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 ____________ cost.
   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 drivers  object opportunity product standard
fixed overhead sunk inventory period variable

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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