Managerial Accounting 10th edition Weygandt Test Bank

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Managerial Accounting, 10e **(Weygandt)**
Chapter 1 Managerial Accounting

1) Reports prepared in financial accounting are general-purpose reports while reports prepared in managerial accounting are usually special-purpose reports.
Answer: TRUE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: Communication
Min.: 1

2) Managerial accounting information generally pertains to an entity as a whole and is highly aggregated.
Answer: FALSE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: Communication
Min.: 1

3) All forms of business organizations need managerial accounting information.
Answer: TRUE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: Communication
Min.: 1

4) Determining the unit cost of manufacturing a product is an output of financial accounting.
Answer: FALSE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / FSA
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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5) Managerial accounting internal reports are prepared more frequently than financial statements that are distributed externally.
Answer: TRUE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: Communication
Min.: 1

6) The management function of organizing and directing is mainly concerned with setting goals and objectives for the entity.
Answer: FALSE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Leadership
Min.: 1

7) The controller of a company is responsible for all of the accounting and finance issues a company faces.
Answer: FALSE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: Ethics / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

8) Controlling is the process of determining whether planned goals are being met.
Answer: TRUE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Internal Controls
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Leadership
Min.: 1

9) Decision-making is an integral part of the planning, directing, and controlling functions.
Answer: TRUE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Decision Analysis
AICPA: BB: Strategic Perspective; FC: None; PC: Leadership
Min.: 1

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10) Direct materials costs and indirect materials costs are both included in manufacturing overhead.
Answer: FALSE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

11) Manufacturing costs that cannot be classified as direct materials or direct labor are classified as manufacturing overhead.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

12) The balance in the raw materials inventory account is equal to total direct materials minus total indirect materials.
Answer: FALSE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

13) Raw materials that can be conveniently and directly associated with a finished product are called materials overhead.
Answer: FALSE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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14) The total cost of a finished product does not generally include equal amounts of materials, labor, and overhead costs.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

15) Both direct labor cost and indirect labor cost are product costs.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

16) Period costs include selling and administrative expenses.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

17) Indirect materials and indirect labor are both inventoriable costs.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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18) Direct materials and direct labor are the only product costs.
Answer: FALSE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

19) Total period costs are deducted from total cost of work in process to calculate cost of goods manufactured.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

20) Period costs are not inventoriable costs.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

21) Ending finished goods inventory appears on both the balance sheet and the income statement of a manufacturing company.
Answer: TRUE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

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22) The beginning work in process inventory appears on both the balance sheet and the cost of goods manufactured schedule of a manufacturing company.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

23) In calculating gross profit for a manufacturing company, the cost of goods manufactured is deducted from net sales.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

24) Finished goods inventory does not appear on a cost of goods manufactured schedule.
Answer: TRUE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

25) If ending work in process inventory is greater than beginning work in process inventory, then cost of goods manufactured will be less than total manufacturing costs for the period.
Answer: TRUE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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26) The finished goods inventory account for a manufacturing company is equivalent to the inventory account for a merchandising company.
Answer: TRUE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

27) Raw materials inventory shows the cost of completed goods available for sale to customers.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

28) The balanced scorecard approach attempts to maintain minimal inventories on hand.
Answer: FALSE
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

29) The supply chain is all the activities associated with providing a product or service.
Answer: FALSE
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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30) Many companies have significantly lowered inventory levels and costs using just-in-time inventory methods.
Answer: TRUE
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

31) Managerial accounting is primarily concerned with managers and external users.
Answer: FALSE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Business Economics
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

32) Planning involves coordinating the diverse activities and human resources of a company to produce a smoothly running operation.
Answer: FALSE
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: None
Min.: 1

33) When the physical association of raw materials with the finished product is too difficult to trace, these costs are usually classified as indirect materials.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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34) Product costs are also called inventoriable costs.
Answer: TRUE
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

35) Direct materials become a cost of goods manufactured when these items are acquired, not when the items are used.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

36) The sum of the direct materials costs, direct labor costs, and the beginning work in process inventory is the total manufacturing costs for the year.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

37) In a manufacturing company balance sheet, manufacturing inventories are reported in the current assets section in the order of their expected use in production.
Answer: FALSE
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

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38) Managerial accounting is used in each of the following types of businesses EXCEPT
A) service firms.
B) merchandising firms.
C) manufacturing firms.
D) Managerial accounting is used in all types of firms.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

39) Managerial accounting information is generally prepared for
A) stockholders.
B) creditors.
C) managers.
D) regulatory agencies.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

40) Managerial accounting information
A) pertains to the entity as a whole and is highly aggregated.
B) pertains to subunits of the entity and may be very detailed.
C) is prepared only once a year.
D) is constrained by the requirements of generally accepted accounting principles.
Answer: B
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

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41) The major reporting standard for presenting managerial accounting information is
A) relevance.
B) generally accepted accounting principles.
C) the cost principle.
D) the current tax laws.
Answer: A
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

42) Managerial accounting is also called
A) management accounting.
B) controlling.
C) analytical accounting.
D) inside reporting.
Answer: A
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

43) Which of the following is NOT an internal user?
A) creditor
B) department manager
C) controller
D) treasurer
Answer: A
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Business Economics
AICPA: BB: None; FC: Reporting; PC: Professional Behavior
Min.: 1

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44) Managerial accounting does NOT encompass
A) calculating product cost.
B) calculating earnings per share.
C) determining cost behavior.
D) profit planning.
Answer: B
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / FSA
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

45) Managerial accounting is applicable to
A) service entities.
B) manufacturing entities.
C) not-for-profit entities.
D) all of these.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

46) Management accountants would not
A) assist in budget planning.
B) prepare reports primarily for external users.
C) determine cost behavior.
D) be concerned with the impact of cost and volume on profits.
Answer: B
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

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47) Internal reports are prepared and distributed
A) daily.
B) monthly.
C) annually.
D) as needed.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

48) Financial statements for external users can be described as
A) user-specific.
B) general-purpose.
C) special-purpose.
D) managerial reports.
Answer: B
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

49) Managerial accounting reports can be described as
A) general-purpose.
B) macro-reports.
C) special-purpose.
D) classified financial statements.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

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50) Which of the following statements about internal reports is NOT true?
A) The content of internal reports may extend beyond the accrual accounting system.
B) Internal reports may show all amounts at market values.
C) Internal reports may discuss prospective events.
D) Internal reports are generally highly summarized rather than detailed.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

51) While the preparation of financial statements for external users is guided by GAAP, the guideline for the preparation of managerial accounting reports for internal users is
A) timeliness.
B) special-purpose.
C) relevance to decision.
D) aggregation.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

52) Internal managerial accounting reports are generally
A) aggregated.
B) detailed.
C) regulated.
D) unreliable.
Answer: B
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

53) A distinguishing feature of managerial accounting is that
A) it is prepared for external users.
B) it produces general-purpose reports.
C) it generally results in very detailed reports.
D) it publishes quarterly and annual reports.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

54) What activities and responsibilities are NOT associated with managerial functions?
A) planning
B) accountability
C) controlling
D) directing
Answer: B
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: Professional Behavior
Min.: 1

55) Planning is a function that involves
A) hiring the right people for a particular job.
B) coordinating the accounting information system.
C) setting goals and objectives for an entity.
D) analyzing financial statements.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: None
Min.: 1

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56) The managerial function of controlling
A) is performed only by the controller of a company.
B) is only applicable when the company sustains a loss.
C) is concerned mainly with operating a manufacturing segment.
D) includes performance evaluation by management.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Decision Analysis
AICPA: BB: None; FC: None; PC: Project Management
Min.: 1

57) Which of the following is NOT a management function?
A) constraining
B) planning
C) controlling
D) directing
Answer: A
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Decision Analysis
AICPA: BB: None; FC: None; PC: Project Management
Min.: 1

58) A manager that is establishing objectives is performing which management function?
A) controlling
B) directing
C) planning
D) constraining
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

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59) The management function that requires managers to look ahead and establish objectives is
A) controlling.
B) directing.
C) planning.
D) constraining.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

60) In determining whether planned goals are being met, a manager is performing the function of
A) planning.
B) follow-up.
C) directing.
D) controlling.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

61) Which of the following is NOT a separate management function?
A) planning
B) directing
C) decision-making
D) controlling
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

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62) Directing includes
A) providing a framework for management to have criteria to terminate employees when needed.
B) running a department under quality control standards universally accepted.
C) coordinating a company's diverse activities and human resources to produce a smooth-running operation.
D) developing a complex performance ranking system to give certain high performers good raises.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

63) Both direct materials and indirect materials are
A) raw materials.
B) manufacturing overhead.
C) merchandise inventory.
D) sold directly to customers by a manufacturing company.
Answer: A
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

64) The work of factory employees that can be physically and directly associated with converting raw materials into finished goods is
A) manufacturing overhead.
B) indirect materials.
C) indirect labor.
D) direct labor.
Answer: D
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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65) Which one of the following would not be classified as manufacturing overhead?
A) indirect labor
B) direct materials
C) insurance on factory building
D) indirect materials
Answer: B
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

66) Manufacturing costs include
A) direct materials and direct labor only.
B) direct materials and manufacturing overhead only.
C) direct labor and manufacturing overhead only.
D) direct materials, direct labor, and manufacturing overhead.
Answer: D
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

67) Which one of the following is NOT a direct material?
A) a tire used for a lawn mower
B) plastic used in the covered case for an iPhone
C) steel used in the manufacturing of steel-radial tires
D) lubricant for a ball-bearing joint for a large crane
Answer: D
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

68) Which one of the following is NOT a cost element in manufacturing a product?
A) manufacturing overhead
B) direct materials
C) office salaries
D) direct labor
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

69) A manufacturing process requires small amounts of glue. The glue used in the production process is classified as a(n)
A) period cost.
B) indirect material.
C) direct material.
D) miscellaneous expense.
Answer: B
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

70) The wages of a janitor in the factory would be classified as
A) a period cost.
B) direct labor.
C) indirect labor.
D) compliance costs.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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71) Which one of the following is NOT considered a raw material costs?
A) partially completed motor engines for a motorcycle factory
B) bolts used in manufacturing the compressor of an engine
C) rivets for the wings of a new commercial jet aircraft
D) lumber used to build tables
Answer: A
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

72) Which of the following is NOT a manufacturing cost category?
A) cost of goods sold
B) direct materials
C) direct labor
D) manufacturing overhead
Answer: A
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

73) As technology changes manufacturing processes, it is likely that direct
A) labor will increase.
B) labor will decrease.
C) materials will increase.
D) materials will decrease.
Answer: B
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

74) For the work of factory employees to be considered as direct labor, the work must be conveniently and
A) materially associated with raw materials conversion.
B) periodically associated with raw materials conversion.
C) physically associated with raw materials conversion.
D) promptly associated with raw materials conversion.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

75) Which of the following is NOT classified as direct labor?
A) bottlers of beer in a brewery
B) copy machine operators at a copy shop
C) wages of supervisors
D) bakers in a bakery
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

76) Cotter pins and lubricants used irregularly in a production process are classified as
A) miscellaneous expense.
B) direct materials.
C) indirect materials.
D) nonmaterial materials.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

77) Which of the following is NOT another name for the term manufacturing overhead?
A) factory overhead
B) pervasive costs
C) burden
D) indirect manufacturing costs
Answer: B
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

78) Because of automation, which component of product cost is declining?
A) direct labor
B) direct materials
C) manufacturing overhead
D) advertising
Answer: A
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

79) The product cost that is most difficult to associate with a product is
A) direct materials.
B) direct labor.
C) manufacturing overhead.
D) advertising.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: Project Management
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

80) Manufacturing costs that cannot be classified as either direct materials or direct labor are known as
A) period costs.
B) nonmanufacturing costs.
C) selling and administrative expenses.
D) manufacturing overhead.
Answer: D
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

81) Which one of the following is an example of a period cost?
A) a change in benefits for the union workers who work in the New York factory of a Fortune 1000 manufacturer
B) workers' compensation insurance on factory workers' wages allocated to the factory
C) packaging materials for finished products
D) payroll accountant's salary for work that is done in the corporate head office
Answer: D
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

82) Which one of the following costs would NOT be inventoriable?
A) period costs
B) factory insurance costs
C) indirect materials
D) indirect labor costs
Answer: A
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

83) Direct materials and direct labor of a company total $8,000,000. If manufacturing overhead is $4,000,000, what is direct labor cost?
A) $4,000,000
B) $8,000,000
C) $0
D) cannot be determined from the information provided
Answer: D
Diff: 2
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: AP
AACSB / IMA: Analytic / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 2

84) Which of the following are period costs?
A) raw materials
B) direct materials and direct labor
C) direct labor and manufacturing overhead
D) selling expenses
Answer: D
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

85) Sales commissions are classified as
A) overhead costs
B) period costs.
C) product costs.
D) indirect labor.
Answer: B
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

86) Product costs consist of
A) direct materials and direct labor only.
B) direct materials, direct labor, and manufacturing overhead.
C) selling and administrative expenses.
D) period costs.
Answer: B
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

87) Product costs are also called
A) direct costs.
B) overhead costs.
C) inventoriable costs.
D) capitalizable costs.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

88) In accordance with the matching principle, inventoriable costs are expensed when
A) the product is finished and in stock.
B) the product has been returned.
C) the product to which the costs attach is sold.
D) all accounts payable have been settled.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

89) When goods are sold, their inventoriable costs are transferred to
A) selling expenses.
B) gross profit.
C) cost of goods sold.
D) sales revenue.
Answer: C
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

90) A manufacturing company calculates cost of goods sold as follows
A) beginning FG inventory + cost of goods purchased - ending FG inventory.
B) ending FG inventory - cost of goods manufactured + beginning FG inventory.
C) beginning FG inventory - cost of goods manufactured - ending FG inventory.
D) beginning FG inventory + cost of goods manufactured - ending FG inventory.
Answer: D
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

91) A manufacturing company reports cost of goods manufactured as a(n)
A) current asset on the balance sheet.
B) administrative expense on the income statement.
C) component in the calculation of cost of goods sold on the income statement.
D) component of the raw materials inventory on the balance sheet.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

92) The subtotal, "Cost of goods manufactured" appears on
A) a merchandising company's income statement.
B) a manufacturing company's income statement.
C) both a manufacturing and a merchandising company's income statement.
D) neither a merchandising nor a manufacturing company's income statement.
Answer: B
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

93) Cost of goods manufactured in a manufacturing company is analogous to
A) ending inventory in a merchandising company.
B) beginning inventory in a merchandising company.
C) cost of goods available for sale in a merchandising company.
D) cost of goods purchased in a merchandising company.
Answer: D
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

94) Cost of goods sold
A) only appears on merchandising companies' income statements.
B) only appears on manufacturing companies' income statements.
C) appears on both manufacturing and merchandising companies' income statements.
D) is calculated exactly the same for merchandising and manufacturing companies.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

95) Kushman Combines, Inc. has $20,000 of ending finished goods inventory as of December 31, 2027. If beginning finished goods inventory was $10,000 and cost of goods sold was $50,000, how much would Kushman report for cost of goods manufactured?
A) $70,000
B) $10,000
C) $60,000
D) $40,000
Answer: C
Explanation: $50,000 - $10,000 + $20,000 = $60,000
(Cost of goods sold - Beginning finished goods inventory + Ending finished goods inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

96) Cost of goods manufactured is calculated as follows
A) beginning WIP + direct materials used + direct labor + manufacturing overhead + ending WIP.
B) direct materials used + direct labor + manufacturing overhead - beginning WIP + ending WIP.
C) beginning WIP + direct materials used + direct labor + manufacturing overhead - ending WIP.
D) direct materials used + direct labor + manufacturing overhead - ending WIP - beginning WIP.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 2

Managerial Accounting 10th edition Weygandt Test Bank

97) If the cost of goods manufactured during a period exceeds the total manufacturing costs for the period, then
A) ending work in process inventory is greater than or equal to beginning work in process inventory.
B) ending work in process inventory is greater than beginning work in process inventory.
C) ending work in process inventory is equal to the cost of goods manufactured.
D) ending work in process inventory is less than the beginning work in process inventory.
Answer: D
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 2

98) On a cost of goods manufactured schedule, depreciation on factory equipment
A) is not listed because it is included with Depreciation Expense on the income statement.
B) appears in the manufacturing overhead section.
C) is not listed because it is not a product cost.
D) is not an inventoriable cost.
Answer: B
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

99) On the cost of goods manufactured schedule, the ending raw materials inventory is reported as a(n)
A) addition to raw materials purchases.
B) addition to raw materials available for use.
C) subtraction from raw materials available for use.
D) component of manufacturing overhead.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

100) Dolan Company's accounting records reflect the following inventories:

	Dec. 31, 2027	Dec. 31, 2026
Raw materials inventory	$310,000	$260,000
Work in process inventory	300,000	160,000
Finished goods inventory	190,000	150,000

During 2027, $800,000 of raw materials were purchased, direct labor costs amounted to $670,000, and manufacturing overhead incurred was $640,000. (Assume that all raw materials used were direct materials.) The total raw materials available for use during 2027 for Dolan Company is
A) $1,110,000.
B) $660,000.
C) $750,000.
D) $1,060,000.
Answer: D
Explanation: $260,000 + $800,000 = $1,060,000
(Beginning raw materials inventory + Purchases = Raw materials available)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

101) Dolan Company's accounting records reflect the following inventories:

	Dec. 31, 2027	Dec. 31, 2026
Raw materials inventory	$310,000	$260,000
Work in process inventory	300,000	160,000
Finished goods inventory	190,000	150,000

During 2027, $800,000 of raw materials were purchased, direct labor costs amounted to $670,000, and manufacturing overhead incurred was $640,000. (Assume that all raw materials used were direct materials.) Dolan Company's total manufacturing costs incurred in 2027 amounted to
A) $2,060,000.
B) $2,020,000.
C) $1,920,000.
D) $2,110,000.
Answer: A
Explanation: $260,000 + $800,000 - $310,000 = $750,000; $750,000 + $670,000 + $640,000 = $2,060,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Raw materials used + Direct labor + Manufacturing overhead incurred = Total manufacturing costs)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

102) Dolan Company's accounting records reflect the following inventories:

	Dec. 31, 2027	Dec. 31, 2026
Raw materials inventory	$310,000	$260,000
Work in process inventory	300,000	160,000
Finished goods inventory	190,000	150,000

During 2027, $800,000 of raw materials were purchased, direct labor costs amounted to $670,000, and manufacturing overhead incurred was $640,000. (Assume that all raw materials used were direct materials.)

If Dolan Company's cost of goods manufactured for 2027 amounted to $1,890,000, its cost of goods sold for the year is
A) $2,000,000.
B) $1,750,000.
C) $1,850,000.
D) $1,930,000.
Answer: C
Explanation: $150,000 + $1,890,000 - $190,000 = $1,850,000
(Beginning finished goods inventory + Cost of goods manufactured - Ending finished goods inventory = Cost of goods sold)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

103) What is work in process inventory generally described as?
A) costs applicable to units that have been started in production but are only partially completed
B) costs associated with the end stage of manufacturing that are almost always complete and ready for customers
C) costs strictly associated with direct labor
D) beginning stage production costs associated with labor costs dealing with bringing in raw materials from the shipping docks
Answer: A
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

104) Worth Company reported the following year-end information: beginning work in process inventory, $180,000; cost of goods manufactured, $866,000; beginning finished goods inventory, $252,000; ending work in process inventory, $220,000; and ending finished goods inventory, $264,000. Worth Company's cost of goods sold for the year is
A) $854,000.
B) $878,000.
C) $826,000.
D) $602,000.
Answer: A
Explanation: $252,000 + $866,000 - $264,000 = $854,000
(Beginning finished goods inventory + Cost of goods manufactured - Ending finished goods inventory = Cost of goods sold)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

105) Laflin Company reported the following year-end information:

Beginning work in process inventory	$1,080,000
Beginning raw materials inventory	300,000
Ending work in process inventory	900,000
Ending raw materials inventory	480,000
Raw materials purchased	960,000
Direct labor	900,000
Manufacturing overhead	720,000

Laflin Company's cost of goods manufactured for the year is
A) $2,400,000.
B) $2,580,000.
C) $2,220,000.
D) $2,760,000.
Answer: B
Explanation: $300,000 + $960,000 - $480,000 = $780,000; $1,080,000 + $780,000 + $900,000 + $720,000 - $900,000 = $2,580,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Beginning work in process inventory + Raw materials used + Direct labor + Manufacturing overhead incurred - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

106) Benson Inc.'s accounting records reflect the following inventories:

	Dec. 31, 2026	Dec. 31, 2027
Raw materials inventory	$ 80,000	$ 64,000
Work in process inventory	104,000	116,000
Finished goods inventory	100,000	92,000

During 2027, Benson purchased $1,450,000 of raw materials, incurred direct labor costs of $250,000, and incurred manufacturing overhead totaling $160,000. (Assume that all raw materials used were direct materials.) What was the cost of raw materials transferred to production during 2027 for Benson?
A) $1,386,000
B) $1,466,000
C) $1,450,000
D) $1,434,000
Answer: B
Explanation: $80,000 + $1,450,000 - $64,000 = $1,466,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

107) Benson Inc.'s accounting records reflect the following inventories:

	Dec. 31, 2026	Dec. 31, 2027
Raw materials inventory	$ 80,000	$ 64,000
Work in process inventory	104,000	116,000
Finished goods inventory	100,000	92,000

During 2027, Benson purchased $1,450,000 of raw materials, incurred direct labor costs of $250,000, and incurred manufacturing overhead totaling $160,000. (Assume that all raw materials used were direct materials.) What total manufacturing costs were incurred during 2027 for Benson?
A) $1,864,000
B) $1,876,000
C) $1,860,000
D) $1,872,000
Answer: B
Explanation: $80,000 + $1,450,000 - $64,000 = $1,466,000; $1,466,000 + $250,000 + $160,000 = $1,876,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Raw materials used + Direct labor + Manufacturing overhead incurred = Total manufacturing costs)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

108) Benson Inc.'s accounting records reflect the following inventories:

	Dec. 31, 2026	Dec. 31, 2027
Raw materials inventory	$ 80,000	$ 64,000
Work in process inventory	104,000	116,000
Finished goods inventory	100,000	92,000

During 2027, Benson purchased $1,450,000 of raw materials, incurred direct labor costs of $250,000, and incurred manufacturing overhead totaling $160,000. (Assume that all raw materials used were direct materials.) Assume Benson's cost of goods manufactured for 2027 amounted to $1,660,000. What amount would the company report as cost of goods sold for the year?
A) $1,668,000
B) $1,568,000
C) $1,760,000
D) $1,652,000
Answer: A
Explanation: $100,000 + $1,660,000 - $92,000 = $1,668,000
(Beginning finished goods inventory + Cost of goods manufactured - Ending finished goods inventory = Cost of goods sold)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

109) Walker Company reported the following year-end information:

Beginning work in process inventory	$ 46,000
Beginning raw materials inventory	24,000
Ending work in process inventory	50,000
Ending raw materials inventory	20,000
Raw materials purchased	830,000
Direct labor	440,000
Manufacturing overhead	100,000

What is Walker's cost of goods manufactured for the year?
A) $834,000
B) $1,374,000
C) $1,370,000
D) $1,378,000
Answer: C
Explanation: $24,000 + $830,000 - $20,000 = $834,000; $46,000 + $834,000 + $440,000 + $100,000 - $50,000 = $1,370,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Beginning work in process inventory + Raw materials used + Direct labor + Manufacturing overhead incurred - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

110) Ogleby Inc.'s accounting records reflect the following inventories:

	Dec. 31, 2026	Dec. 31, 2027
Raw materials inventory	$120,000	$ 96,000
Work in process inventory	156,000	174,000
Finished goods inventory	150,000	138,000

During 2027, Ogleby purchased $980,000 of raw materials, incurred direct labor costs of $175,000, and incurred manufacturing overhead totaling $224,000. (Assume that all raw materials used were direct materials.) What total manufacturing costs was incurred during 2027 for Ogleby?
A) $1,385,000
B) $1,403,000
C) $1,379,000
D) $1,415,000
Answer: B
Explanation: $120,000 + $980,000 - $96,000 = $1,004,000; $1,004,000 + $175,000 + $224,000 = $1,403,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Raw materials used + Direct labor + Manufacturing overhead incurred = Total manufacturing costs)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

111) Ogleby Inc.'s accounting records reflect the following inventories:

	Dec. 31, 2026	Dec. 31, 2027
Raw materials inventory	$120,000	$ 96,000
Work in process inventory	156,000	174,000
Finished goods inventory	150,000	138,000

During 2027, Ogleby purchased $980,000 of raw materials, incurred direct labor costs of $175,000, and incurred manufacturing overhead totaling $224,000. (Assume that all raw materials used were direct materials.) What would Ogleby Manufacturing report as cost of goods manufactured for 2027?
A) $1,229,000
B) $1,397,000
C) $1,391,000
D) $1,385,000
Answer: D
Explanation: $120,000 + $980,000 - $96,000 = $1,004,000; $156,000 + $1,004,000 + $175,000 + $224,000 - $174,000 = $1,385,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Beginning work in process inventory + Raw materials used + Direct labor + Manufacturing overhead incurred - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

112) Wasson Company reported the following year-end information:

Beginning work in process inventory	$ 35,000
Beginning raw materials inventory	18,000
Ending work in process inventory	38,000
Ending raw materials inventory	15,000
Raw materials purchased	560,000
Direct labor	210,000
Manufacturing overhead	120,000

What is Wasson's total cost of work in process for the year?
A) $925,000
B) $893,000
C) $890,000
D) $928,000
Answer: D
Explanation: $18,000 + $560,000 - $15,000 = $563,000; $35,000 + $563,000 + $210,000 + $120,000 = $928,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used; Beginning work in process inventory + Raw materials used + Direct labor + Manufacturing overhead incurred = Total cost of work in process)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

113) Edmiston Company reported the following year-end information: beginning work in process inventory, $80,000; cost of goods manufactured, $750,000; beginning finished goods inventory, $50,000; ending work in process inventory, $70,000; and ending finished goods inventory, $40,000. What is Edmiston's cost of goods sold for the year?
A) $750,000
B) $760,000
C) $740,000
D) $770,000
Answer: B
Explanation: $50,000 + $750,000 - $40,000 = $760,000
(Beginning finished goods inventory + Cost of goods manufactured - Ending finished goods inventory = Cost of goods sold)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

114) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 20,000
Raw materials inventory, December 31	40,000
Work in process inventory, January 1	18,000
Work in process inventory, December 31	12,000
Finished goods inventory, January 1	40,000
Finished goods inventory, December 31	32,000
Raw materials purchases	1,700,000
Direct labor	760,000
Factory utilities	150,000
Indirect labor	50,000
Factory depreciation	400,000
Operating expenses	420,000

What amount of the direct materials were used during the period?
A) $1,760,000
B) $1,720,000
C) $1,700,000
D) $1,680,000
Answer: D
Explanation: $20,000 + $1,700,000 - $40,000 = $1,680,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

115) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 20,000
Raw materials inventory, December 31	40,000
Work in process inventory, January 1	18,000
Work in process inventory, December 31	12,000
Finished goods inventory, January 1	40,000
Finished goods inventory, December 31	32,000
Raw materials purchases	1,700,000
Direct labor	760,000
Factory utilities	150,000
Indirect labor	50,000
Factory depreciation	400,000
Operating expenses	420,000

If direct materials used were $1,700,000, what were the total manufacturing costs for the period?
A) $3,060,000
B) $3,066,000
C) $2,860,000
D) $3,480,000
Answer: A
Explanation: $1,700,000 + $760,000 + $150,000 + $50,000 + $400,000 = $3,060,000
(Direct materials used + Direct labor + Factory utilities + Indirect labor + Factory depreciation = Total manufacturing costs)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

116) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 20,000
Raw materials inventory, December 31	40,000
Work in process inventory, January 1	18,000
Work in process inventory, December 31	12,000
Finished goods inventory, January 1	40,000
Finished goods inventory, December 31	32,000
Raw materials purchases	1,700,000
Direct labor	760,000
Factory utilities	150,000
Indirect labor	50,000
Factory depreciation	400,000
Operating expenses	420,000

If the total manufacturing costs are $3,000,000, what is the cost of goods manufactured for the period?
A) $3,014,000
B) $2,994,000
C) $3,006,000
D) $3,008,000
Answer: C
Explanation: $18,000 + $3,000,000 - $12,000 = $3,006,000
(Beginning work in process inventory + Total manufacturing costs - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

117) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 20,000
Raw materials inventory, December 31	40,000
Work in process inventory, January 1	18,000
Work in process inventory, December 31	12,000
Finished goods inventory, January 1	40,000
Finished goods inventory, December 31	32,000
Raw materials purchases	1,700,000
Direct labor	760,000
Factory utilities	150,000
Indirect labor	50,000
Factory depreciation	400,000
Operating expenses	420,000

If the cost of goods manufactured is $3,040,000, what is cost of goods sold for the period?
A) $3,046,000
B) $3,008,000
C) $3,032,000
D) $3,048,000
Answer: D
Explanation: $40,000 + $3,040,000 - $32,000 = $3,048,000
(Beginning finished goods inventory + Cost of goods manufactured - Ending finished goods inventory = Cost of goods sold)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

118) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 30,000
Raw materials inventory, December 31	60,000
Work in process inventory, January 1	27,000
Work in process inventory, December 31	18,000
Finished goods inventory, January 1	60,000
Finished goods inventory, December 31	48,000
Raw materials purchases	1,800,000
Direct labor	890,000
Factory utilities	225,000
Indirect labor	75,000
Factory depreciation	500,000
Operating expenses	630,000

What is the cost of direct materials used during the period?
A) $1,740,000
B) $1,830,000
C) $1,800,000
D) $1,770,000
Answer: D
Explanation: $30,000 + $1,800,000 - $60,000 = $1,770,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

119) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 30,000
Raw materials inventory, December 31	60,000
Work in process inventory, January 1	27,000
Work in process inventory, December 31	18,000
Finished goods inventory, January 1	60,000
Finished goods inventory, December 31	48,000
Raw materials purchases	1,800,000
Direct labor	890,000
Factory utilities	225,000
Indirect labor	75,000
Factory depreciation	500,000
Operating expenses	630,000

If the cost of direct materials used is $1,800,000 during a period, what are total manufacturing costs?
A) $3,490,000
B) $3,499,000
C) $3,190,000
D) $4,120,000
Answer: A
Explanation: $1,800,000 + $890,000 + $225,000 + $75,000 + $500,000 = $3,490,000
(Direct materials used + Direct labor + Factory utilities + Indirect labor + Factory depreciation = Total manufacturing costs)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

120) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 30,000
Raw materials inventory, December 31	60,000
Work in process inventory, January 1	27,000
Work in process inventory, December 31	18,000
Finished goods inventory, January 1	60,000
Finished goods inventory, December 31	48,000
Raw materials purchases	1,800,000
Direct labor	890,000
Factory utilities	225,000
Indirect labor	75,000
Factory depreciation	500,000
Operating expenses	630,000

Assuming that total manufacturing costs are $3,400,000, what is the cost of goods manufactured for the period?
A) $3,421,000
B) $3,391,000
C) $3,409,000
D) $3,142,000
Answer: C
Explanation: $27,000 + $3,400,000 - $18,000 = $3,409,000
(Beginning work in process inventory + Total manufacturing costs - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

121) A company compiled the following information for the current year. (Assume that all raw materials used were direct materials.)

Raw materials inventory, January 1	$ 30,000
Raw materials inventory, December 31	60,000
Work in process inventory, January 1	27,000
Work in process inventory, December 31	18,000
Finished goods inventory, January 1	60,000
Finished goods inventory, December 31	48,000
Raw materials purchases	1,800,000
Direct labor	890,000
Factory utilities	225,000
Indirect labor	75,000
Factory depreciation	500,000
Operating expenses	630,000

If the cost of goods manufactured is $3,460,000, what is cost of goods sold for the period?
A) $3,469,000
B) $3,412,000
C) $3,448,000
D) $3,472,000
Answer: D
Explanation: $60,000 + $3,460,000 - $48,000 = $3,472,000
(Beginning finished goods inventory + Cost of goods manufactured - Ending finished goods inventory = Cost of goods sold)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

122) Samson Company reported total manufacturing costs of $320,000, manufacturing overhead totaling $52,000, and direct materials totaling $64,000. What is the company's direct labor cost?
A) Cannot be determined from the information provided.
B) $268,000
C) $256,000
D) $204,000
Answer: D
Explanation: $320,000 - $64,000 - $52,000 = $204,000
(Total manufacturing costs - Direct materials - Manufacturing overhead = Direct labor cost)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 5

123) Given the following data for Mehring Company, what are (A) total manufacturing costs and (B) cost of goods manufactured?

Direct materials used	$230,000	Beginning work in process inventory	$30,000
Direct labor	150,000	Ending work in process inventory	15,000
Manufacturing overhead	255,000	Beginning finished goods inventory	38,000
Operating expenses	263,000	Ending finished goods inventory	23,000

A) (A) - $620,000; (B) - $650,000
B) (A) - $635,000; (B) - $620,000
C) (A) - $635,000; (B) - $650,000
D) (A) - $650,000; (B) - $665,000
Answer: C
Explanation: $230,000 + $150,000 + $255,000 = $635,000; $30,000 + $635,000 - $15,000 = $650,000
(Direct materials + Direct labor + Manufacturing overhead = Total manufacturing costs; Beginning work in process inventory + Total manufacturing costs - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

124) Penner Company reported total manufacturing costs of $450,000, manufacturing overhead totaling $78,000, and direct materials totaling $96,000. What is the company's direct labor cost?
A) Cannot be determined from the information provided.
B) $624,000
C) $354,000
D) $276,000
Answer: D
Explanation: $450,000 - $96,000 - $78,000 = $276,000
(Total manufacturing costs - Direct materials - Manufacturing overhead = Direct labor cost)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

125) Given the following data for Glennon Company, what are (A) total manufacturing costs and (B) costs of goods manufactured?

Direct materials used	$270,000	Beginning work in process	$40,000
Direct labor	200,000	Ending work in process	20,000
Manufacturing overhead	250,000	Beginning finished goods	50,000
Operating expenses	350,000	Ending finished goods	30,000

A) (A) - $700,000; (B) - $740,000
B) (A) - $720,000; (B) - $700,000
C) (A) - $720,000; (B) - $740,000
D) (A) - $740,000; (B) - $760,000
Answer: C
Explanation: $270,000 + $200,000 + $250,000 = $720,000; $40,000 + $720,000 - $20,000 = $740,000
(Direct materials + Direct labor + Manufacturing overhead = Total manufacturing costs; Beginning work in process + Total manufacturing costs - Ending work in process = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

126) Barton Company has beginning work in process inventory of $144,000 and total manufacturing costs of $686,000. If cost of goods manufactured is $660,000, what is the cost of the ending work in process inventory?
A) $150,000
B) $118,000
C) $190,000
D) $170,000
Answer: D
Explanation: $144,000 + $686,000 - X = $660,000; X = $170,000
(Beginning work in process inventory + Total manufacturing costs - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

127) Gammil Company has beginning and ending raw materials inventories of $96,000 and $120,000, respectively. If direct materials used were $490,000, what was the cost of raw materials purchased?
A) $490,000
B) $520,000
C) $466,000
D) $514,000
Answer: D
Explanation: $96,000 + X - $120,000 = $490,000; X = $514,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Raw materials used)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

128) Molina Company has beginning and ending work in process inventories of $130,000 and $145,000, respectively. If total manufacturing costs are $680,000, what is the total cost of goods manufactured?
A) $810,000
B) $825,000
C) $665,000
D) $695,000
Answer: C
Explanation: $130,000 + $680,000 - $145,000 = $665,000
(Beginning work in process inventory + Total manufacturing costs - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

129) Costas Company has beginning and ending raw materials inventories of $64,000 and $80,000, respectively. If direct materials used were $310,000, what was the cost of raw materials purchased?
A) $310,000
B) $330,000
C) $294,000
D) $326,000
Answer: D
Explanation: $64,000 + X - $80,000 = $310,000; X = $326,000
(Beginning raw materials inventory + Purchases - Ending raw materials inventory = Direct materials used)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

130) Wood Company has beginning work in process inventory of $138,000 and total manufacturing costs of $477,000. If cost of goods manufactured is $480,000, what is the cost of the ending work in process inventory?
A) $120,000
B) $141,000
C) $150,000
D) $135,000
Answer: D
Explanation: $138,000 + $477,000 - X = $480,000; X = $135,000
(Beginning work in process inventory + Total manufacturing cost - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

131) Given the following data for Harder Company, what is the cost of goods manufactured?

Direct materials used	$120,000	Beginning work in process	$20,000
Direct labor	200,000	Ending work in process	10,000
Manufacturing overhead	180,000	Beginning finished goods	25,000
Operating expenses	175,000	Ending finished goods	15,000

A) $490,000
B) $500,000
C) $510,000
D) $520,000
Answer: C
Explanation: $20,000 + $120,000 + $200,000 + $180,000 - $10,000 = $510,000
(Beginning work in process inventory + Direct materials used + Direct labor + Manufacturing overhead - Ending work in process inventory = Cost of goods manufactured)
Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

132) Which one of the following does NOT appear on the balance sheet of a manufacturing company?
A) finished goods inventory
B) work in process inventory
C) cost of goods manufactured
D) raw materials inventory
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

133) The equivalent account to finished goods inventory for a merchandising firm is referred to as
A) purchases.
B) cost of goods purchased.
C) inventory.
D) raw materials inventory.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

134) How have many companies significantly lowered inventory levels and costs?
A) They use activity-based costing.
B) They utilize a balanced scorecard system.
C) They have a just-in-time method.
D) They focus on total quality management.
Answer: C
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

135) Which of the following terms describes the business processes associated with providing a product or service?
A) the manufacturing chain
B) the product chain
C) the supply chain
D) the value chain
Answer: D
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

136) Which of the following managerial accounting approaches attempts to allocate manufacturing overhead more accurately?
A) balanced scorecard
B) just-in-time inventory
C) activity-based costing
D) total quality management
Answer: C
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

137) What is "balanced" in the balanced scorecard approach?
A) the number of products produced
B) the emphasis on financial and non-financial performance measurements
C) the amount of costs allocated to products
D) the number of defects found on each product
Answer: B
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: C
AACSB / IMA: None / Performance Measurement
AICPA: BB: None; FC: None; PC: Measurement Analysis and Interpretation
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

138) Which of the following characteristics would likely be associated with a just-in-time inventory method?
A) ending work in process inventory that would allow several production runs
B) a backlog of inventory orders not yet shipped
C) minimal finished goods inventory on hand
D) an understanding with customers that they may come to the showroom and select from inventory on hand
Answer: C
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: Project Management
Min.: 1

139) Many companies now focus on reducing defects in finished products with the goal of zero defects. This is called
A) activity-based costing.
B) balanced scorecard.
C) value chain.
D) total quality management.
Answer: D
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: Project Management
Min.: 1

140) Financial and managerial accounting are similar in that both
A) have the same primary users.
B) produce general-purpose reports.
C) have reports that are prepared quarterly and annually.
D) deal with the economic events of an enterprise.
Answer: D
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

141) The managerial function that pertains to keeping the activities of the enterprise on track is
A) planning.
B) directing.
C) controlling.
D) accounting.
Answer: C
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: Process and Research Management; FC: None; PC: Project Management
Min.: 1

142) Property taxes on a manufacturing facility are an element of a
A) Product Cost - Yes ; Period Cost- No
B) Product Cost - Yes ; Period Cost- Yes
C) Product Cost - No ; Period Cost- Yes
D) Product Cost - No ; Period Cost- No
Answer: A
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

143) For a manufacturing company, which of the following is an example of a period cost rather than a product cost?
A) depreciation on factory equipment
B) wages of salespersons
C) wages of machine operators
D) insurance on factory equipment
Answer: B
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

144) For a manufacturing firm, cost of goods available for sale is computed by adding the beginning finished goods inventory to
A) cost of goods purchased.
B) cost of goods manufactured.
C) net purchases.
D) total manufacturing costs.
Answer: B
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

145) If cost of goods manufactured is less than cost of goods sold, which of the following is correct?
A) Finished Goods Inventory has increased.
B) Work in Process Inventory has increased.
C) Finished Goods Inventory has decreased.
D) Work in Process Inventory has decreased.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

146) The principal difference between the income statements of a merchandising company's and a manufacturing company is the
A) cost of goods sold section.
B) operating income section.
C) operating expense section.
D) revenue section.
Answer: A
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

147) If total manufacturing costs are greater than cost of goods manufactured, which of the following is correct?
A) Work in Process Inventory has increased.
B) Finished Goods Inventory has increased.
C) Work in Process Inventory has decreased.
D) Finished Goods Inventory has decreased.
Answer: A
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

148) The sum of the direct materials costs, direct labor costs, and manufacturing overhead incurred is the
A) cost of goods manufactured.
B) total manufacturing overhead.
C) total manufacturing costs.
D) total cost of work in process.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

149) The inventory accounts that show the cost of completed goods on hand and the costs applicable to production that is only partially completed are, respectively
A) Work in Process Inventory and Raw Materials Inventory.
B) Finished Goods Inventory and Raw Materials Inventory.
C) Finished Goods Inventory and Work in Process Inventory.
D) Raw Materials Inventory and Work in Process Inventory.
Answer: C
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

150) Presented below are Truck Company's monthly manufacturing cost data related to its personal computer products. (Assume that all raw materials used were direct materials.)

(a)	Taxes on factory building	$820,000
(b)	Raw materials transferred to production	66,000
(c)	Depreciation on manufacturing equip.	210,000
(d)	Wages for assembly line workers	340,000

Instructions
Enter each cost item in the following table, placing an "X" under the appropriate headings.

	Product Costs		
	Direct Materials	Direct Labor	Manufacturing Overhead
(a)			
(b)			
(c)			
(d)			

Answer: (3 min.)

	Product Costs		
	Direct Materials	Direct Labor	Manufacturing Overhead
(a)			X
(b)	X		
(c)			X
(d)		X	

Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

151) Determine whether each of the following costs should be classified as direct materials (DM), direct labor (DL), or manufacturing overhead (MO).
a. _____ Depreciation on factory equipment
b. _____ Table legs used in manufacturing tables
c. _____ Wages paid to assembly line workers
d. _____ Factory rent
Answer: (2 min.)
a. MO
b. DM
c. DL
d. MO
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 2

152) Indicate whether each of the following costs of a pencil manufacturer would be classified as direct materials (DM), direct labor (DL), or manufacturing overhead (MO).
a. _____ Depreciation of pencil painting machinery
b. _____ Lead inserted into pencils
c. _____ Factory utilities
d. _____ Wages of assembly line worker
e. _____ Salary of supervisor
f. _____ Factory machinery maintenance
g. _____ Wood used in pencils
h. _____ Eraser compound
Answer: (4 min.)
a. MO
b. DM
c. MO
d. DL
e. MO
f. MO
g. DM
h. DM
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 4

Managerial Accounting 10th edition Weygandt Test Bank

153) Presented below are Cricket Company's monthly manufacturing cost data related to its personal computer products.

a. Hard drives and memory sticks	$30,000
b. Wages to assemble equipment	$65,000
c. Insurance on manufacturing building	$41,000
d. Wages for factory supervisors	$64,000

Instructions
Enter each cost item in the following table, placing an 'X' under the appropriate headings.

	Product Costs		
	Direct Materials	Direct Labor	Manufacturing Overhead
(a)			
(b)			
(c)			
(d)			

Answer: (2 min.)

	Product Costs		
	Direct Materials	Direct Labor	Manufacturing Overhead
(a)	X		
(b)		X	
(c)			X
(d)			X

Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 2

Managerial Accounting 10th edition Weygandt Test Bank

154) Identify whether each of the following is classified as a product cost or a period cost.

_____ 1. Direct labor
_____ 2. Direct materials
_____ 3. Factory utilities
_____ 4. Repairs to office equipment
_____ 5. Property taxes on factory building
_____ 6. Sales salaries

Answer: (5 min.)

1. Product cost
2. Product cost
3. Product cost
4. Period cost
5. Product cost
6. Period cost

Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

155) Criba Company has the following data: direct labor $560,000, direct materials used $421,000, total manufacturing overhead $206,000, and beginning work in process inventory $47,000.

Instructions
Compute (a) total manufacturing costs and (b) total cost of work in process.
Answer: (5 min.)

(a)	Direct labor	$ 560,000
	Direct materials used	421,000
	Total manufacturing overhead	206,000
	Total manufacturing costs	$1,187,000
(b)	Beginning work in process inventory	$ 47,000
	Total manufacturing costs	1,187,000
	Total cost of work in process	$1,234,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

156) Presented below are incomplete 2027 manufacturing cost data for Swartnez Corporation.

	Direct Materials Used	Direct Labor	Manufacturing Overhead	Total Manufacturing Costs
(a)	$ 22,000	$42,000	?	$ 88,000
(b)	$148,000	?	$112,000	$460,000

Instructions
Determine the missing amounts.
Answer: (3 min.)

(a)	Total manufacturing costs	$88,000
	Less: Direct materials used	(22,000)
	Less: Direct labor	(42,000)
	Equals: Manufacturing overhead	$24,000

(b)	Total manufacturing costs	$460,000
	Less: Direct materials	(148,000)
	Less: Manufacturing overhead	(112,000)
	Equals: Direct labor	$200,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

157) Presented below are incomplete 2027 manufacturing cost data for Supreme Corporation.

	Direct Materials Used	Direct Labor	Manufacturing Overhead	Total Manufacturing Costs
(a)	$48,000	$72,000	?	$194,000
(b)	$95,000	?	$80,000	$305,000
(c)	?	$80,000	$120,000	$260,000

Instructions
Determine the missing amounts.
Answer: (4 min.)

	Direct Materials Used	Direct Labor	Manufacturing Overhead	Total Manufacturing Costs
(a)	$48,000	$72,000	$74,000	$194,000
(b)	$95,000	$130,000	$80,000	$305,000
(c)	$60,000	$80,000	$120,000	$260,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 4

Managerial Accounting 10th edition Weygandt Test Bank

158) Raynor Company has the following data:

Direct labor	$76,000
Direct materials used	84,000
Total manufacturing overhead	65,000
Ending work in process inventory	30,000
Beginning work in process inventory	45,000

Instructions
Compute (a) total manufacturing costs and (b) cost of goods manufactured.
Answer: (5 min.)

(a)	Direct labor	$ 76,000
	Direct materials used	84,000
	Total manufacturing overhead	65,000
	Total manufacturing costs	$225,000
(b)	Beginning work in process	$ 45,000
	Total manufacturing costs	225,000
	Less ending work in process	(30,000)
	Cost of goods manufactured	$240,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

159) Sudler Company's current assets on December 31, 2027, are listed below in alphabetical order. Prepare the current assets section of the company's balance sheet as of the same date.

Accounts receivable	$41,000
Cash	61,000
Finished goods inventory	26,000
Prepaid expenses	3,000
Raw materials inventory	22,000
Work in process inventory	32,000

Answer: (4 min.)

Current Assets		
Cash		$ 61,000
Accounts receivable		41,000
Inventories		
Finished goods	$26,000	
Work in process	32,000	
Raw materials	22,000	80,000
Prepaid expenses		3,000
Total current assets		$185,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 4

Managerial Accounting 10th edition Weygandt Test Bank

160) Financial accounting information and managerial accounting information have a number of distinguishing characteristics. For each of the characteristics listed below, indicate which characteristics are more closely related to financial accounting by placing the letter "F" in the space to the left of the item and indicate those characteristics which are more closely associated with managerial accounting by placing the letter "M" to the left of the item.

_____ 1. General-purpose reports
_____ 2. Reports are used internally
_____ 3. Prepared in accordance with generally accepted accounting principles
_____ 4. Special purpose reports
_____ 5. Limited to historical cost data
_____ 6. Reporting standard is relevance to the decision to be made
_____ 7. Financial statements
_____ 8. Reports generally pertain to the business as a whole
_____ 9. Reports generally pertain to subunits
_____ 10. Reports issued quarterly or annually

Answer: (7-11 min.)

1. F
2. M
3. F
4. M
5. F
6. M
7. F
8. F
9. M
10. F

Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 7

Managerial Accounting 10th edition Weygandt Test Bank

161) Determine whether each of the following is classified as:

DM: Direct materials
DL: Direct labor
MO: Manufacturing overhead

_____ 1. Assembly line workers' wages
_____ 2. Factory supervisors' salaries
_____ 3. Steel used in manufacturing product
_____ 4. Insurance on factory building
_____ 5. Small tools used in production
_____ 6. Tires used in manufacturing vehicles

Answer: (5 min.)
1. DL
2. MO
3. DM
4. MO
5. MO
6. DM
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

162) Presented below is a list of costs and expenses incurred in the factory by Nu-Way Corporation, a manufacturer of teardrop travel trailers.

_____ 1. Property taxes on the factory land
_____ 2. Nails and glue used in production
_____ 3. Cabinet maker's wages
_____ 4. Factory supervisors' salaries
_____ 5. Metal used in manufacturing
_____ 6. Depreciation on factory machines
_____ 7. Factory utilities
_____ 8. USB ports installed in the travel trailers
_____ 9. Property taxes on the factory building
_____ 10. Insurance on factory equipment

Instructions
Classify the above items into the following categories:

DM — Direct Materials
DL — Direct Labor
MO — Manufacturing Overhead

Answer: (8-10 min.)
1. MO 6. MO
2. MO 7. MO
3. DL 8. DM
4. MO 9. MO
5. DM 10. MO
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 8

Managerial Accounting 10th edition Weygandt Test Bank

163) For each item, identify all applicable cost labels. Use the following code in your answer:

1 — Product Cost
2 — Period Cost

a. Advertising _____
b. Direct materials used _____
c. Sales salaries _____
d. Indirect factory labor _____
e. Repairs to office equipment _____
f. Factory manager's salary _____
g. Direct labor _____
h. Indirect materials _____

Answer: (6-9 min.)

a. Advertising 2
b. Direct materials used 1
c. Sales salaries 2
d. Indirect factory labor 1
e. Repairs to office equipment 2
f. Factory manager's salary 1
g. Direct labor 1
h. Indirect materials 1

Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 6

Managerial Accounting 10th edition Weygandt Test Bank

164) Kennedy Company reports the following costs and expenses in May.

Factory utilities	$ 16,500	Direct labor	$79,100
Depreciation on factory equipment	12,650	Sales salaries	48,400
Depreciation on delivery trucks	3,800	Property taxes on factory building	2,500
Indirect factory labor	48,900	Repairs to office equipment	1,300
Indirect materials	70,800	Factory repairs	2,000
Direct materials used	157,600	Advertising	23,000
Factory manager's salary	8,000	Office supplies used	4,640

Instructions
From the information, determine the total amount of:
(a) manufacturing overhead
(b) product costs
(c) period costs
Answer: (10-12 min.)

(a)	Factory utilities	$ 16,500
	Depreciation on factory equipment	12,650
	Indirect factory labor	48,900
	Indirect materials	70,800
	Factory manager's salary	8,000
	Property taxes on factory building	2,500
	Factory repairs	2,000
	Manufacturing overhead	$161,350
(b)	Direct materials	$157,600
	Direct labor	79,100
	Manufacturing overhead	161,350
	Product costs	$398,050
(c)	Depreciation on delivery trucks	$ 3,800
	Sales salaries	48,400
	Repairs to office equipment	1,300
	Advertising	23,000
	Office supplies used	4,640
	Period costs	$ 81,140

Diff: 2
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: AP
AACSB / IMA: Analytic / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 12

Managerial Accounting 10th edition Weygandt Test Bank

165) Kwik Delivery Service reports the following costs and expenses in June 2027.

Indirect materials	$ 8,400	Driver's salaries	$17,000
Depreciation on delivery equipment	11,200	Advertising	5,100
Dispatcher's salary	5,000	Delivery equipment repairs	300
Property taxes on office building	870	Office supplies	650
CEO's salary	12,000	Office utilities	2,490
Gas and oil for delivery trucks	3,200	Repairs on office equipment	180

Instructions
Determine the total amount of (a) delivery service (product) costs and (b) period costs.
Answer: (10-12 min.)
(a) Delivery service (product) costs:

Indirect materials	$ 8,400
Depreciation on delivery equipment	11,200
Dispatcher's salary	5,000
Gas and oil for delivery trucks	3,200
Drivers' salaries	17,000
Delivery equipment repairs	300
Total	$ 45,100

(b) Period costs:

Property taxes on office building	$ 870
CEO's salary	12,000
Advertising	5,100
Office supplies	650
Office utilities	2,490
Repairs on office equipment	180
Total	$21,290

Diff: 2
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: AP
AACSB / IMA: Analytic / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 10

Managerial Accounting 10th edition Weygandt Test Bank

166) For each item listed below, indicate in the space to the left whether the item would be considered a product cost or a period cost for a manufacturing company. Use the following code:

Pr = Product cost
Pe = Period cost

_____ 1. Factory supervisory salaries
_____ 2. Sales commissions
_____ 3. Income tax expense
_____ 4. Indirect materials used
_____ 5. Indirect labor
_____ 6. Office salaries expense
_____ 7. Property taxes on factory building
_____ 8. Sales manager's salary
_____ 9. Factory wages expense
_____ 10. Direct materials used

Answer: (7-10 min.)
1. Pr 6. Pe
2. Pe 7. Pr
3. Pe 8. Pe
4. Pr 9. Pr
5. Pr 10. Pr
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 7

Managerial Accounting 10th edition Weygandt Test Bank

167) Yates Manufacturing Company incurs the following manufacturing costs and expenses during the month of May.

1. Assembly line wages
2. Raw materials used directly in product
3. Depreciation on office equipment
4. Property taxes on factory building
5. Rent on factory building
6. Sales commissions
7. Depreciation on factory equipment
8. Factory utilities
9. Wages for factory maintenance workers
10. Advertising
11. Indirect materials used in production
12. Factory manager's salary

Instructions
Complete the following matrix by placing an X mark under the appropriate headings.

Cost Item	Direct Materials	Direct Labor	Manufacturing Overhead	Period Costs
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				

Managerial Accounting 10th edition Weygandt Test Bank

Answer: (10-15 min)

Cost Item	Direct Materials	Direct Labor	Manufacturing Overhead	Period Costs
1.		X		
2.	X			
3.				X
4.			X	
5.			X	
6.				X
7.			X	
8.			X	
9.			X	
10.				X
11.			X	
12.			X	

Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 10

Managerial Accounting 10th edition Weygandt Test Bank

168) Presented below are incomplete 2027 manufacturing cost data for Tardy Corporation.

Direct Materials Used	Direct Labor	Manu-facturing Overhead	Total Manu-facturing Costs	Work in Process (1/1)	Work in Process (12/31)	Cost of Goods Manu-factured
(a) $38,000	$80,000	$48,000	?	$120,000	$96,000	?
(b) $149,000	$53,000	$90,000	$292,000	?	$98,000	$311,000
(c) $53,000	$116,000	$121,000	$290,000	$403,000	?	$515,000

Instructions
Determine the missing amounts.
Answer: (6 min.)

Direct Materials Used	Direct Labor	Manu-facturing Overhead	Total Manu-facturing Costs	Work in Process (1/1)	Work in Process (12/31)	Cost of Goods Manu-factured
(a) $38,000	$80,000	$48,000	$166,000	$120,000	$96,000	$190,000
(b) $149,000	$53,000	$90,000	$292,000	$117,000	$98,000	$311,000
(c) $53,000	$116,000	$121,000	$290,000	$403,000	$178,000	$515,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 6

Managerial Accounting 10th edition Weygandt Test Bank

169) Among the items that Howard Print Shop accounts for are the following:

1. Direct labor	_____
2. Office supplies used	_____
3. Depreciation on printing machines	_____
4. Finished goods inventory, 12/31	_____
5. Raw materials inventory, 1/1	_____
6. Cost of goods manufactured	_____
7. Work in process inventory, 1/1	_____
8. Office supplies inventory, 12/31	_____
9. Indirect labor	_____
10. Heat and electricity for the print shop	_____

Howard Print Shop prepares the following schedule and financial statements on a yearly basis:
(a) cost of goods manufactured schedule
(b) income statement
(c) balance sheet

Instructions
For each item, indicate by using the appropriate letter(s) the schedule and/or financial statements in which the item will appear.
Answer: (8-12 min.)

1. Direct labor	(a)
2. Office supplies used	(b)
3. Depreciation on printing machines	(a)
4. Finished goods inventory, 12/31	(b), (c)
5. Raw materials inventory, 1/1	(a)
6. Cost of goods manufactured	(a), (b)
7. Work in process inventory, 1/1	(a)
8. Office supplies inventory, 12/31	(c)
9. Indirect labor	(a)
10. Heat and electricity for the print shop	(a)

Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 8

Managerial Accounting 10th edition Weygandt Test Bank

170) Klein Company manufactures boats, each of which is equipped with a cellular phone. During September, 2027, the company purchased 100 cellular phones at a cost of $110 each. Klein withdrew 70 phones from the warehouse during the month. Twenty of these phones were installed in salespersons' cars and the remaining 50 phones were put in boats manufactured during the month. The remaining phones are to be installed in boats in the next production run.

Of the boats put into production during September, 2027, 80% were completed and transferred to the company's storage lot. Fifty percent of the boats completed during the month were sold by September 30.

Instructions
Determine the cost of cellular phones that would appear in each of the following accounts on September 30, 2027:

Raw materials inventory
Work in process inventory
Finished goods inventory
Cost of goods sold
Selling expenses
Answer: (12-17 min.)

Raw materials:	(100 - 70) × $110 = $3,300
Work in process:	(50 × 20%) × $110 = $1,100
Finished goods:	(50 × 80% × 50%) × $110 = $2,200
Cost of goods sold:	(50 × 80% × 50%) × $110 = $2,200
Selling expenses:	20 × $110 = $2,200

Costs to account for: 100 × $110 = $11,000

Raw materials inventory	$ 3,300
Work in process inventory	1,100
Finished goods inventory	2,200
Cost of goods sold	2,200
Selling expenses	2,200
Total	$11,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 12

Managerial Accounting 10th edition Weygandt Test Bank

171) Peters Manufacturing Company has the following data on June 30, 2027:

Raw materials inventory, June 1	$ 13,800
Work in process inventory, June 1	18,100
Finished goods inventory, June 1	43,500
Total manufacturing costs	430,000
Sales	580,000
Work in process inventory, June 30	30,400
Finished goods inventory, June 30	55,200
Raw materials inventory, June 30	18,000

Instructions
(a) Prepare an income statement through gross profit for the month of June.
(b) Indicate the balance sheet presentation of the June 30 inventories.
Answer: (10-15 min.)
(a) PETERS MANUFACTURING COMPANY
(Partial) Income Statement
For the Month Ended June 30, 2027

Sales		$580,000
Cost of goods sold		
Finished goods inventory, June 1	$ 43,500	
Cost of goods manufactured	417,700*	
Cost of goods available for sale	461,200	
Finished goods inventory, June 30	55,200	
Cost of goods sold		406,000
Gross profit		$ 174,000

*$18,100 + $430,000 - $30,400 = $417,700

(b) PETERS MANUFACTURING COMPANY
(Partial) Balance Sheet
June 30, 2027

Current assets		
Cash		$ XXXX
Accounts receivable		XXXX
Inventories:		
Finished goods	$55,200	
Work in process	30,400	
Raw materials	18,000	103,600

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 10

Managerial Accounting 10th edition Weygandt Test Bank

172) Glavine Corporation incurred the following costs while manufacturing its product:

Materials used in product	$ 125,000	Advertising expense	$45,000
Depreciation on factory	60,000	Property taxes on factory	19,000
Property taxes on store	7,500	Delivery expense	21,000
Labor costs of assembly-line workers	110,000	Sales commissions	35,000
Factory supplies used	23,000	Salaries paid to sales clerks	50,000

Work in process inventory was $27,000 on January 1 and $15,500 on December 31. Finished goods inventory was $65,000 on January 1 and $50,600 on December 31. (Assume all raw materials used were direct materials.)

Instructions
(a) Compute cost of goods manufactured.
(b) Compute cost of goods sold.
Answer: (10-12 min.)
(a)

Work in process inventory, 1/1			$ 27,000
Direct materials used		$ 125,000	
Direct labor		110,000	
Manufacturing overhead			
Depreciation on factory	$60,000		
Factory supplies used	23,000		
Property taxes on factory	19,000		
Total manufacturing overhead		102,000	
Total manufacturing costs			337,000
Total cost of work-in-process			364,000
Less:			
Work in process inventory, 12/31			15,500
Cost of goods manufactured			$348,500

(b)

Finished goods inventory, 1/1	$ 65,000
Cost of goods manufactured	348,500
Cost of goods available for sale	413,500
Less: Finished goods inventory, 12/31	50,600
Cost of goods sold	$362,900

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 10

Managerial Accounting 10th edition Weygandt Test Bank

173) The following information is available for Elliot Company. (Assume all raw materials used were direct materials.)

	January 1, 2027	2027	December 31, 2027
Raw materials inventory	$ 26,000		$30,000
Work in process inventory	18,500		22,200
Finished goods inventory	30,000		21,000
Materials purchased		$170,000	
Direct labor		230,000	
Manufacturing overhead		180,000	
Sales		800,000	

Instructions

(a) Compute cost of goods manufactured.

(b) Prepare an income statement through gross profit.

Answer: (12-16 min.)

(a)

Work in process inventory, 1/1			$ 18,500
Direct materials			
Materials inventory, 1/1	$ 26,000		
Materials purchased	170,000		
Materials available for use	196,000		
Less: Materials inventory, 12/31	30,000		
Direct materials used		$166,000	
Direct labor		230,000	
Manufacturing overhead		180,000	
Total manufacturing costs			576,000
Total cost of work in process			594,500
Less: Work in process inventory, 12/31			22,200
Cost of goods manufactured			$572,300

(b)

Sales		$800,000	
Cost of goods sold			
Finished goods inventory, 1/1		$ 30,000	
Cost of goods manufactured		572,300	
Cost of goods available for sale		602,300	
Less: Finished goods inventory, 12/31		21,000	
Cost of goods sold			581,300
Gross profit			$218,700

Diff: 2

LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.

Bloom: AP

AACSB / IMA: Analytic / Reporting

AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None

Min.: 12

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174) Manufacturing cost data for Morton Company are presented below. (Assume all raw materials used were direct materials.)

	Case A	Case B	Case C
Direct materials used	(a)	$75,400	$130,000
Direct labor	$ 57,000	76,000	(g)
Manufacturing overhead	46,500	81,600	102,000
Total manufacturing costs	195,650	(d)	283,700
Work in process inventory, 1/1/27	(b)	16,500	(h)
Total cost of work-in-process	221,500	(e)	327,000
Work in process inventory, 12/31/27	(c)	9,000	80,000
Cost of goods manufactured	180,275	(f)	(i)

Instructions
Indicate the missing amount for each letter (a) through (i).
Answer: (12-16 min.)
A + $57,000 + $46,500 = $195,650
A = $92,150

$195,650 + B = $221,500
B = $25,850

$221,500 - C = $180,275
C = $41,225

$75,400 + $76,000 + $81,600 = D
D = $233,000

$233,000 + $16,500 = E
E = $249,500

$249,500 - $9,000 = F
F = $240,500

$130,000 + G + $102,000 = $283,700
G = $51,700

$283,700 + H = $327,000
H = $43,300

$327,000 - $80,000 = I
I = $247,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 12

Managerial Accounting 10th edition Weygandt Test Bank

175) From the account balances listed below, prepare a schedule of cost of goods manufactured for Sampson Manufacturing Company for the month ended December 31, 2027. (Assume all raw materials used were direct materials.)

	Account Balances
Finished Goods Inventory, December 31	$42,000
Factory Supervisory Salaries	12,000
Income Tax Expense	18,000
Raw Materials Inventory, December 1	12,000
Work in Process Inventory, December 31	15,000
Sales Salaries Expense	14,000
Factory Depreciation Expense	8,000
Finished Goods Inventory, December 1	35,000
Raw Materials Purchases	105,000
Work in Process Inventory, December 1	25,000
Factory Utilities Expense	6,000
Direct Labor	70,000
Raw Materials Inventory, December 31	19,000
Sales Returns and Allowances	5,000
Indirect Labor	21,000

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Answer: (12-16 min.)

SAMPSON MANUFACTURING COMPANY
Cost of Goods Manufactured Schedule
For the Month Ended December 31, 2027

Work in process inventory, December 1			$ 25,000
Direct materials			
Raw materials inventory, December 1	$ 12,000		
Raw materials purchases	105,000		
Total raw materials available for use	117,000		
Less: Raw materials inventory, December 31	19,000		
Direct materials used		$98,000	
Direct labor		70,000	
Manufacturing overhead			
Indirect labor	$21,000		
Factory supervisory salaries	12,000		
Factory depreciation expense	8,000		
Factory utilities expense	6,000		
Total manufacturing overhead		47,000	
Total manufacturing costs			215,000
Total cost of work in process			240,000
Less: Work in process inventory, December 31			15,000
Cost of goods manufactured			$225,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 12

Managerial Accounting 10th edition Weygandt Test Bank

176) Rapid Manufacturing Company has the following data:

Direct labor	$145,000
Direct materials used	151,000
Total manufacturing overhead	208,000
Beginning work in process inventory	26,000

Instructions
Compute (a) total manufacturing costs and (b) total cost of work in process.
Answer: (6 min.)

(a)	Direct labor	$145,000
	Direct materials used	151,000
	Total manufacturing overhead	208,000
	Total manufacturing costs	$504,000

(b)	Beginning work in process inventory	$ 26,000
	Total manufacturing costs	504,000
	Total cost of work in process	$530,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 6

Managerial Accounting 10th edition Weygandt Test Bank

177) The following costs and inventory data were taken from the accounts of Simon Company for 2027. (Assume all raw materials used were direct materials.)

	January 1, 2027	December 31, 2027
Inventories:		
Raw materials	$ 8,000	$ 7,000
Work in process	15,000	13,000
Finished goods	16,000	12,000
Costs incurred:		
Raw materials purchases		$98,000
Direct labor		42,000
Factory rent		8,000
Factory utilities		10,000
Indirect materials		6,000
Indirect labor		9,000
Operating expenses		17,000

Instructions

a. Prepare a schedule showing the amount of direct materials used in production during the year.
b. Compute the amount of manufacturing overhead incurred during the year.
c. Prepare a schedule of Cost of Goods Manufactured for Simon Company for the year ended December 31, 2027, in good form.
d. Prepare the Cost of Goods Sold section of the Income Statement for Simon Company for the year ended December 31, 2027, in good form.

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Answer: (18-20 min.)

a.

Raw materials inventory, beginning	$ 8,000
Raw materials purchases	98,000
Raw materials available for use	106,000
Less: Raw materials inventory, ending	7,000
Direct materials used	$ 99,000

b.

Manufacturing overhead:	
Factory rent	$ 8,000
Factory utilities	10,000
Indirect materials	6,000
Indirect labor	9,000
Total manufacturing overhead	$33,000

c.

SIMON COMPANY
Schedule of Cost of Goods Manufactured
For the Year Ended December 31, 2027

Work in process inventory, beginning			$ 15,000
Direct materials			
Raw materials inventory, beginning	$ 8,000		
Raw materials purchases	98,000		
Raw materials available for use	106,000		
Less: Raw materials inventory, ending	7,000		
Direct materials used		$99,000	
Direct labor		42,000	
Manufacturing overhead		33,000	
Total manufacturing costs			174,000
Total cost of work in process			189,000
Less: Work in process inventory, ending			13,000
Cost of goods manufactured			$176,000

d.

SIMON COMPANY
(Partial) Income Statement
For the Year Ended December 31, 2027

Finished goods inventory, January 1	$ 16,000
Cost of goods manufactured	176,000
Cost of goods available for sale	192,000
Less: Finished goods inventory, December 31	12,000
Cost of goods sold	$180,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 18

Managerial Accounting 10th edition Weygandt Test Bank

178) Manufacturing costs for Carson Company for selected months are as follows. (Assume all raw materials used were direct materials.)

	April	July	October
Beginning work in process inventory	$ 80,000	(f)	$ 88,000
Direct materials used	280,000	$190,000	155,000
Direct labor	195,000	170,000	(j)
Manufacturing overhead	(a)	150,000	90,000
Total manufacturing costs	860,000	510,000	450,000
Total cost of work in process	(b)	640,000	(k)
Ending work in process inventory	75,000	(g)	(l)
Cost of goods manufactured	(c)	515,000	385,000
Beginning finished goods	(d)	38,000	(m)
Cost of goods available for sale	960,000	(h)	480,000
Ending finished goods	(e)	75,000	(n)
Cost of goods sold	820,000	(i)	355,000

Instructions
Indicate the missing amounts (show computations).
Answer: (12-17 min.)

(a)	$385,000	($860,000 - $280,000 - $195,000)
(b)	$940,000	($860,000 + $80,000)
(c)	$865,000	($940,000 - $75,000)
(d)	$95,000	($960,000 - $865,000)
(e)	$140,000	($960,000 - $820,000)
(f)	$130,000	($640,000 - $510,000)
(g)	$125,000	($640,000 - $515,000)
(h)	$553,000	($515,000 + $38,000)
(i)	$478,000	($553,000 - $75,000)
(j)	$205,000	($450,000 - $155,000 - $90,000)
(k)	$538,000	($88,000 + $450,000)
(l)	$153,000	($538,000 - $385,000)
(m)	$95,000	($480,000 - $385,000)
(n)	$125,000	($480,000 - $355,000)

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 12

Managerial Accounting 10th edition Weygandt Test Bank

179) Fill in the missing information on the cost of goods manufactured schedule of Noland Manufacturing Company. (Assume all raw materials used were direct materials.)

NOLAND MANUFACTURING COMPANY
Cost of Goods Manufactured Schedule
For the Year Ended December 31, 2027

Work in process inventory (1/1)			$340,000
Direct materials			
Raw materials inventory (1/1)	$_____?		
Raw materials purchases	246,000		
Raw materials available for use	_____?		
Raw materials inventory (12/31)	37,000		
Direct materials used		$255,000	
Direct labor		_____?	
Manufacturing overhead			
Indirect labor	19,000		
Factory depreciation	38,000		
Factory utilities	39,000		
Total overhead		_____?	
Total manufacturing costs			_____?
Total cost of work in process			_____?
Less: Work in process inventory (12/31)			322,000
Cost of goods manufactured			$480,000

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Answer: (6-9 min.)

NOLAND MANUFACTURING COMPANY
Cost of Goods Manufactured Schedule
For the Year Ended December 31, 2027

Work in process inventory (1/1)			$340,000
Direct materials			
Raw materials inventory (1/1)	$ 46,000		
Raw materials purchases	246,000		
Raw materials available for use	292,000		
Raw materials inventory (12/31)	37,000		
Direct materials used		$255,000	
Direct labor		111,000	
Manufacturing overhead			
Indirect labor	19,000		
Factory depreciation	38,000		
Factory utilities	39,000		
Total overhead		96,000	
Total manufacturing costs			462,000
Total cost of work in process			802,000
Less: Work in process inventory (12/31)			322,000
Cost of goods manufactured			$480,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 6

Managerial Accounting 10th edition Weygandt Test Bank

180) Data for the cost of direct materials for the month ended March 31, 2027, are as follows:

Raw materials inventory, March 1, 2027	$76,000
Raw materials inventory, March 31, 2027	70,000

During March, the company purchased $260,000 of raw materials on account from Reed Company and $92,000 of raw materials for cash from Frye Company. In addition, $50,000 was paid on the Reed account balance. (Assume all raw materials used were direct materials.)

Instructions

Compute the cost of direct materials used during March.

Answer: (5-7 min.)

Raw materials inventory, March 1	$ 76,000
Raw materials purchases ($260,000 + $92,000)	352,000
Total raw materials available for use	428,000
Less: Raw materials inventory, March 31	70,000
Direct materials used during March	$358,000

Note: Payment on account to Reed is irrelevant to the direct materials used calculation.

Diff: 2

LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.

Bloom: AP

AACSB / IMA: Analytic / Reporting

AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None

Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

181) Presented below are incomplete 2027 manufacturing cost data for Tardy Corporation.

	Direct Materials Used	Direct Labor	Manufacturing Overhead	Total Manufacturing Costs
(a)	$61,000	$72,000	$54,000	?
(b)	?	$53,000	$90,000	$252,000
(c)	$53,000	?	$96,000	$310,000

Instructions
Determine the missing amounts.
Answer: (5 min.)

	Direct Materials Used	Direct Labor	Manufacturing Overhead	Total Manufacturing Costs
(a)	$61,000	$72,000	$54,000	$187,000
(b)	$109,000	$53,000	$90,000	$252,000
(c)	$53,000	$161,000	$96,000	$310,000

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AN
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

182) Indicate whether each of the following would appear on the:

A—Cost of goods manufactured schedule

B—Income statement

C—Balance sheet

Note: If it would appear in more than just one, indicate which ones.

_____ 1. Cost of goods sold
_____ 2. Finished goods inventory, 12/31
_____ 3. Direct materials used
_____ 4. Raw materials inventory, 1/1
_____ 5. Insurance on factory equipment
_____ 6. Work in process inventory, 12/31
_____ 7. Indirect labor
_____ 8. Property taxes on office building

Answer: (5 min.)

1. B	5. A
2. B, C	6. A, C
3. A	7. A
4. A	8. B

Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: C
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

183) Listed below are current asset items for Lester Company on December 31, 2027.

Finished goods inventory	$35,000	Short-term investments	$25,000
Cash	22,000	Raw materials inventory	17,000
Prepaid expenses	2,000	Work in process inventory	23,000
Accounts receivable	4,000	Supplies	500

Instructions
Prepare the current assets section of the balance sheet. (Include a complete heading.)
Answer: (6-9 min.)

LESTER COMPANY
(Partial) Balance Sheet
December 31, 2027

Current assets		
Cash		$22,000
Short-term investments		25,000
Accounts receivable		4,000
Inventories:		
Finished goods	$35,000	
Work in process	23,000	
Raw materials	17,000	75,000
Prepaid expenses		2,000
Supplies		500
Total current assets		$128,500

Diff: 2
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: AP
AACSB / IMA: Analytic / Reporting
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 6

184) Financial accounting information is prepared mainly for _____ users while managerial accounting information is prepared primarily for _____ users.
Answer: external, internal
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

185) The types of reports prepared in managerial accounting are often _____-purpose reports prepared for a specific decision.
Answer: special
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

186) Managerial accounting reports generally pertain to _____ of a business and may be very detailed.
Answer: subunits
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

187) Three broad managerial functions are: (1)_____, (2)_____, and (3)_____.
Answer: planning, directing, controlling
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: Process and Research Management; FC: None; PC: Project Management
Min.: 1

188) The _____ function is concerned with setting goals and objectives for the entity.
Answer: planning
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Performance Measurement
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

189) Exercising good judgment in performing the managerial functions and choosing among alternative courses of action is called _____.
Answer: decision making
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: None / Decision Analysis
AICPA: BB: Process and Resource Management Perspectives; FC: None; PC: Project Management
Min.: 1

190) The three cost elements in manufacturing a product are (1)_____, (2)_____, and (3)_____.
Answer: direct materials, direct labor, manufacturing overhead
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

191) The work of factory employees that can be physically and directly associated with converting raw materials into products is classified as _____.
Answer: direct labor
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

192) Indirect materials and indirect labor are classified as _____.
Answer: manufacturing overhead
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

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193) Each of the manufacturing cost components is a _____ cost.
Answer: product
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

194) A major difference between the income statements of a merchandising company and that of a manufacturing company is that the cost of goods sold section of a merchandising company shows cost of goods_____ while a manufacturing company shows cost of goods _____.
Answer: purchased, manufactured
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

195) _____ is added to direct labor and manufacturing overhead to compute total manufacturing costs for the current period.
Answer: Direct materials used
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

196) The ending work in process inventory is subtracted from the total cost of work in process to calculate _____.
Answer: cost of goods manufactured
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

197) A manufacturing company computes cost of goods sold by adding cost of goods manufactured to the _____ and subtracting the _____.
Answer: beginning finished goods inventory, ending finished goods inventory
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Reporting
AICPA: BB: None; FC: Reporting; PC: None
Min.: 1

198) A manufacturing company usually has three inventory accounts which are (1)_____, (2)_____, and (3)_____.
Answer: Finished Goods Inventory, Work in Process Inventory, Raw Materials Inventory
Diff: 1
LO: 3. Demonstrate how to compute cost of goods manufactured and prepare financial statements for a manufacturer.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 1

Managerial Accounting 10th edition Weygandt Test Bank

199) Match the items in the two columns below by entering the appropriate code letter in the space provided.

A. Managerial accounting	F. Work in process inventory
B. Financial accounting	G. Direct materials
C. Planning	H. Manufacturing overhead
D. Directing	I. Period costs
E. Controlling	J.Value chain

_____ 1. The cost of products that are partially complete
_____ 2. The function of keeping activities in accordance with plans
_____ 3. Primarily concerned with internal users and reports pertain to subunits of the entity
_____ 4. Materials that can be physically and directly associated with manufacturing a product
_____ 5. The function of setting goals and objectives
_____ 6. Indirect costs of manufacturing a product
_____ 7. Primarily concerned with external users and reports pertain to the entity as a whole
_____ 8. Costs that are not inventoriable
_____ 9. All business processes associated with providing a product or service
_____ 10. The function of coordinating diverse activities to produce a smooth-running operation

Answer: 1. F, 2. E, 3. A, 4. G, 5. C, 6. H, 7. B, 8. I, 9. J, 10. D
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: None / Cost Management
AICPA: BB: None; FC: Measurement Analysis and Interpretation; PC: None
Min.: 3

Managerial Accounting 10th edition Weygandt Test Bank

200) Financial and managerial accounting are both concerned with the economic events of an enterprise. Similarities between financial and managerial accounting do exist, but they do have a different focus. Briefly distinguish between financial and managerial accounting as they relate to (1) the primary users, (2) the type and frequency of reports, (3) the purpose of reports, and (4) the content of reports.
Answer: Financial accounting is primarily concerned with external users such as stockholders and creditors, while the primary users of managerial accounting are those within the company (internal users) such as officers, managers, supervisors, etc. Quarterly and annual classified financial statements are the end product of financial accounting. Internal reports that are prepared as often as needed are the result of managerial accounting. The financial statements produced by financial accounting are general-purpose reports which are highly aggregated, pertain to the enterprise as a whole, and are constrained by generally accepted accounting principles. The internal reports prepared by management accountants are special purpose reports which are detailed, pertain to subunits of the enterprise, and may contain any information relevant to the decision at hand.
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: Communication / Cost Management
AICPA: BB: None; FC: Reporting; PC: Communication
Min.: 5

201) Julie Mills is studying for her accounting mid-term examination. Summarize for Julie what she should know about management functions.
Answer: Julie should know that the management of an organization performs three broad functions:
(1) Planning requires management to look ahead and to establish objectives.
(2) Directing involves coordinating the diverse activities and human resources of a company to produce a smooth-running operation.
(3) Controlling is the process of keeping the company's activities on track.
Diff: 1
LO: 1. Identify the features of managerial accounting and the functions of management.
Bloom: K
AACSB / IMA: Communication / Reporting
AICPA: BB: None; FC: Reporting; PC: Communication
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

202) A manufacturing company makes the products that it sells. Briefly identify and define the cost elements that are incurred in making a product. After product cost elements are identified, how is the cost of goods manufactured for a period determined?
Answer: Costs incurred to manufacture a product include direct materials which can be physically and directly associated with the finished product; direct labor, which is the work of factory employees which can be physically and directly associated with the finished product; and manufacturing overhead, those manufacturing costs which are indirectly associated with production of the finished product. Cost of goods manufactured is computed by adding the cost of direct materials used, direct labor, and manufacturing overhead to the beginning work in process inventory and subtracting the ending work in process inventory.
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: Communication / Reporting, Cost Management
AICPA: BB: None; FC: Reporting, Measurement Analysis and Interpretation; PC: Communication
Min.: 5

203) Kevin Scott is confused about the differences between a product cost and a period cost. Explain the differences to Kevin.
Answer: Product costs, or inventoriable costs, are costs that are a necessary and integral part of producing the finished product. Period costs are costs that are identified with a specific time period rather than with a salable product. These costs relate to nonmanufacturing costs and, therefore, are not inventoriable costs.
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: Communication / Reporting, Cost Management
AICPA: BB: None; FC: Reporting, Measurement Analysis and Interpretation; PC: Communication
Min.: 5

Managerial Accounting 10th edition Weygandt Test Bank

204) Assume you have just taken a position as controller for a new company that manufactures and sells wrought iron wall hangings. Although the founder of the company, who is the president and CEO, is a great artisan, she has very limited knowledge of accounting.

Instructions
To help your new boss better understand accounting for a manufacturing organization, prepare a response to her in which you: (1) identify, (2) describe, and (3) provide examples of the three manufacturing costs and the three inventory accounts used in accounting for a manufacturing company.
Answer: The three manufacturing costs are: direct materials, direct labor, and manufacturing overhead. Raw materials that can be physically and directly associated with the finished product during the manufacturing process are called direct materials. The iron used in making the wall hangings is an example of direct materials. The work of factory employees that can be physically and directly associated with converting raw materials to finished goods is considered direct labor. Manufacturing overhead consists of costs that are indirectly associated with the manufacture of the finished product. These costs may also be manufacturing costs that cannot be classified as direct materials or direct labor. Manufacturing overhead includes indirect materials, indirect labor, depreciation on factory buildings and machinery, utilities, insurance, taxes and maintenance on factory facilities.

The three inventory accounts are: raw materials, work in process, and finished goods. Raw materials inventory represents the cost of the materials and parts that are to be used in the manufacturing process. The iron purchased to make the wall hangings would be considered raw materials until the time it was put into production. Work in process inventory is the cost applicable to units that have been started into production but are only partially complete. Wall hangings on the assembly line that are in various stages of completion would be work in process. The finished goods inventory represents the cost of completed goods that have not been sold.
Diff: 1
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: K
AACSB / IMA: Communication / Reporting, Cost Management
AICPA: BB: None; FC: Reporting, Measurement Analysis and Interpretation; PC: Communication
Min.: 5

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205) (Ethics)
Million Dollar Mills is a textile manufacturing firm located in the southern United States. The company carefully prepares all financial statements in accordance with GAAP and gives a copy of the financial statements to each department. In addition, the company keeps records on quality control, safety, and environmental pollution by the company. It then prepares "scorecards" for each department indicating their performance. Recently, the financial impact of the second set of information was added, and the information has been used in the evaluation of employees for merit pay and promotions.

At the most recent employee meeting, Tyler Hanes, marketing manager, expressed his discomfort with the system. He said there was no guarantee that the second set of information was fair, since there were no generally accepted principles for this kind of information. He also said that it was kind of like keeping two sets of books—one following all legal requirements, and the other one actually used by the company.

Required:
1. Is it ethical to evaluate managers in the way described? Explain briefly.
2. Name at least two safeguards the company could build into its system to ensure the ethical treatment of employees.
Answer: 1. It is ethical for a company to use all available data in order to evaluate managers, and even to collect data not routinely available. In fact, such a method seems preferable to one in which the company may only use specified financial data in its evaluation of a manager's performance. It does not imply a departure from GAAP, nor that the company does not actually use the information prepared according to GAAP. It supplements the standard reports, it does not replace them.
2. The company should make certain that the appropriate information is calculated in the same way each period. All the relevant data should be collected and reported each period. New data should be limited. The qualitative information should be complemented, not replaced, by the regular financial information.
Diff: 1
LO: 4. Discuss trends in managerial accounting. Managerial accounting has experienced many changes in recent years, including a shift toward service companies as well as emphasis on ethical behavior.
Bloom: K
AACSB / IMA: Ethics / Business Applications, Performance Measurement
AICPA: BB: None; FC: Reporting; PC: Communication, Ethical Conduct
Min.: 5

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206) (Communication)
Volumetrica, a producer of audio equipment for large computer systems, is reviewing its policies as part of a biannual self-examination of the company. As part of this process, all managers have been asked to carefully examine costs and determine as closely as possible which costs are direct and which are indirect.

Linda Bedard and Sam Hilton, managers of different manufacturing departments in the same building, have been working together. They found the following four costs that could be economically traced to the products, but have historically been a part of overhead:

- Cost of setting up the machinery for a different production run.
- Cost of minor assembly components such as knobs and switches.
- Cost of packaging, which is quite different for each model.
- Cost of inspecting and testing each model.

None of the costs is significant by itself, but together these four costs make up between 10 and 15% of the total cost of the product. Linda favors "leaving well enough alone," as she puts it, and leaving these costs in overhead. She is afraid that her volunteering to trace these costs will result in her having to trace many more costs in the future. Sam, on the other hand, prefers to have the product cost as accurate as possible. He points out that these costs are already known, and the process would require little extra work.

Required:
You have been called on in your function as accounting manager to resolve the dispute. Write an email to Linda and Sam, supporting one or the other position. Be sure to adequately defend your position but be brief.

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Answer:
TO: Linda Bedard and Sam Hilton
FROM: Nancy West, Accounting Manager
RE: Tracing overhead

I strongly support the tracing of as much of what is now overhead directly to the products as possible (sorry, Linda). Besides giving more accurate product costs now, as Sam says, it will help us considerably in the future. The more we know about which products generate which costs, the better we can evaluate their profitability. Otherwise, we just assign them some amount of overhead, which may be either more or less than they actually cost.

Thank you both for your hard work. It is true, as Linda says, that our reviews will (temporarily) cause us more work (sorry, Sam). However, I think you'll both agree that the benefits of knowing the costs of our products better will make the effort well worthwhile.

So, let's start tracing the four costs you mentioned now. Once we have the glitches ironed out, we'll share the results with the other departments.
(signed)
Diff: 3
LO: 2. Describe the classes of manufacturing costs and the differences between product and period costs.
Bloom: E
AACSB / IMA: Communication / Reporting, Cost Management
AICPA: BB: None; FC: Reporting, Measurement Analysis and Interpretation; PC: Communication
Min.: 5

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