

Managerial and Cost Accounting

(Exam)



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Part 1: Cost Terms & Classifications

Multiple Choice

1. Management accounting is usually associated with _____ reporting.
external **internal**
2. Fixed, mixed, and variable are terms used to describe how _____ behave within a reasonable or relevant range of volume or activities.
costs **revenues**
3. The professional organization with its primary focus on management accounting is
AAA **AICPA** **FASB** **IMA**
4. Present and future costs that will differ among alternatives are considered to be _____ costs for making decisions.
fixed **relevant** **variable**
5. Generally, managerial accounting is focused on _____, control, and internal decision making.
auditing **income taxes** **planning**
6. Costs that are traceable to a product without allocation are described as _____ product costs.
assigned **direct** **indirect**
7. The salary of the manager of the factory maintenance department will be a direct cost to that department, and will be _____ product cost.
a direct **an indirect** **a prime**
8. *Burden* is used when referring to which of the following costs?
administrative **conversion** **manufacturing overhead**
9. Manufacturing overhead is which type of cost?
administrative expense **direct product** **indirect product**
10. A cost that exists, but is not explicitly stated is best described as _____ cost.
an imputed **a relevant** **a variable**
11. The head of the accounting department in a very large manufacturing firm usually has the title of
CEO **CFO** **CIO** **controller**

12. The budget that changes for increases or decreases in volume or activity is a _____ budget.
capital flexible static
13. The relevant costs for a business decision are the _____ costs.
common differential fixed past
14. The cost to manufacture one unit of a product is likely to be
known with precision a reasonable approximation
15. Freight-out is best classified as a _____.
manufacturing overhead nonmanufacturing expense
16. A relevant cost could include some fixed costs.
True False
17. The lubricants used to operate a factory's production equipment is _____ cost.
a direct product an indirect product a period expense
18. The annual depreciation of the factory building is a _____ cost for the plant manager.
controllable noncontrollable
19. The accountants' term *incremental cost* is related to the economists' term _____.
elasticity equilibrium marginal
20. The theory of constraints focuses on
benchmarking throughput value added
21. Interest on a loan for operations is classified as a _____ cost.
capitalized period prime product
22. Selling and delivery expenses are examples of _____ costs.
inventoriable noninventoriable product
23. The Japanese term for continuous improvement is
JIT kaizen kanban six sigma

24. For decision making, _____ costs are likely to be more useful.
historical **replacement**
25. A variable cost is likely to remain the same _____ as volume changes.
in total **per unit**
26. The _____ is defined as revenues minus variable costs.
contribution margin **gross profit** **opportunity cost**

Matching

Match one of the following terms with the definitions or descriptions listed in 27 - 40 below. Use each term only once.

conversion	object	product
drivers	opportunity	standard
fixed	overhead	sunk
inventory	period	variable
mixed	prime	

27. _____ The term which refers to the combination of direct materials and direct labor costs.
28. _____ This term refers to the combination of direct labor costs and manufacturing overhead costs.
29. _____ The cost defined as a benefit foregone by having selected and taken an alternative action.
30. _____ The term for a past, irrelevant cost.
31. _____ These costs consist of direct materials, direct labor, and manufacturing overhead.
32. _____ A cost term used instead of *semivariable*.
33. _____ These costs do not change in total within a relevant range of volume or activity.
34. _____ The total of these costs will change in proportion to the change in activity or volume.

35. _____ A manufacturer's indirect product costs are also referred to as manufacturing _____ costs.
36. _____ A cost that is not a product cost is likely to be a _____ cost.
37. _____ Realistic, predetermined costs for direct materials, direct labor, and factory overhead describes _____ costs.
38. _____ A product, department, service, customer, etc. to which a cost is assigned is a cost _____.
39. _____ Raw materials, work-in-process, and finished goods are the three _____ accounts usually used by manufacturers.
40. _____ Activity-based costing utilizes more than one of these in the assigning of costs.

Answers (1 - 40)

1. internal
2. costs
3. IMA
4. relevant
5. planning
6. direct
7. an indirect
8. manufacturing overhead
9. indirect product
10. an imputed
11. controller
12. flexible
13. differential
14. a reasonable approximation
15. nonmanufacturing expense
16. True
17. an indirect product
18. noncontrollable
19. marginal
20. throughput
21. period
22. noninventoriable
23. kaizen
24. replacement
25. per unit
26. contribution margin
27. prime
28. conversion
29. opportunity
30. sunk
31. product
32. mixed
33. fixed
34. variable
35. overhead
36. period
37. standard
38. object
39. inventory
40. drivers

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