CALCULATIONS: COSS = $9,000 + $4,500 − $4,000 + $27,000 + $5,000 = $41,500 GM = $50,000 − 41,500 = $8,500
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

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LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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DATE MODIFIED: 1/3/2017 5:05 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJZ-CI1D-GA5F-GCHU-G3DN-GESU-KAMF-CRSU-C3BT-GOSU-Q3JA-CCSS-NP5F-GR4S-GQJA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

177. One or more of the following is (are) a cost accounting system(s) that use(s) only unit-based activity drivers to assign costs to cost objects.

a. Activity-based management
b. Activity-based costing system
c. Functional-based cost management system
d. Both a and b

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NT1D
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GBTU-KCTZ-C31S-CCBA-CASS-CPBT-CESS-RA3U-GOSS-EPMF-GHSU-O3JS-CAAD-EP3U-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

178. Which of the following would be associated with a functional-based cost accounting information system?

a. setup costs assigned to products using the number of setups as the driver
b. materials handling costs assigned to products using the number of moves as the activity driver
c. customer service costs assigned to products using the number of complaints as the activity driver

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d. purchasing costs assigned to products using number of direct labor hours as the activity driver

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NTTU
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMB-CI1G-GATU-GCHU-RQJA-8RSU-ECDB-CRSU-Q3BS-GOSS-K3JI-8YSU-N3BU-COAD-CQDB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

179. In a functional-based management system, one is NOT likely to find

a. unit- and non-unit-based cost drivers.
b. maximization of individual unit performance.
c. narrow and rigid product costing.
d. allocation intensive cost assignment.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMN-GF1D-EQMN-GWHD-OATW-GWSS-KQBI-8RSS-ECT1-GOSU-GAMF-CWSS-ECTT-GC3G-EA3A-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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180. In a cost management system, the cost view does NOT include
a. resources.
b. activities.
c. driver analysis.
d. products and customers.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NTTT
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJU-GP1U-OAUF-CPTD-C3DF-CWSU-O3UG-CRSS-CATW-GOSU-Y3UG-GCSS-ECUF-8Y4U-13J1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

181. The system that focuses on the management of activities with the objective of improving the value received by the customer and the profit received by providing this value is called.
a. Activity-based management
b. Contemporary cost control
c. Functional-based cost management system
d. JIT

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
DATE CREATED: 10/7/2016 9:27 AM

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DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NTTO
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJW-GHHU-N3T1-CW3U-K3B3-GHSU-CA5R-8YSU-OQDG-GOSU-E3B3-CWSU-RCB1-GT1D-CPBO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

182. Which of the following items would be associated with both a traditional cost accounting information system and an activity based cost information system?

a. Overhead is assigned on a plant-wide rate based on direct labor hours.
b. Customer service costs are assigned to products using number of complaints as the activity driver.
c. Direct labor cost is assigned to products using direct tracing.
d. None of these.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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183. In a cost management system, the process view does NOT include

a. resources.
b. activities.
c. driver analysis.
d. performance analysis.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic

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STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMB-GH5D-C3TW-G7UD-EA3O-8RSU-YC3A-CRSS-EPTT-GOSU-EAMF-CCSU-Y3UF-GIUD-GPMF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

184. Which is NOT a benefit of an activity-based cost management system?
a. greater product costing accuracy
b. increased cost of implementing the system
c. improved decision making
d. enhanced strategic planning

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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DATE MODIFIED: 10/7/2016 9:27 AM
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185. In an activity-based management system, one is NOT likely to find
a. tracing of costs to activities.
b. only unit-based drivers.
c. broad flexible product costing.
d. systemwide performance maximization.

ANSWER: b
POINTS: 1

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DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Understanding
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186. Which of the following is a trait of a traditional cost management system?
a. unit-based drivers
b. tracing intensive
c. use of both financial and nonfinancial measures of performance
d. detailed activity information

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
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187. Which of the following is NOT a trait of a traditional cost management system?
a. unit-based drivers

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b. narrow and rigid product costing
c. allocation-intensive
d. focus on managing activities

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
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188. Which of the following is a trait of an activity-based cost management system?
a. allocation-intensive
b. narrow and rigid product costing
c. non-unit-based drivers
d. focus on managing costs

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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CATZ-CESU-OP5N-GOSU-QCDB-GWSU-1ATI-GBTG-RPDN-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

189. The optimal level in the trade-off between measurement and error costs is when
a. measurement costs are greater than error costs.
b. measurement costs and error costs are minimized.
c. measurement costs are less than error costs.
d. the total of measurement costs and error costs are maximized.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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190. Error costs can be defined as
a. the costs associated with the measurements required by the cost management system.
b. unit costs assigned based on activities.
c. the costs associated with making poor decisions based on bad cost information.
d. none of these

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 5 min.

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191. Describe a cost management information system, its objectives, and major subsystems.
ANSWER: The cost management information system is an accounting information subsystem that is primarily concerned with producing outputs for internal users using inputs and processes needed to satisfy management objectives.
The objectives are as follows:
1. To provide information for costing out services, products, and other objects of interest to management.
2. To provide information for planning and control.
3. To provide information for decision making.

The major subsystems of a cost management information system are the cost accounting information system and the operational control information system.
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-26 - Management Functions
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-08 - Information Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 5 min.
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192. Explain the differences between direct tracing, driver tracing, and allocation.
ANSWER: Direct tracing is the process of identifying and assigning costs to a cost object that are specifically or physically associated with the cost object.
Driver tracing is assigning costs using drivers, which are causal factors. The driver approach relies on identification of factors that allegedly capture the causal relationship.
Allocation is the assignment of indirect costs to cost objects based on convenience or assumed linkages.
POINTS: 1
DIFFICULTY: Moderate

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QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-25 - Managerial Characteristics/Terminology
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 10 min.
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193. Classify the following costs incurred by a step railing manufacturing company as direct materials, direct labor, factory overhead, or period costs:

a. Wages paid to production workers
b. Utilities in the office
c. Depreciation on machinery in plant
d. Steel
e. Accountant's salary
f. Rent on factory building
g. Rent on office equipment
h. Maintenance workers' wages
i. Utilities in the plant
j. Maintenance on office equipment

ANSWER:

a. Direct labor
b. Period
c. Factory overhead
d. Direct materials
e. Period
f. Factory overhead
g. Period
h. Factory overhead
i. Factory overhead
j. Period

POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 10 min.
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194. Big Foot Athletics designs and manufactures running shoes. A new model of shoes, Fast Track, has been developed and is ready for production.

Required:
Which costs will the production manager collect from the value chain, and how would these costs be used in different decisions?
a. traditional product costs
b. operating product costs
c. value-chain product costs

ANSWER: Production costs would be included in all of the above definitions.

a. traditional product costs: Direct materials, direct labor and manufacturing overhead are the traditional product costs. They would be used for external reporting, budgeting, and control of costs.

b. operating product costs: In addition to the traditional product costs, marketing and customer service costs would be considered in analyzing profitability of the product. Strategic questions about the operating design, i.e., materials and plant layout, would be addressed. The focus is on the revenue and cost of Fast Track.

c. value-chain product costs: Production costs of Fast Track must be viewed in relation to other products. Strategic pricing and product mix decisions must be made. The profitability of all the product lines is at issue.

POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 15 min.
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DATE MODIFIED: 1/3/2017 6:19 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJW-CRAD-GPJW-GEHS-NPTW-

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CCSU-RAJA-8YSS-CPJS-GOSS-GP5N-GESU-CA3W-GE5U-QPTU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

195. Information from the records of Masibo Company for the last month is as follows:

Purchases of direct materials	$ 65,000
Indirect labor	25,000
Direct labor	32,500
Depreciation on factory machinery	12,000
Sales	205,900
Selling and administrative expenses	21,000
Rent on factory building	28,000

	Inventories	
	Beginning	Ending
Direct materials	$30,000	$30,100
Work in process	9,000	10,100
Finished goods	22,000	20,100

Required:
a. Prepare a statement of cost of goods manufactured for the last month.
b. Prepare an income statement for the last month.
c. Determine prime and conversion costs.

ANSWER: a.

Masibo Company
Statement of Cost of Goods Manufactured
for the last month

Direct materials:		
Beginning inventory	$30,000	
Add: Purchases	65,000	
Materials available	$95,000	
Less: Ending inventory	30,100	
Direct materials used in production		$64,900
Direct labor		32,500
Manufacturing overhead:		
Indirect labor	$25,000	
Depreciation on machinery	12,000	
Rent on factory	28,000	65,000
Total manufacturing costs added		$162,400
Add: Beginning work-in-process inventory		9,000
Total costs in process		$171,400
Less: Ending work-in-process inventory		10,100
Cost of goods manufactured		$161,300

b.

Masibo Company
Income Statement
for the last month

Sales		$205,900
Less: Cost of goods sold		
Add: Cost of goods manufactured	$161,300	
Beginning inventory finished goods	22,000	

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Cost of goods available for sale	$183,300	
Less: Ending inventory finished goods	20,100	163,200
Gross margin		$ 42,700
Less: Selling and administrative expenses		21,000
Operating income		$ 21,700

c. Prime costs = Direct materials cost + Direct labor cost = $64,900 + $32,500 = $97,400

Conversion costs = Direct labor cost + Overhead cost = $32,500 + $65,000 = $97,500

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 15 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/27/2017 2:52 AM
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196. The following information pertains to Ressler Company:

Direct materials purchases	$ 85,800
Beginning direct materials	15,200
Factory overhead	72,600
Beginning work-in-process	13,200
Cost of goods manufactured	315,000
Ending finished goods	30,000
Gross margin	32,000
Selling and administrative expenses	10,000
Beginning finished goods	20,000
Ending work-in-process	11,000
Ending direct materials	15,500
Direct labor	?
Direct materials used	?
Operating income (loss)	?
Total manufacturing costs added	?
Cost of goods sold	?
Sales	?

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Required:
Determine the following values:
a. Net income
b. Total manufacturing costs added
c. Cost of goods sold
d. Sales
e. Direct materials used
f. Direct labor

ANSWER:

a. Net income = Gross margin − Selling and administrative expenses = $32,000 − $10,000 = $2
b. Total manufacturing costs added = Cost of goods manufactured + Ending work-in-process − work-in-process = $315,000 + $11,000 − $13,200 = $312,800
c. Cost of goods sold = Beginning finished goods + Cost of goods manufactured − Ending fini $20,000 + $315,000 − $30,000 = $305,000
d. Sales = Gross margin + Cost of goods sold = $32,000 + $305,000 = $337,000
e. Direct materials used = Beginning direct materials + Direct materials purchased − Ending di = $15,200 + $85,800 − $15,500 = $85,500
f. Direct labor = Total manufacturing cost − Direct materials used − Factory overhead = $312,8 $85,500 − $72,600 = $154,700

POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 15 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/27/2017 3:36 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ3-C31U-KA3Z-GR4D-EPJA-CWSU-NPBZ-8RSU-RAJW-GOSU-CQDR-GOSS-CAJ3-GYHU-K3MN-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

197. The following costs were incurred by Texman Company:

Direct labor	$ 950,000
Direct material purchases	645,000
Depreciation on plant	55,000
Factory supervisor's salary	98,000
Plant maintenance	26,000
Plant utilities	30,000
Sales	2,555,000
Selling and administrative expenses	480,000

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Beginning direct materials inventory	72,000
Beginning work-in-process inventory	54,000
Beginning finished goods inventory	75,000
Ending direct materials inventory	68,000
Ending work-in-process inventory	51,000
Ending finished goods inventory	88,000

Required:
Calculate the following values:
a. Direct materials used
b. Cost of goods manufactured
c. Cost of goods sold
d. Operating income

ANSWER:

a. Direct materials used = Beginning direct materials inventory + Direct materials purchased - Ending direct materials inventory = $72,000 + $645,000 − $68,000 = $649,000
b Cost of goods manufactured = Direct materials used + Direct labor + Factory supervisor's s + Depreciation on plant + Plant maintenance + Plant utilities + Beginning work-in-process inventory − Ending work-in-process inventory = $649,000 + $950,000 + $98,000 + $55,00 $26,000 + $30,000 + $54,000 − $51,000 = $1,811,000
c. Cost of goods sold = Beginning finished goods inventory + Cost of goods manufactured − Ending finished goods inventory = $75,000 + $1,811,000 − $88,000 = $1,798,000
d. Operating income = Sales − Cost of goods sold − Selling and administrative expense = $2,555,000 − $1,798,000 − $480,000 = $277,000

POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/27/2017 3:42 AM
QUESTION ID: JFND-GO33-GINW-NO3Z
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMG-CIUD-YAMD-CC4U-EQDN-COSU-RCMN-CESU-RCTT-GOSU-GPTU-CWSS-N3TS-GH4S-KCDN-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

198. Information about Mobile Enterprises for the year ending December 31, 2018, is as follows:

Sales	$300,000
Selling and administrative expenses	18,000
Net income	8,000

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Beginning inventories:	
Direct materials	20,000
Work in process	18,000
Finished goods	62,000

Ending direct materials is 20 percent larger than beginning direct materials. Ending work in process is half of the beginning work in process. Ending finished goods increased by $8,000 during the year. Prime costs and conversion costs are 70 percent and 60 percent of total manufacturing costs added, respectively. Materials purchases are $113,200.

Required:
a. Prepare a statement of cost of goods manufactured.
b. Prepare an income statement.
Note: Find the numbers for the income statement first.

ANSWER: a.

Mobile Enterprises
Statement of Cost of Goods Manufactured
For the Year Ended December 31, 2018

Direct materials:	
Beginning inventory*	$ 20,000
Add: Purchases*	113,200
Materials available	$133,200
Less: Ending inventory* ($20,000 × 1.20)	24,000
Direct materials used in production	$109,200
Direct labor [(.7 × 273,000) − 109,200]	81,900
Manufacturing overhead [(.6 × 273,000) − 81,900]	81,900
Total manufacturing costs added	$273,000
Add: Beginning work-in-process inventory*	18,000
Total costs in process	$291,000
Less: Ending work-in-process inventory* ($18,000 × 0.50)	9,000
Cost of goods manufactured	$282,000

b.

Mobile Enterprises
Income Statement
For the Year Ended December 31, 2018

Sales*		$300,000
Less: Cost of goods sold:		
Add: Cost of goods manufactured	$282,000	
Beginning inventory finished goods*	62,000	
Cost of goods available for sale	$344,000	
Less: Ending inventory finished goods* ($62,000 + $8,000)	70,000	274,000
Gross margin		$ 26,000
Less: Selling and administrative expenses*		18,000
Operating income*		$ 8,000

*These items are provided.

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Subjective Short Answer

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HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 15 min.
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DATE MODIFIED: 1/24/2017 3:58 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJ1-COAD-1PT1-GOHU-OQJO-CASU-KC3S-CESS-EAJS-GOSU-C3BS-8YSU-YA3O-GO5S-RCBO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

199. Foremost Corporation incurred the following costs:

Beginning direct materials inventory	$17,000
Beginning work-in-process inventory	8,000
Beginning finished goods inventory	18,000
Ending direct materials inventory	15,000
Ending work in process	13,000
Ending finished goods	24,000
Factory supervisor's salary	25,000
Depreciation on plant	10,000
Sales	650,000
Selling and administrative expenses	100,000
Plant maintenance	5,000
Plant utilities	9,000
Direct material purchases	185,000
Direct labor	200,000

Required:
Calculate the following values:
a. Direct materials used
b. Cost of goods manufactured
c. Cost of goods sold
d. Operating income

ANSWER:
a. $17,000 + $185,000 − $15,000 = $187,000
b. $187,000 + $200,000 + $25,000 + $10,000 + $5,000 + $9,000 + $8,000 − $13,000 = $431,000
c. $18,000 + $431,000 − $24,000 = $425,000
d. $650,000 − $425,000 − $100,000 = $125,000

POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False

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Chapter 2

LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 10 min.
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMMN-CWAU-G3TI-GYHU-QQMB-8RSU-N3B1-8RSS-GAMG-GOSU-O3JS-CESU-K3DR-GE5D-KCBU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

200. Brigade Builders, Inc. designs decks, gazebos, and play equipment for residential homes. The following was provided for the year ended September 30, 2018:

Direct labor	$800,000
Direct material purchases	80,000
Administrative expenses	155,000
Overhead	95,000
Selling expenses	325,000
Beginning direct materials inventory	43,000
Beginning designs in process	21,000
Ending direct materials inventory	18,000
Ending designs in process	45,000

The average design fee is $900. There were 3,500 designs processed during the year.

Required:
a. Prepare a statement of cost of services sold.
b. Prepare an income statement.
c. Discuss three differences between services and tangible products.

ANSWER:

a.

Brigade Builders, Inc.
Cost of Services Sold
For the Year Ended September 30, 2018

Beginning materials	$ 43,000
Purchases	80,000
Materials available	123,000
Less: Ending materials	18,000
Materials used	105,000
Direct labor	800,000
Overhead	95,000
Beginning design in process	21,000
Ending designs in process	45,000
Cost of services sold	$976,000

b.

Brigade Builders, Inc.
Income Statement
For the Year Ended September 30, 2018

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Sales	$3,150,000
Cost of services sold	976,000
Gross margin	2,174,000
Selling expenses	325,000
Administrative expenses	155,000
Net income	$1,694,000

c. Services have three attributes that are not possessed by tangible products: intangibility, perishability, and inseparability.

POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 15 min.
DATE CREATED: 10/7/2016 9:27 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJS-GW5D-CC5G-8RAD-1CMG-CESU-E3TS-8RSS-K3MD-GOSS-CA5F-GRSU-YA5R-CR5D-RC5R-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

201. Define activity-based management. In your answer, present the activity-based management model in good form.
ANSWER: Activity-based management focuses on the management of activities with the objective of improving the value received by the customer and the profit received by providing this value; it includes driver analysis, activity analysis, and performance evaluation and draws on activity-based costing as a major source of information. Exhibit 2-7 in the text presents the model.
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-11 - Strategic Planning
KEYWORDS: Bloom's - Remembering
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM

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DATE MODIFIED: 10/7/2016 9:27 AM
QUESTION ID: JFND-GO33-GINW-NTNN
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJA-GEHG-GQBO-GT1S-EP5D-COSU-KCTT-8RSU-RCMG-GOSU-GCUR-COSS-CCB3-CTOU-CQDR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

202. In choosing a cost management system, the controller must balance the total costs of implementing such systems. What costs must be balanced to determine total cost? How do traditional and activity-based cost systems balance the trade-offs?

ANSWER: Error costs and measurement costs must be considered in choosing a cost management system. Activity-based cost management has greater measurement costs due to analyzing many activities but has greater accuracy and fewer error costs. Functional-based cost systems have lower measurement costs but higher error costs. Controllers must assess the need for accuracy in costing, pricing, and managing profitability.
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 10 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/2/2017 11:25 PM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJO-CA4D-GQBW-CP1U-R3JI-GESS-RA3O-CESS-NPTA-GOSU-YP33-GYSU-ECB1-GT1S-GP5R-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

203. The cost of goods sold for the Immaculate Corporation for the month of April 2018 was $450,000. Work-in-process inventory at the end of April was 95 percent of the work-in-process inventory at the beginning of the month. Overhead is 80 percent of the direct labor cost. During the month, $110,000 of direct materials were purchased. Revenues for Immaculate were $600,000, and the selling and administrative costs were $70,000.
Other information about Immaculate's inventories and production for April was as follows:

Ending inventories-April 30	
Direct materials	$ 19,000
Work in process	?
Finished goods	105,000
Beginning inventories-April 1	
Direct materials	$ 22,200
Work in process	40,000
Finished goods	208,500

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Required:

a. Prepare a cost of goods manufactured and cost of goods sold statements.
b. Prepare an income statement.
c. What are the prime costs, conversion costs, and period costs?

ANSWER: a.

Immaculate Corporation
Statement of Cost of Goods Manufactured
For Month of April 2018

Direct Materials:	
Beginning inventory*	$ 22,200
Add: Purchases*	110,000
Materials available	$132,200
Less: Ending inventory*	19,000
Direct materials used in production	$113,200
Direct labor below	128,500
Manufacturing overhead ($128,500 × 0.80)	102,800
Total manufacturing costs added	$344,500
Add: Beginning work-in-process inventory*	40,000
Total costs in process	$384,500
Less: Ending work-in-process inventory ($40,000 × 0.95)	38,000
Cost of goods manufactured (from COGS statement)	$346,500

DM used = $22,200 + $110,000 − $19,000 = $113,200
CGM = $450,000 + $105,000 − $208,500 = $346,500

Total manufacturing costs added = DM + DL + MOH
$344,500 = 113,200 + DL + MOH
$231,300 = DL + MOH
$231,300 = DL + {MOH = 0.80 × DL}
$231,300 = DL + .8DL
$231,300 = 1.8DL
$128,500 = DL
MOH = 0.80 × DL
MOH = 0.80 × 128,500 = 102,800

Immaculate Corporation
Cost of Goods Sold Statement
For Month of April 2018

Cost of goods sold*:	
Add: Cost of goods manufactured	$346,500
Beginning inventory finished goods*	208,500
Cost of goods available for sale	$555,000
Less: Ending inventory finished goods*	105,000
Cost of Goods Sold*	$450,000

*These items are provided.

b.

Immaculate Company

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Income Statement
For Month of April 2018

Sales*		$600,000
Less: Cost of goods sold*:		
Add: Cost of goods manufactured	$346,500	
Beginning inventory finished goods*	208,500	
Cost of goods available for sale	$555,000	
Less: Ending inventory finished goods*	105,000	450,000
Gross margin		$150,000
Less: Selling and administrative expenses*		70,000
Operating income		$ 80,000

*These items are provided.

c. Conversion costs = direct labor and overhead = $231,300
= $128,500 + $102,800 = $231,300
Prime costs = DM + DL = $113,200 + $128,500 = $241,700
Period costs = $70,000

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG - Reflective Thinking
STATE STANDARDS: United States - v1 - ACBSP-APC-09 - Financial Statements
United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Applying
NOTES: Time Estimate - 20 min.
DATE CREATED: 10/7/2016 9:27 AM
DATE MODIFIED: 1/24/2017 4:00 AM
QUESTION ID: JFND-GO33-GINW-NTB3
QUESTION GLOBAL ID: GCID-E7BW-1TBP-GH4S-KPUB-CEAD-GQMB-CIO1-4P3W-CWHN-4P5D-GA4N-4C3S-8YH1-4QJZ-8FOS-NPDB-C3DI-GWN8-EPRW-EMJT-GEAG-ECT1-CWAD-NPJI-GWSU-GCMG-CRSU-EA3W-GOSU-CAUG-GESU-OC3A-GFTD-EAMB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

204. The following items (partial list) are associated with a functional-based cost accounting information system, an activity-based cost accounting information system, or both:

a. materials purchasing cost incurrence
b. assignment of purchasing cost to products using direct labor hours
c. assignment of purchasing cost using number of purchase orders
d. usage of direct materials
e. direct materials cost assigned to products using direct tracing
f. materials handling cost incurrence
g. materials handling cost assigned using direct labor hours
h. materials handling cost assigned using the number of moves as the driver

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i. computer
j. materials handling equipment
k. decision to make a part or buy it from a supplier
l. costing out of products
m. report detailing individual product costs

Required:

1. For an activity-based cost system, classify the items into one of the following categories:
   a. interrelated parts
   b. processes
   c. objectives
   d. inputs
   e. outputs
   f. user actions

2. How would the choices differ between the two systems? What are the costs and benefits of each?

ANSWER:

1. The activity-based cost accounting system:
   a. interrelated parts: computer
   b. processes: cost assignment: direct tracing of materials, driver tracing of purchasing costs (orders), materials handling cost (moves)
   c. objectives: costing out of products
   d. inputs: direct materials cost, purchasing cost, materials handling cost
   e. outputs: product cost report
   f. user actions: make-or-buy decision

2. The difference in the costing systems is found in the processes. A functional-based cost system would not use nonunit drivers such as moves and orders to assign overhead but would use a unit driver like direct labor hours. There is increased accuracy of the cost assignments in an activity-based system, and a more comprehensive idea of costs may be used for decision making.

   The activity-based cost accounting system is more expensive to develop but has the benefit of more comprehensive uses for cost information. The functional-based cost system is simpler and less expensive to implement but the information generated is less versatile.

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG - Analytic
STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management
KEYWORDS: Bloom's - Understanding
NOTES: Time Estimate - 15 min.
DATE CREATED: 10/7/2016 9:27 AM
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205. Describe several of the major differences between a traditional cost management system and an activity-based cost management system.

ANSWER: The traditional cost accounting system assumes that all costs can be classified as fixed or variable with respect to changes in the units or volume of product produced.

The activity-based cost management system's objective is to improve the quality, content, relevance, and timing of information.

A comparison of the two systems is shown below:

	Traditional	**Activity-based**
1.	Unit-based drivers	Unit and non-unit-based drivers
2.	Allocation-intensive	Tracing-intensive
3.	Narrow and rigid product costing	Broad, flexible product costing
4.	Focus on managing costs	Focus on managing activities
5.	Sparse activity information	Detailed activity information
6.	Maximization of individual unit performance	Systemwide performance maximization
7.	Uses financial measures of performance	Uses both financial and nonfinancial measures of performance

POINTS: 1

DIFFICULTY: Moderate

QUESTION TYPE: Subjective Short Answer

HAS VARIABLES: False

LEARNING OBJECTIVES: COCM.HANS.18.2-5 - LO: 02.05

NATIONAL STANDARDS: United States - BUSPROG - Analytic

STATE STANDARDS: United States - v1 - ACBSP-APC-27 - Managerial Accounting Features/Costs
United States - v1 - AICPA-10 - FN-Measurement
United States - v1 - IMA-07 - Cost Management

KEYWORDS: Bloom's - Understanding

NOTES: Time Estimate - 15 min.

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