

# Activity Based Costing

(Crossword Puzzle)

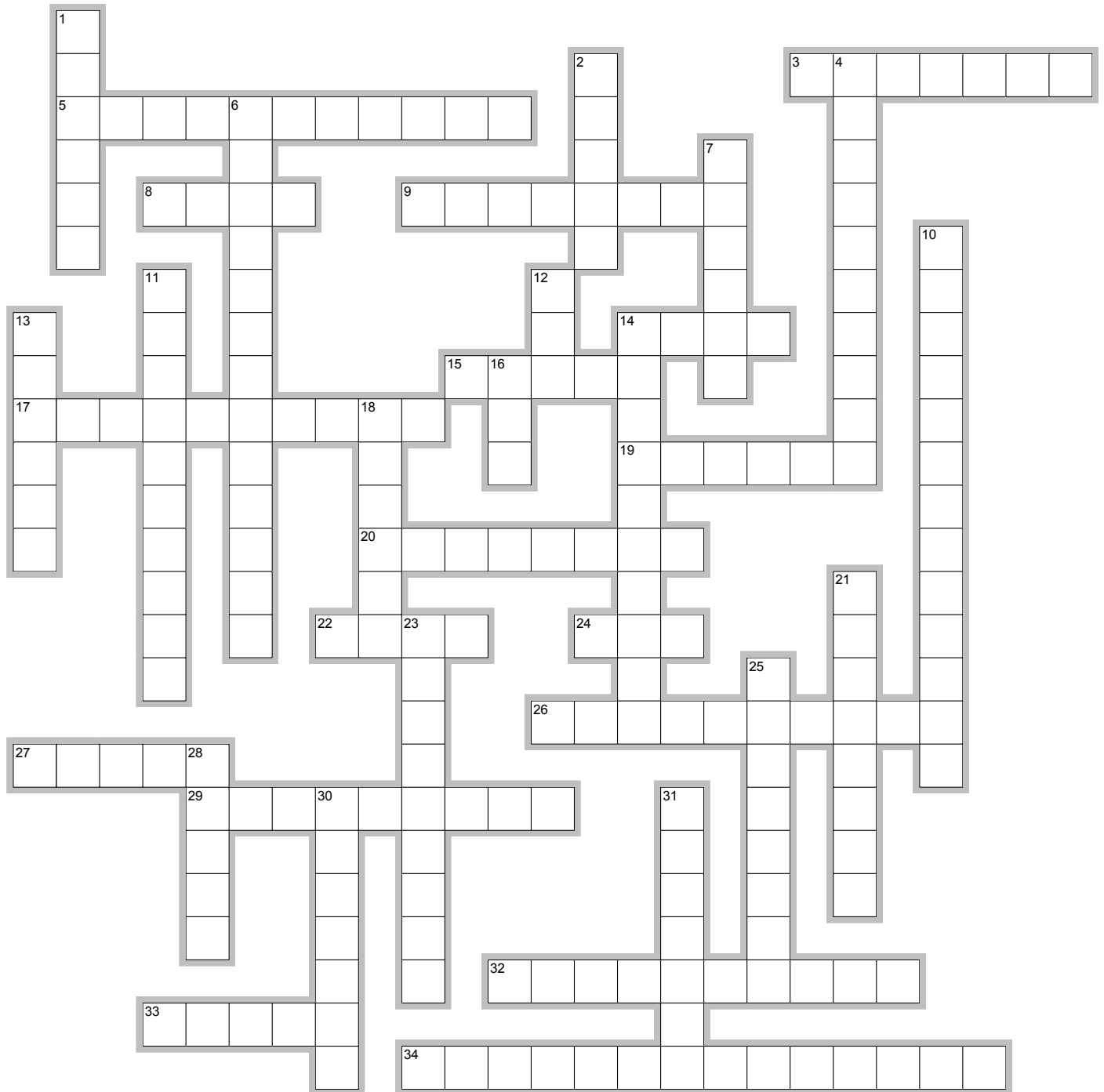


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# Crossword Puzzle (Activity Based Costing)



## **ACROSS** (Activity Based Costing)

3. Manufacturing departments that do not directly touch the products.
5. The \_\_\_\_\_ variable in an equation for a mixed cost might be a cost driver.
8. This method of allocating service department costs will allocate some of the service departments' costs to other service departments. However, this method does not provide for reciprocal allocations.
9. To assign costs to products or departments.
14. In an ABC system a cost \_\_\_\_\_ is a collection of the costs associated with a cost driver. For example, all of the costs associated with setting up production machines are grouped together and are then later allocated on the basis of the number of setups.
15. Traditional cost accounting systems often allocated the manufacturing overhead in labor intensive plants to the products manufactured on the basis of direct \_\_\_\_\_ hours.
17. This method of allocating service department costs uses simultaneous equations. It is the preferred method when service departments provide services to other service departments and to production departments.
19. The \_\_\_\_\_ method of allocating service department costs will not allocate a service department's costs to another service department.
20. Factory (or manufacturing) overhead is an \_\_\_\_\_ product cost.
22. In an ABC system the cost of the material added to each item manufactured is a \_\_\_\_\_ -level cost.
24. A system where a manufacturer maintains very little inventory of components and relies on its suppliers to deliver the components only when needed. (acronym)
26. The term used when referring to the combination of direct labor and manufacturing overhead is \_\_\_\_\_ costs.
27. Allocating manufacturing overhead to products on the basis of direct labor or machine \_\_\_\_\_ will likely result in inaccurate cost allocations when the batch sizes vary or when only some of the products require special handling.

## **ACROSS** (Activity Based Costing)

- 29. What manufactures should strive to do with non-value-adding activities.
- 32. \_\_\_\_\_ analysis is a statistical technique based on the least-squares method. It is used to determine the change in a dependent variable based on the change in the independent variable and is often used with mixed costs.
- 33. The series of activities that add value when a manufacturer converts raw materials into products is referred to as the supply \_\_\_\_\_.
- 34. Like selling expenses, \_\_\_\_\_ overhead is expensed to the accounting period when it is incurred instead of being allocated to the products manufactured.

## Down (Activity Based Costing)

1. A cost \_\_\_\_\_ is the activity that causes costs to occur. For example, the number of times a machine is set up might be the activity used to allocate the pool of costs associated with machine setups.
2. In an ABC system the cost of getting a machine ready to produce 8,000 identical units of a product is a \_\_\_\_\_ -level cost.
4. These units are used in process costing when the products in a department are not yet finished at the end of an accounting period.
6. This overhead rate is computed prior to the start of the accounting year and is based on budgeted overhead costs divided by budgeted units of activity.
7. SG&A (selling, general & administrative) are expenses of the accounting \_\_\_\_\_.
10. Another name for 'factory' overhead is \_\_\_\_\_ overhead.
11. ABC costing recognizes that \_\_\_\_\_ cause costs.
12. The \_\_\_\_\_ cost system is often associated with items or batches that are unique. Under this system the work-in-process account serves as a control account for the cost records of each product or batch of products.
13. The actual costs of direct materials and direct labor plus overhead assigned on the basis of a predetermined rate is known as \_\_\_\_\_ costing.
14. The manufacturing departments that are directly involved in converting raw materials into finished units of product.
16. An alternative to conventional costing systems. This system does not allocate manufacturing overhead on a single basis such as machine hours. (acronym)
18. Allocate (as in allocate overhead to products.)
21. The costing method that excludes fixed manufacturing overhead from the product costs is direct or \_\_\_\_\_ costing.
23. Items that have been manufactured but have not yet been sold are counted as finished goods \_\_\_\_\_.

## Down (Activity Based Costing)

- 25. Manufacturing overhead is a cost of the \_\_\_\_\_ manufactured.
- 28. The batch-level cost of changing the dies on a machine plus the cost of heating the dies and testing the machine before running 5,000 units of product is referred to as \_\_\_\_\_ cost.
- 30. Traditional cost accounting systems often allocated the manufacturing overhead in an automated plant on the basis of \_\_\_\_\_ hours.
- 31. The \_\_\_\_\_ cost system is often used when manufacturers mass produce similar items. In this system costs are accumulated by department.

# Solutions (Activity Based Costing)

