Managerial Accounting 8th edition Wild Test Bank

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Managerial Accounting 8th Edition by Wild CH01

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Managerial accounting is an activity that helps managers determine the costs of an organization's products and services, plan future activities, and compare actual results to planned results.

1) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

2) Control is the process of setting goals and making plans to achieve them.

2) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
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Difficulty : 1 Easy
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Type : Static
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3) Control is the process of monitoring and evaluating an organization's activities and employees.

3) ______

◉ true
◉ false

Question Details
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Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

4) Managerial accounting provides financial and nonfinancial information to an organization's managers.

4) ______

◉ true
◉ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

5) Managerial accounting information is available quickly and without an audit, while financial accounting information is usually only available after an audit.

5) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

6) Managerial accounting provides information to internal users as they request it. This can be immediate and as frequent as demanded.

6) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
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AICPA : BB Industry
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

7) Marketing managers can use managerial accounting information to decide whether to advertise on social media.

7) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
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Difficulty : 1 Easy
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

8) Managerial accounting reports and information are used by external users, and financial accounting is used by internal users.

8) ______

◎ true
◎ false

Question Details
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Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

9) Both financial and managerial accounting follow concepts and rules known as generally accepted accounting principles (GAAP) to provide consistency and comparability of financial statements across companies.

9) ______

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

10) Both financial and managerial accounting report monetary information; managerial accounting also reports some nonmonetary information.

10) ______

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

11) Both financial and managerial accounting affect user's decisions and actions.

11) ______

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

12) The focus of managerial accounting information is on the organization as a whole.

12) ______

◎ true
◎ false

Question Details
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Bloom's : Remember
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AICPA : BB Industry
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

13) Planning is the process of setting goals and making plans to achieve them.

13) ______

◎ true
◎ false

Question Details
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Topic : Managerial Accounting Basics
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Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

14) Feedback from the control function helps managers compare actual results with planned results and take corrective actions.

14) ______

- true
- false

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Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
Topic : Managerial Accounting Basics
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Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

15) Ethics are beliefs that distinguish right from wrong. They are accepted standards of good and bad behavior.

15) ______

- true
- false

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Topic : Managerial Accounting Basics
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Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

16) Total quality management focuses on quality improvement to business activities.

16) ______

- ⦾ true
- ⦾ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
AACSB : Communication
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

17) Just-in-time manufacturing is a system that acquires inventory and produces products only after it receives an order.

17) ______

- ⦾ true
- ⦾ false

Question Details
Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

18) The main goal of the lean business model is the elimination of waste while satisfying the customer and providing a positive return to the company.

18) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

19) Customer orientation means that managers and employees understand the changing needs and wants of customers and align management and operations accordingly.

19) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Topic : Trends in Managerial Accounting
Bloom's : Understand
Difficulty : 2 Medium
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

20) Total quality management and just-in-time manufacturing are both methodologies that focus on continuous improvement.

20) ______

⊙ true
⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Topic : Trends in Managerial Accounting
Bloom's : Understand
Difficulty : 2 Medium
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

21) Under a just-in-time manufacturing system, large quantities of inventory are acquired to produce products in advance of customer orders.

21) ______

⊙ true
⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

22) The balanced scorecard aids in continuous improvement by augmenting financial measures with information on the drivers or indicators of future financial performance.

22) ______

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

23) Direct materials are materials used in manufacturing that cannot be cost-effectively traced to finished goods.

23) ______

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

24) Conversion costs are costs incurred in converting raw materials to finished goods.

24) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

25) Conversion cost is the sum of direct materials costs and direct labor costs.

25) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

26) Period costs are production costs that are linked to specific products.

26) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

27) A cost object is a product, process, department, or customer to which costs are assigned.

27) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
AACSB : Analytical Thinking
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AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

28) Factory overhead includes all manufacturing costs, including direct materials and direct labor.

28) ______

⦾ true
⦾ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

29) The salary of a manufacturing supervisor, who monitors production, is an example of a direct cost.

29) ______

⦾ true
⦾ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

30) Indirect costs are costs that cannot be cost-effectively traced to a cost object.

30) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
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AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

31) Product costs can refer to expenditures necessary to manufacture products and to administrative support during the time period.

31) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

32) Period costs are production costs necessary to create a product and consist of direct materials, direct labor, and factory overhead.

32) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

33) Product costs are capitalized as inventory on the balance sheet and period costs are expensed on the income statement.

33) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

34) Product costs can be classified as one of three types: direct materials, direct labor, or factory overhead.

34) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

35) Product costs are production costs necessary to create a product.

35) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
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AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

36) Period costs are expensed in the period when incurred and are reported on the income statement as either selling expenses or general and administrative expenses.

36) ______

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

37) The cost of partially completed products is included in the balance of the Work in Process Inventory account.

37) ______

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

38) Manufacturers report three types of inventories: raw materials, work in process, and finished goods.

38) ______

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

39) The main difference between the cost of goods sold of a manufacturer and a merchandiser is that the merchandiser includes cost of goods manufactured rather than cost of goods purchased.

39) ______

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

40) Raw materials inventory should not include indirect materials.

40) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
AACSB : Analytical Thinking
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Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

41) Raw materials purchased plus beginning raw materials inventory equals the ending balance of raw materials inventory.

41) ______

- ⊙ true
- ⊙ false

Question Details
Accessibility : Keyboard Navigation
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AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Flow of Manufacturing Activities
Type : Static
Learning Objective : 01-C3 Explain manufacturing activities and the flow of manufacturing costs.

42) Four factors come together in production activity: beginning work in process inventory, direct materials used, direct labor used, and factory overhead used.

42) ______

- ⦾ true
- ⦾ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Flow of Manufacturing Activities
Type : Static
Learning Objective : 01-C3 Explain manufacturing activities and the flow of manufacturing costs.

43) Beginning finished goods inventory plus cost of goods manufactured equals total finished goods available for sale.

43) ______

- ⦾ true
- ⦾ false

Question Details
Accessibility : Keyboard Navigation
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AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Flow of Manufacturing Activities
Type : Static
Learning Objective : 01-C3 Explain manufacturing activities and the flow of manufacturing costs.

44) The series of activities that add value to a company's products or services is called a value chain.

44) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AACSB : Analytical Thinking
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

45) The triple bottom line focuses on three measures: financial, social, and environmental.

45) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AACSB : Analytical Thinking
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

46) Just-in-time manufacturing (JIT) stresses building up large amounts of inventory in advance of customer orders.

46) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
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AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AACSB : Analytical Thinking
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

47) Just-in-time manufacturing (JIT) is a system that acquires inventory and produces only when needed.

47) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
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Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
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Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

48) The raw materials inventory turnover ratio is raw materials purchased divided by the average raw materials inventory.

48) ______

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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Bloom's : Remember
AACSB : Communication
Difficulty : 1 Easy
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

49) A manufacturer's cost of goods manufactured is the sum of direct materials used, direct labor, and factory overhead costs incurred in producing products.

49) ______

◎ true
◎ false

Question Details
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Accessibility : Screen Reader Compatible
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

50) Indirect materials are accounted for as factory overhead because they are manufacturing costs that cannot be cost-effectively traced to finished goods.

50) ______

- ⦾ true
- ⦾ false

Question Details
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AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

51) Direct labor refers to employees who directly convert materials to finished product.

51) ______

- ⦾ true
- ⦾ false

Question Details
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AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

52) Factory overhead is charged to expense as it is incurred because it is a period cost.

52) ______

- true
- false

Question Details
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Difficulty : 2 Medium
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AICPA : FN Measurement
Topic : Cost Concepts
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

53) Prime costs consist of direct labor and factory overhead.

53) ______

- true
- false

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Accessibility : Keyboard Navigation
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Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

54) Prime costs consist of direct materials costs and direct labor costs.

54) ______

- true
- false

Question Details
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Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

55) The schedule of cost of goods manufactured is also known as a manufacturing statement.

55) ______

- true
- false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
AICPA : FN Reporting
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

56) Managerial accounting information:

56) ______

A) Is used mainly by external users.
B) Involves gathering information about costs for planning and control decisions.
C) Is generally the only accounting information available to managers.
D) Can be used for control purposes but not for planning purposes.
E) Has little to do with controlling costs.

Question Details
Accessibility : Keyboard Navigation
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AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

57) Managerial accounting is different from financial accounting in that:

57) ______

A) Managerial accounting is more focused on the organization as a whole, while financial accounting is more focused on projects, processes, and divisions of the organization.
B) Managerial accounting never includes nonmonetary information.
C) Managerial accounting includes many projections and estimates whereas financial accounting has a minimum of predictions.
D) Managerial accounting is used extensively by investors, whereas financial accounting is used only by creditors.
E) Managerial accounting is structured and controlled by GAAP.

Question Details
Accessibility : Keyboard Navigation
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Topic : Managerial Accounting Basics
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

58) Flexibility of practice when applied to managerial accounting means that:

58) ______

A) The information must be presented in electronic format so that it is easily changed.
B) Managers must be willing to accept the information as the accountants present it to them, rather than in the format they ask for.
C) Managerial accounting information must follow concepts and rules known as GAAP.
D) Managerial accounting systems provide internal information reflecting the needs of managers to analyze, plan, and control products and processes.
E) Managerial accounting systems must provide consistent and comparable financial statements across companies.

Question Details
Accessibility : Keyboard Navigation
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AICPA : BB Industry
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

59) Which of the following items does *not* represent a difference between financial and managerial accounting?

59) ______

A) Users of the information.
B) Flexibility of reporting.
C) Timeliness of information.
D) Focus of the information.
E) Inclusion of monetary information.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

60) Which of the following items is *not* a management concept that was created to improve company performance?

60) ______

A) Just-in-time manufacturing.
B) GAAP constraints and guidelines.
C) Total quality management.
D) Continuous improvement.
E) Customer orientation.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

61) The process of setting goals and making plans to achieve them is known as:

61) ______

A) Control.
B) Focus of information.
C) A GAAP system.
D) Planning.
E) Reporting.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

62) Continuous improvement:

62) ______

A) Encourages employees to maintain established business practices.
B) Strives to preserve acceptable levels of performance.
C) Rejects the notion of "good enough."
D) Is not applicable to most businesses.
E) Is possible only in service businesses.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Topic : Trends in Managerial Accounting
Bloom's : Understand
Difficulty : 2 Medium
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

63) The method that rejects the notion of “good enough” and challenges employees and managers to improve operations, is called:

63) ______

A) Continuous improvement.
B) Customer orientation.
C) Just-in-time.
D) Theory of constraints.
E) Total quality measurement.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

64) A management concept based on an understanding of the changing needs and wants of customers and aligning operations accordingly, is called:

64) ______

A) Continuous improvement.
B) Customer orientation.
C) Just-in-time.
D) Theory of constraints.
E) Total quality management.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

65) A system that acquires inventory and produces products only after it receives an order is called:

65) ______

A) Continuous improvement.
B) Customer orientation.
C) Just-in-time manufacturing.
D) Theory of constraints.
E) Total quality management.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AICPA : BB Resource Management
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

66) A management concept whose goal is to eliminate waste while “satisfying the customer” and “providing a positive return” to the company is called:

66) ______

A) Continuous operations.
B) Customer orientation.
C) Just-in-time.
D) Theory of constraints.
E) Lean business model.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AICPA : BB Resource Management
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

67) Which of the following is *not* a goal of a lean business model?

67) ______

A) Eliminate waste.
B) Provide a positive return.
C) Continuous improvement.
D) Consistent production levels.
E) Satisfying the customer.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Trends in Managerial Accounting
AICPA : BB Resource Management
Type : Static
Learning Objective : 01-C4 Describe trends in managerial accounting.

68) The process of monitoring and evaluating an organization's activities and employees is known as:

68) ______

A) Planning.
B) GAAP.
C) A short-term action plan.
D) Continuous improvement.
E) Control.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AICPA : FN Decision Making
Difficulty : 1 Easy
Topic : Managerial Accounting Basics
AACSB : Analytical Thinking
AICPA : BB Resource Management
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

69) A company manufactures basketball hoops. Compute the total amount of conversion costs from the following costs.

Cost item
a. Metal for rims, $12,000
b. Indirect materials, $5,000
c. Fiberglass backboards, $14,000
d. Insurance on factory, $8,000
e. Assembly worker wages, $20,000
f. Assembly supervisor salary, $9,000
g. Factory utilities, $4,000
h. Nets, $5,000
i. Assembly worker benefits, $6,000

69) ______

A) $26,000.
B) $46,000.
C) $52,000.
D) $33,000.
E) $17,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

70) Use the following information to compute the cost of direct materials used for the current year:

	Beginning of Year	End of Year
Inventories		
Raw materials inventory	$ 12,000	$ 15,000
Work in process inventory	24,000	18,000
Finished goods inventory	17,000	11,000
Activity during current year		
Raw materials purchased	$ 247,000	
Direct labor	188,000	
Factory overhead	78,000	

70) ______

A) $259,000.
B) $244,000.
C) $262,000.
D) $241,000.
E) $274,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Ethics
AICPA : BB Legal
AICPA : FN Risk Analysis
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

71) A direct cost is a cost that is:

71) ______

A) Not able to be traced through the manufacturing process.
B) Both a product cost and a period cost.
C) Linked to a time period but not to specific products.
D) Cost-effectively traceable to a cost object.
E) Not cost-effectively traceable to a cost object.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

72) A product, process, department, or customer to which costs are assigned is a(n):

72) ______

A) Cost object.
B) Direct cost.
C) Indirect cost.
D) Direct materials cost.
E) Direct labor cost.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

73) A classification of costs that determines whether a cost is expensed to the income statement or capitalized to inventory is:

73) ______

A) Direct labor versus indirect labor.
B) Direct materials versus indirect materials.
C) Financial versus managerial.
D) Service versus manufacturing.
E) Product versus period.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

74) Costs incurred from converting raw materials to finished goods are known as:

74) ______

A) Prime costs.
B) Conversion costs.
C) Direct costs.
D) Direct materials costs.
E) Period costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

75) Hawk Company manufactures skateboards. Which of the following costs would be classified as both a prime cost and a conversion cost?

75) ______

A) Wood used to make the skateboard.
B) Wheels used on each skateboard.
C) Depreciation on equipment.
D) Wages paid to assembly workers.
E) Factory insurance.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

76) Compute cost of goods sold using the following information:

Finished goods inventory, beginning	$ 690,000
Work in process inventory, beginning	167,000
Work in process inventory, ending	144,600
Cost of goods manufactured	1,837,400
Finished goods inventory, ending	567,200

76) ______

A) $1,692,800.
B) $1,859,800.
C) $1,147,400.
D) $1,270,200.
E) $1,960,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

77) Compute cost of goods sold for a retailer using the following information:

Merchandise inventory, beginning	$ 24,850
Merchandise inventory, ending	37,304
Cost of merchandise purchased	170,934

77) ______

A) $158,480.
B) $183,388.
C) $146,084.
D) $133,630.
E) $12,454.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

78) Which of the following is *not* a direct cost for a scooter manufacturer?

78) ______

A) Office rent.
B) Wheels.
C) Handlebars.
D) Brakes.
E) Grip tape.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

79) Which of the following is an indirect cost of manufacturing scooters?

79) ______

A) Scooter assembly wages.
B) Wheels.
C) Supervisor salary.
D) Brakes.
E) Handlebars.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

80) Flash Company produces lamps. Which of the following is *not* a direct cost?

80) ______

A) Wages for assembly.
B) Electrical cord.
C) Factory rent.
D) Lamp shade.
E) Switch.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

81) Period costs for a manufacturing company flow directly to:

81) ______

A) The income statement as an expense.
B) Factory overhead.
C) The balance sheet as inventory.
D) Cost of goods sold on the income statement.
E) The current schedule of cost of goods manufactured.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
AACSB : Analytical Thinking
AICPA : BB Resource Management
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

82) For product costs associated with a product to be reported on the income statement:

82) ______

A) The product must be transferred to Finished Goods Inventory.
B) The product must still be in Work in Process Inventory.
C) The product must be sold.
D) The product may be in any of the manufacturer's inventory accounts.
E) The company must expect to sell the product during the next twelve months.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
AACSB : Analytical Thinking
AICPA : BB Resource Management
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

83) Costs that are capitalized as inventory during completion of products are called:

83) ______

A) Period costs.
B) Product costs.
C) General costs.
D) Administrative costs.
E) Selling expenses.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

84) Nonproduction costs linked to a time period are called:

84) ______

A) Period costs.
B) Product costs.
C) Direct materials costs.
D) Direct labor costs.
E) Capitalized costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

85) Marshall Corporation incurred costs for materials and labor needed to manufacture its products. These costs are examples of:

85) ______

A) Period costs.
B) Product costs.
C) General and administrative expenses.
D) Selling expenses.
E) Nonmanufacturing costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

86) Product costs:

86) ______

A) Are expensed as cost of goods sold when the product is sold.
B) Are expenditures identified more with a time period rather than with units of product.
C) Include selling and administrative expenses.
D) Are expensed on the income statement when incurred.
E) Are moved to the income statement for any unsold inventory at the end of the year.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

87) The costs of direct materials, direct labor, and overhead of completed products ready for sale are known as:

87) ______

A) Finished goods inventory.
B) Work in process inventory.
C) Raw materials inventory.
D) Cost of goods sold.
E) Factory supplies.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

88) Materials a company acquires to use in making products are called:

88) ______

A) Cost of goods sold.
B) Raw materials inventory.
C) Finished goods inventory.
D) Work in process inventory.
E) Conversion costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

89) The costs of direct materials, direct labor, and overhead for partially completed products are known as:

89) ______

A) Raw materials inventory.
B) Conversion costs.
C) Cost of goods sold.
D) Work in process inventory.
E) Finished goods inventory.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

90) Which of the following is the correct formula for calculating raw materials inventory turnover for a manufacturer?

90) ______

A) Raw materials purchased/Average raw materials inventory.
B) Average raw materials inventory/Raw materials used.
C) Raw materials used/Average raw materials inventory.
D) Ending raw materials/Raw materials used × 365.
E) Raw materials used/Beginning raw materials inventory × 365.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

91) Which of the following is the correct formula for calculating days′ sales in raw materials inventory for a manufacturer?

91) ______

A) Raw materials purchased/Average raw materials inventory.
B) Average raw materials inventory/Raw materials used.
C) Raw materials used/Average raw materials inventory.
D) Ending raw materials inventory/Raw materials used × 365.
E) Raw materials used/Beginning raw materials inventory × 365.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

92) Which of the following statements is correct concerning the days' sales in raw materials inventory ratio?

92) ______

A) It measures the adequacy of raw materials inventory to meet production demands.
B) The ratio is not useful for a manufacturer.
C) It reveals how many times a company turns over its raw materials inventory in a period.
D) Companies usually prefer a high number of days' sales in raw materials inventory.
E) It is calculated by taking the Raw materials used/Average raw materials inventory.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

93) The cost of workers who assist in, or supervise, the manufacturing process, not linked to specific units of product is called:

93) ______

A) Unspecified labor.
B) Direct labor.
C) Indirect labor.
D) Basic labor.
E) Joint labor.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

94) Which of the following is *not* a factory overhead cost?

94) ______

A) Indirect labor costs.
B) Indirect materials costs.
C) Selling expenses.
D) Maintenance costs.
E) Factory rent.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

95) Labor costs that are clearly associated with employees who directly convert materials to finished product are called:

95) ______

A) Contracted labor.
B) Direct labor.
C) Indirect labor.
D) Finished labor.
E) All labor.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

96) Manufacturing costs, other than direct materials and direct labor, that cannot be cost-effectively traced to finished goods are called:

96) ______

A) Administrative expenses.
B) Period costs.
C) Prime costs.
D) Factory overhead.
E) Selling costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

97) Materials that are used in manufacturing that cannot be cost-effectively traced to finished goods are called:

97) ______

A) Secondary materials.
B) General materials.
C) Direct materials.
D) Indirect materials.
E) Materials inventory.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

98) The salary paid to the assembly line supervisor would normally be classified as:
98) ______

A) Direct labor.
B) Indirect labor.
C) A period cost.
D) A prime cost.
E) A general and administrative expense.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

99) Which of the following items appears only in a *manufacturing* company's financial statements?

99) ______

A) Cost of goods sold.
B) Cost of goods manufactured.
C) Inventory.
D) Gross profit.
E) Net income.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
AACSB : Analytical Thinking
AICPA : BB Resource Management
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

100) Which of the following costs is *not* included in factory overhead?

100) ______

A) Indirect materials.
B) Indirect labor.
C) Depreciation of manufacturing equipment.
D) Repairs of factory equipment.
E) Direct materials.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

101) Which of the following should *not* be included in direct materials costs for a bike manufacturer?

101) ______

A) Tires.
B) Machine lubrication oil.
C) Seats.
D) Pedals.
E) Handlebars.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

102) Materials that are crucial parts of a finished product are called:

102) ______

A) Raw materials sold.
B) Chargeable materials.
C) Work in process.
D) Period costs.
E) Direct materials.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

103) The three major costs of manufacturing a product are:

103) ______

A) Marketing, selling, and administrative costs.
B) Indirect labor, indirect materials, and factory overhead.
C) Direct materials, direct labor, and factory overhead.
D) Product costs, period costs, and factory overhead.
E) General, selling, and administrative costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

104) Which of the following costs would *not* be classified as factory overhead?

104) ______

A) Factory utilities.
B) Insurance on factory building.
C) Wages of the factory janitor.
D) Rubber for the soles of shoes produced.
E) Depreciation on factory equipment.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

105) A manufacturer's total cost of direct materials, direct labor, and factory overhead for finished products makes up:

105) ______

A) Ending raw materials inventory.
B) Total manufacturing costs.
C) Ending work in process inventory.
D) Cost of goods manufactured.
E) Sales.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Flow of Manufacturing Activities
Type : Static
Learning Objective : 01-C3 Explain manufacturing activities and the flow of manufacturing costs.

106) A company manufactures bicycles. Compute the total amount of factory overhead from the following costs.

Cost item

a. Factory maintenance salary, $9,000
b. Assembly worker wages, $25,000
c. Office staff salaries, $20,000
d. Depreciation on factory equipment, $10,000
e. Indirect materials costs, $5,000
f. Office insurance, $1,000
g. Direct materials costs, $6,000
h. Factory rent, $8,000
i. Property taxes on factory, $4,000

106) ______

A) $47,000.
B) $56,000.
C) $37,000.
D) $36,000.
E) $32,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

107) Which one of the following items is *not* a manufacturing cost?

107) ______

A) Direct materials.
B) Factory overhead.
C) General and administrative expenses.
D) Direct labor.
E) Conversion cost.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

108) A company manufactures motorcycles. Compute the total amount of direct materials costs from the following costs.

Cost item

a. Tires, $10,000
b. Motorcycle seats, $17,000
c. Handlebars, $6,000

d. Factory accounting, $10,000
e. Factory equipment depreciation, $5,000
f. Assembly worker wages, $15,000
g. Factory rent, $60,000
h. Assembly worker benefits, $5,000
i. Bike frames, $14,000

108) ______

A) $47,000.
B) $67,000.
C) $62,000.
D) $52,000.
E) $107,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

109) A company manufactures skateboards. Compute the total amount of product costs from the following costs.

Cost item

a. Wheels, $15,000
b. Wooden boards, $22,000
c. Advertising costs, $5,000
d. Insurance on factory, $6,000
e. Factory equipment depreciation, $8,000
f. Assembly worker wages, $11,000
g. Salesperson salaries, $16,000
h. Office manager’s salary, $7,000
i. Factory utilities, $3,000

109) ______

A) $61,000.
B) $65,000.
C) $70,000.
D) $81,000.
E) $59,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

110) A company manufactures basketball hoops. Compute the total amount of prime costs from the following costs.

Cost item

a. Metal for rims, $12,000
b. Indirect materials, $5,000
c. Fiberglass backboards, $14,000
d. Insurance on factory, $8,000
e. Assembly worker wages, $20,000
f. Assembly supervisor salary, $9,000
g. Factory utilities, $4,000
h. Nets, $5,000

110) ______

A) $54,000.
B) $60,000.
C) $64,000.
D) $45,000.
E) $51,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

111) A manufacturing company has a beginning finished goods inventory of $16,100, raw material purchases of $19,500, cost of goods manufactured of $35,500, and an ending finished goods inventory of $19,300. The cost of goods sold for this company is:

111) ______

A) $51,600.
B) $22,700.
C) $32,300.
D) $30,600.
E) $35,500.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

112) A manufacturing company has a beginning finished goods inventory of $14,600, raw material purchases of $18,000, cost of goods manufactured of $32,500, and an ending finished goods inventory of $17,800. The cost of goods sold for this company is:

112) ______

A) $21,200.
B) $29,300.
C) $32,500.
D) $47,100.
E) $27,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

113) A manufacturing company has a beginning finished goods inventory of $29,000, cost of goods manufactured of $59,200, and an ending finished goods inventory of $28,300. The cost of goods sold for this company is:

113) ______

A) $116,500.
B) $58,500.
C) $1,900.
D) $87,500.
E) $59,900.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

114) A manufacturing company has a beginning finished goods inventory of $28,300, cost of goods manufactured of $58,500, and an ending finished goods inventory of $27,600. The cost of goods sold for this company is:

114) ______

A) $86,800.
B) $57,800.
C) $2,600.
D) $86,100.
E) $59,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

115) Romeo Corporation reports the following for the year:

Finished goods inventory, January 1	$ 4,200
Finished goods inventory, December 31	5,000

Total cost of goods sold	16,200

The cost of goods manufactured for the year is:

115) ______

A) $17,000.
B) $20,400.
C) $11,200.
D) $12,000.
E) $21,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

116) Romeo Corporation reports the following for the year:

Finished goods inventory, January 1	$ 3,200
Finished goods inventory, December 31	4,000
Total cost of goods sold	14,200

The cost of goods manufactured for the year is:

116) ______

A) $21,400.
B) $11,000.
C) $15,000.
D) $17,400.
E) $10,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

117) Mustang Corporation reports the following for the month of April:

Finished goods inventory, April 1	$ 30,500
Finished goods inventory, April 30	24,900
Total cost of goods manufactured	115,900

The cost of goods sold for April is:

117) ______

A) $170,700.
B) $110,300.
C) $60,500.
D) $121,500.
E) $146,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

118) Mustang Corporation reports the following for the month of April:

Finished goods inventory, April 1	$ 30,200
Finished goods inventory, April 30	24,600
Total cost of goods manufactured	114,500

The cost of goods sold for April is:

118) ______

A) $169,300.
B) $108,900.
C) $59,700.
D) $120,100.
E) $144,700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

119) A company's prime costs total $4,700,000 and its conversion costs total $8,700,000. If direct materials are $1,850,000 and factory overhead is $5,850,000, then direct labor is:

119) ______

A) $4,000,000.
B) $17,400,000.
C) $2,850,000.
D) $1,000,000.
E) $4,700,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Balance Sheet
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Algorithmic
Topic : Product versus Period Costs
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.
Learning Objective : 01-C3 Explain manufacturing activities and the flow of manufacturing costs.

120) A company's prime costs total $3,000,000 and its conversion costs total $7,000,000. If direct materials are $1,000,000 and factory overhead is $5,000,000, then direct labor is:

120) ______

A) $4,000,000.
B) $6,000,000.
C) $2,000,000.
D) $1,000,000.
E) $3,000,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

121) Craigmont Company's direct materials costs are $4,700,000, its direct labor costs total $8,530,000, and its factory overhead costs total $6,530,000. Its prime costs total:

121) ______

A) $13,230,000.
B) $11,230,000.
C) $15,060,000.
D) $6,700,000.
E) $19,760,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Balance Sheet
Topic : Cost Concepts
Type : Algorithmic
Topic : Product versus Period Costs
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

122) Craigmont Company's direct materials costs are $3,000,000, its direct labor costs total $7,000,000, and its factory overhead costs total $5,000,000. Its prime costs total:

122) ______

A) $10,000,000.
B) $8,000,000.
C) $12,000,000.
D) $5,000,000.
E) $15,000,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

123) Craigmont Company's direct materials costs are $4,300,000, its direct labor costs total $8,170,000, and its factory overhead costs total $6,170,000. Its conversion costs total:

123) ______

A) $12,470,000.
B) $10,470,000.
C) $14,340,000.
D) $6,300,000.
E) $18,640,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Algorithmic
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

124) Craigmont Company's direct materials costs are $3,000,000, its direct labor costs total $7,000,000, and its factory overhead costs total $5,000,000. Its conversion costs total:

124) ______

A) $10,000,000.
B) $8,000,000.
C) $12,000,000.
D) $5,000,000.
E) $15,000,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

125) A company manufactures lawnmowers. Compute the total amount of period costs from the following costs.

Cost item

a. Wheels, $25,000
b. Lawnmower frames, $50,000
c. Advertising costs, $10,000
d. Delivery costs, $16,000
e. Office manager's salary, $7,000
f. Assembly worker wages, $15,000
g. Factory utilities, $7,500
h. Office accounting, $11,000
i. Factory equipment depreciation, $3,000

125) ______

A) $40,500.
B) $44,000.
C) $47,000.
D) $51,500.
E) $54,500.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

126) The following information relates to the manufacturing operations of the JNR Company for the year:

	Beginning	**Ending**
Raw materials inventory	$ 66,000	$ 69,000
Finished goods	77,000	69,000

The raw materials used in manufacturing during the year totaled $127,000. Raw materials purchased during the year amount to:

126) ______

A) $127,000.
B) $130,000.
C) $116,000.
D) $135,000.
E) $124,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

127) The following information relates to the manufacturing operations of the JNR Company for the year:

	Beginning	Ending
Raw materials inventory	$ 57,000	$ 60,000
Finished goods	68,000	60,000

The raw materials used in manufacturing during the year totaled $118,000. Raw materials purchased during the year amount to:

127) ______

A) $107,000.
B) $115,000.
C) $118,000.
D) $121,000.
E) $126,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

128) The following information relates to the manufacturing operations of the Abbra Publishing Company for the year:

	Beginning	Ending
Raw materials inventory	$ 567,000	$ 630,000

The raw materials used in manufacturing during the year totaled $1,118,000. Raw materials purchased during the year amount to:

128) ______

A) $1,055,000.
B) $992,000.
C) $1,685,000.
D) $488,000.
E) $1,181,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

129) The following information relates to the manufacturing operations of the Abbra Publishing Company for the year:

	Beginning	Ending
Raw materials inventory	$ 547,000	$ 610,000

The raw materials used in manufacturing during the year totaled $1,018,000. Raw materials purchased during the year amount to:

129) ______

A) $955,000.
B) $892,000.
C) $1,565,000.
D) $408,000.
E) $1,081,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

130) Comet Company accumulated the following account information for the year:

Direct materials cost	$ 6,700
Indirect materials cost	2,700
Indirect labor cost	5,700
Maintenance of factory equipment	3,500
Direct labor cost	7,700

Using the above information, total factory overhead costs equal:

130) ______

A) $19,600.
B) $9,200.
C) $17,900.
D) $11,900.
E) $15,100.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

131) Comet Company accumulated the following account information for the year:

Direct materials cost	$ 6,000
Indirect materials cost	2,000
Indirect labor cost	5,000
Maintenance of factory equipment	2,800
Direct labor cost	7,000

Using the above information, total factory overhead costs equal:

131) ______

A) $9,800.
B) $16,800.
C) $15,800.
D) $13,000.
E) $7,800.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

132) Asteroid Industries accumulated the following cost information for the year:

Salesperson salaries	$ 16,200
Indirect materials	4,200
Indirect labor	8,700
Factory depreciation	13,000
Direct labor	37,200

Using the above information, total factory overhead costs equal:

132) ______

A) $79,300.
B) $25,900.
C) $13,000.
D) $17,200.
E) $53,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

133) Asteroid Industries accumulated the following cost information for the year:

Salesperson salaries	$ 16,000
Indirect materials	4,000
Indirect labor	8,500
Factory depreciation	12,800
Direct labor	37,000

Using the above information, total factory overhead costs equal:

133) ______

A) $78,300.
B) $25,300.
C) $12,800.
D) $16,800.
E) $53,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

134) The following information is available for the year ended December 31:

Beginning raw materials inventory	$ 3,300
Raw materials purchases	4,800
Ending raw materials inventory	3,800
Direct labor expense	1,800

The amount of direct materials used in production for the year is:

134) ______

A) $4,900.
B) $4,800.
C) $4,300.
D) $8,100.
E) $6,700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

135) The following information is available for the year ended December 31:

Beginning raw materials inventory	$ 21,500
Raw materials purchases	74,000
Ending raw materials inventory	23,000
Direct labor expense	2,400

The amount of direct materials used in production for the year is:

135) ______

A) $76,400.
B) $95,500.
C) $72,500.
D) $74,900.
E) $70,100.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

136) The following information is available for the year ended December 31:

Beginning raw materials inventory	$ 13,000
Raw materials purchases	90,000
Ending raw materials inventory	12,400
Advertising expense	700

The amount of raw materials used in production for the year is:

136) ______

A) $91,300.
B) $77,600.
C) $90,700.
D) $89,400.
E) $90,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

137) The following information is available for the year ended December 31:

Beginning raw materials inventory	$ 11,000
Raw materials purchases	86,000
Ending raw materials inventory	10,400
Advertising expense	900

The amount of direct materials used in production for the year is:

137) ______

A) $87,500.
B) $85,700.
C) $86,900.
D) $85,400.
E) $86,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

138) A report that lists the types and amounts of costs incurred in manufacturing is a:

138) ______

A) Manufacturer balance sheet.
B) Manufacturer period cost statement.
C) Schedule of cost of goods manufactured.
D) Sales journal.
E) Balanced scorecard.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
AACSB : Communication
AICPA : BB Industry
Difficulty : 1 Easy
AICPA : FN Reporting
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

139) If beginning and ending work in process inventories are $5,800 and $15,800, respectively, and cost of goods manufactured is $178,000, what is the total manufacturing cost for the period?

139) ______

A) $188,000.
B) $168,000.
C) $183,800.
D) $162,200.
E) $172,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

140) If beginning and ending work in process inventories are $5,000 and $15,000, respectively, and cost of goods manufactured is $170,000, what is the total manufacturing cost for the period?

140) ______

A) $180,000.
B) $155,000.
C) $160,000.
D) $175,000.
E) $165,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

141) Use the cost information below for Ruiz Incorporated to determine the total manufacturing costs incurred during the year:

Work in Process, beginning	$ 53,400
Work in Process, ending	38,700
Direct materials used	$ 14,200
Total factory overhead	7,200
Direct labor used	28,200

141) ______

A) $49,600.
B) $95,800.
C) $14,700.
D) $103,000.
E) $64,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

142) Use the cost information below for Ruiz Incorporated to determine the total manufacturing costs incurred during the year:

Work in Process, beginning	$ 50,000
Work in Process, ending	37,000
Direct materials used	$ 12,500
Total factory overhead	5,500
Direct labor used	26,500

142) ______

A) $13,000.
B) $44,500.
C) $57,500.
D) $94,500.
E) $89,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

143) Use the cost information below for Ruiz, Incorporated to determine cost of goods manufactured for the year:

Work in Process, beginning	$ 52,800
Work in Process, ending	38,400
Total factory overhead	6,900
Direct materials used	13,900
Direct labor used	27,900

143) ______

A) $56,200.
B) $63,100.
C) $14,400.
D) $101,500.
E) $48,700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

144) Use the cost information below for Ruiz, Incorporated to determine cost of goods manufactured for the year:

Work in Process, beginning	$ 50,000
Work in Process, ending	37,000
Total factory overhead	5,500
Direct materials used	12,500
Direct labor used	26,500

144) ______

A) $13,000.
B) $44,500.
C) $57,500.
D) $94,500.
E) $52,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

145) Use the cost information below for Laurels Company to determine the total manufacturing costs during the current year:

Direct materials used	$ 5,500
Direct labor used	7,500
Total factory overhead	5,600
Work in process inventory, beginning	3,500
Work in process inventory, ending	5,000

145) ______

A) $13,000.
B) $17,100.
C) $15,100.
D) $18,600.
E) $20,100.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

146) Use the cost information below for Laurels Company to determine the total manufacturing costs during the current year:

Direct materials used	$ 5,000
Direct labor used	7,000
Total factory overhead	5,100
Work in process inventory, beginning	3,000
Work in process inventory, ending	4,000

146) ______

A) $12,000.
B) $16,100.
C) $17,100.
D) $18,100.
E) $13,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

147) Use the cost information below for Laurels Company to determine the cost of goods manufactured during the current year:

Direct materials used	$ 7,000
Direct labor	9,000
Total factory overhead	7,100
Work in process inventory, beginning	5,000
Work in process inventory, ending	8,000

147) ______

A) $20,100.
B) $16,000.
C) $19,600.
D) $26,100.
E) $23,100.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

148) Use the cost information below for Laurels Company to determine the cost of goods manufactured during the current year:

Direct materials used	$ 5,000
Direct labor	7,000
Total factory overhead	5,100
Work in process inventory, beginning	3,000
Work in process inventory, ending	4,000

148) ______

A) $16,100.
B) $12,000.
C) $17,100.
D) $18,100.
E) $13,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

149) Use the cost information below for Sundar Company to determine the total manufacturing costs added during the current year:

Direct materials used	$ 20,300
Direct labor used	25,800
Factory overhead	48,600
Work in process inventory, beginning	12,000
Work in process inventory, ending	12,600

149) ______

A) $94,700.
B) $46,100.
C) $94,100.
D) $45,500.
E) $73,800.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

150) Use the cost information below for Sundar Company to determine the total manufacturing costs added during the current year:

Direct materials used	$ 19,000
Direct labor used	24,500
Factory overhead	55,100
Work in process inventory, beginning	10,700
Work in process inventory, ending	11,300

150) ______

A) $98,600.
B) $43,500.
C) $98,000.
D) $42,900.
E) $79,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

151) Use the cost information below for Sundar Company to determine the cost of goods manufactured during the current year:

Direct materials used	$ 20,700
Direct labor used	26,200
Factory overhead	46,600
Work in process inventory, beginning	12,400
Work in process inventory, ending	13,000

151) ______

A) $93,500.
B) $46,900.
C) $92,900.
D) $46,300.
E) $72,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

152) Use the cost information below for Sundar Company to determine the cost of goods manufactured during the current year:

Direct materials used	$ 19,000
Direct labor used	24,500
Factory overhead	55,100
Work in process inventory, beginning	10,700
Work in process inventory, ending	11,300

152) ______

A) $98,600.
B) $43,500.
C) $98,000.
D) $42,900.
E) $79,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

153) Total manufacturing costs incurred during the year do *not* include:

153) ______

A) Direct materials used.
B) Factory utilities.
C) Shipping costs.
D) Direct labor.
E) Depreciation of factory machinery.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

154) Which of the following accounts would not appear on a schedule of cost of goods manufactured?

154) ______

A) Wages payable.
B) Raw materials inventory.
C) Depreciation on factory equipment.
D) Indirect labor.
E) Factory utilities.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

155) Which of the following is the correct formula for calculating cost of goods manufactured?

155) ______

A) Direct materials used + direct labor + factory overhead + beginning work in process + ending work in process.
B) Direct materials used + direct labor + factory overhead + beginning work in process − ending work in process.
C) Direct materials used + direct labor + factory overhead − beginning work in process + ending work in process.
D) Direct materials used + direct labor + factory overhead − beginning work in process − ending work in process.
E) Direct materials used + direct labor − factory overhead + beginning work in process − ending work in process.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

156) Current information for the Healey Company follows:

Beginning raw materials inventory	$ 15,600
Raw material purchases	60,400
Ending raw materials inventory	17,000
Beginning work in process inventory	22,800
Ending work in process inventory	28,400
Direct labor	43,200
Total factory overhead	30,400

All raw materials used were direct materials. Healey Company's direct materials used for the year is:

156) ______

A) $59,000.
B) $77,400.
C) $61,800.
D) $60,400.
E) $76,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

157) Current information for the Healey Company follows:

Beginning raw materials inventory	$ 15,200
Raw material purchases	60,000
Ending raw materials inventory	16,600
Beginning work in process inventory	22,400
Ending work in process inventory	28,000
Direct labor	42,800
Total factory overhead	30,000

All raw materials used were direct materials. Healey Company's direct materials used for the year is:

157) ______

A) $58,600.
B) $60,000.
C) $75,200.
D) $76,600.
E) $61,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

158) Current information for the Healey Company follows:

Beginning raw materials inventory	$ 14,900
Raw material purchases	57,000
Ending raw materials inventory	16,300
Beginning work in process inventory	22,100
Ending work in process inventory	27,700
Direct labor	41,300
Total factory overhead	29,700

All raw materials used were direct materials. Healey Company's total manufacturing costs for the year are:

158) ______

A) $121,000.
B) $129,400.
C) $126,600.
D) $132,200.
E) $135,100.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

159) Current information for the Healey Company follows:

Beginning raw materials inventory	$ 15,200
Raw material purchases	60,000
Ending raw materials inventory	16,600
Beginning work in process inventory	22,400
Ending work in process inventory	28,000
Direct labor	42,800
Total factory overhead	30,000

All raw materials used were direct materials. Healey Company's total manufacturing costs for the year are:

159) ______

A) $125,800.
B) $128,600.
C) $131,400.
D) $137,000.
E) $139,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

160) Current information for the Healey Company follows:

Beginning raw materials inventory	$ 20,200
Raw material purchases	65,000
Ending raw materials inventory	21,600
Beginning work in process inventory	27,400
Ending work in process inventory	33,000
Direct labor	47,800
Total factory overhead	35,000

All raw materials used were direct materials. Healey Company's cost of goods manufactured for the year is:

160) ______

A) $140,800.
B) $143,600.
C) $146,400.
D) $152,000.
E) $149,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

161) Current information for the Healey Company follows:

Beginning raw materials inventory	$ 15,200
Raw material purchases	60,000
Ending raw materials inventory	16,600
Beginning work in process inventory	22,400
Ending work in process inventory	28,000
Direct labor	42,800
Total factory overhead	30,000

All raw materials used were direct materials. Healey Company's cost of goods manufactured for the year is:

161) ______

A) $125,800.
B) $128,600.
C) $131,400.
D) $137,000.
E) $139,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

162) Xia Company manufactures a single product. All raw materials used were direct materials. Current information for company follows:

Beginning raw materials inventory	$ 13,000
Ending raw materials inventory	16,000
Raw material purchases	90,000
Beginning work in process inventory	25,000
Ending work in process inventory	35,000
Direct labor	115,000
Total factory overhead	90,000
Beginning finished goods inventory	65,000
Ending finished goods inventory	45,000

The company's cost of direct materials used, cost of goods manufactured and cost of goods sold are:

	Cost of Materials Used	**Cost of Goods Manufactured**	**Cost of Goods Sold**
Option A	$90,000	$282,000	$262,000
Option B	$93,000	$282,000	$302,000
Option C	$87,000	$302,000	$262,000
Option D	$87,000	$282,000	$302,000
Option E	$93,000	$302,000	$282,000

162) ______

A) Option A
B) Option B
C) Option C
D) Option D
E) Option E

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

163) Xia Company manufactures a single product. All raw materials used were direct materials. Current information for company follows:

Beginning raw materials inventory	$ 8,000
Ending raw materials inventory	11,000
Raw material purchases	85,000
Beginning work in process inventory	20,000
Ending work in process inventory	30,000
Direct labor	110,000
Total factory overhead	85,000
Beginning finished goods inventory	60,000
Ending finished goods inventory	40,000

The company's cost of direct materials used, cost of goods manufactured and cost of goods sold are:

	Cost of Materials Used	Cost of Goods Manufactured	Cost of Goods Sold
Option A	$85,000	$267,000	$247,000
Option B	$88,000	$267,000	$287,000
Option C	$82,000	$287,000	$247,000

Option D	$82,000	$267,000	$287,000
Option E	$88,000	$287,000	$267,000

163) ______

A) Option A
B) Option B
C) Option C
D) Option D
E) Option E

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

164) Richards Company manufactures a single product. All raw materials used were direct materials. Current information for the company follows:

Beginning raw materials inventory	$ 23,000
Ending raw materials inventory	25,000
Raw material purchases	103,000
Beginning work in process inventory	53,000
Ending work in process inventory	38,000
Direct labor	143,000
Total factory overhead	73,000
Beginning finished goods inventory	68,000
Ending finished goods inventory	58,000

The company's cost of direct materials used, cost of goods manufactured and cost of goods sold are:

	Cost of Materials Used	Cost of Goods Manufactured	Cost of Goods Sold

Option A	$103,000	$332,000	$322,000
Option B	$105,000	$332,000	$342,000
Option C	$101,000	$302,000	$322,000
Option D	$101,000	$332,000	$342,000
Option E	$105,000	$302,000	$332,000

164) ______

A) Option A
B) Option B
C) Option C
D) Option D
E) Option E

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

165) Richards Company manufactures a single product. All raw materials used were direct materials. Current information for the company follows:

Beginning raw materials inventory	$ 10,000
Ending raw materials inventory	12,000
Raw material purchases	90,000
Beginning work in process inventory	40,000
Ending work in process inventory	25,000
Direct labor	130,000
Total factory overhead	60,000
Beginning finished goods inventory	55,000
Ending finished goods inventory	45,000

The company's cost of direct materials used, cost of goods manufactured and cost of goods sold are:

	Cost of Materials Used	Cost of Goods Manufactured	Cost of Goods Sold
Option A	$90,000	$293,000	$283,000
Option B	$92,000	$293,000	$303,000
Option C	$88,000	$263,000	$283,000
Option D	$88,000	$293,000	$303,000
Option E	$92,000	$263,000	$293,000

165) ______

A) Option A
B) Option B
C) Option C
D) Option D
E) Option E

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

166) Current information for the Stellar Corporation follows:

Beginning work in process inventory	$ 33,900
Ending work in process inventory	35,300
Direct materials used	163,000
Direct labor used	101,000
Total factory overhead	79,100

Stellar Corporation's cost of goods manufactured for the year is:

166) ______

A) $343,100.
B) $344,500.
C) $377,000.
D) $307,800.
E) $341,700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

167) Current information for the Stellar Corporation follows:

Beginning work in process inventory	$ 17,900
Ending work in process inventory	19,300
Direct materials used	147,000
Direct labor used	85,000
Total factory overhead	63,100

Stellar Corporation's cost of goods manufactured for the year is:

167) ______

A) $295,100.
B) $296,500.
C) $313,000.
D) $275,800.
E) $293,700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

168) Use the following data to determine the cost of goods manufactured:

Beginning finished goods inventory	$ 11,300
Direct labor used	31,100
Beginning work in process inventory	7,700
General and administrative expenses	14,000
Direct materials used	41,000
Ending work in process inventory	9,500
Indirect labor	6,800
Ending finished goods inventory	10,000
Indirect materials	14,000
Depreciation—factory equipment	8,000

168) ______

A) $99,100.
B) $116,700.
C) $102,700.
D) $113,100.
E) $104,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

169) Use the following data to determine the cost of goods manufactured:

Beginning finished goods inventory	$ 10,800
Direct labor used	30,600
Beginning work in process inventory	7,200
General and administrative expenses	13,500
Direct materials used	40,500
Ending work in process inventory	9,000
Indirect labor	6,300
Ending finished goods inventory	9,500
Indirect materials	13,500
Depreciation—factory equipment	7,500

169) ______

A) $102,000.
B) $110,100.
C) $96,600.
D) $113,700.
E) $100,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

170) Use the following data to compute total factory overhead costs for the month:

Sales commissions	$ 11,900
Direct labor	40,700
Indirect materials	16,300
Factory utilities	10,100
Indirect labor	14,600
Direct materials	41,600
Corporate office salaries	43,600
Depreciation—factory equipment	8,600

170) ______

A) $143,800.
B) $131,900.
C) $49,600.
D) $90,300.
E) $55,500.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

171) Use the following data to compute total factory overhead costs for the month:

Sales commissions	$ 10,800
Direct labor	39,600
Indirect materials	15,200
Factory utilities	9,000
Indirect labor	13,500
Direct materials	40,500
Corporate office salaries	42,500
Depreciation—factory equipment	7,500

171) ______

A) $141,100.
B) $125,300.
C) $45,200.
D) $84,800.
E) $58,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

172) Use the following data to compute total manufacturing costs for the month:

Sales commissions	$ 11,300
Direct labor	40,100
Indirect materials	15,700
Factory utilities	9,500
Indirect labor	14,000
Depreciation—office equipment	5,500
Direct materials	41,000
Corporate office salaries	43,000
Depreciation—factory equipment	8,000

172) ______

A) $145,100.
B) $128,300.
C) $47,200.
D) $87,300.
E) $59,800.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

173) Use the following data to compute total manufacturing costs for the month.

Sales commissions	$ 10,800
Direct labor	39,600
Indirect materials	15,200
Factory utilities	9,000
Indirect labor	13,500
Depreciation—office	5,000
Direct materials	40,500
Corporate office salaries	42,500
Depreciation—factory equipment	7,500

173) ______

A) $141,100.
B) $125,300.
C) $45,200.
D) $84,800.
E) $58,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

174) Use the following information to compute the cost of goods manufactured. Assume all raw materials used were direct materials.

Beginning raw materials inventory	$ 6,900
Ending raw materials inventory	5,400
Direct labor	13,650
Raw material purchases	8,800
Depreciation on factory equipment	7,900
Factory repairs and maintenance	4,700
Beginning finished goods inventory	11,600
Ending finished goods inventory	10,300
Beginning work in process inventory	7,100
Ending work in process inventory	7,700

174) ______

A) $37,650.
B) $37,150.
C) $43,650.
D) $35,950.
E) $36,550.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

175) Use the following information to compute the cost of goods manufactured. Assume all raw materials used were direct materials.

Beginning raw materials inventory	$ 5,500
Ending raw materials inventory	4,000
Direct labor	12,250
Raw material purchases	7,400
Depreciation on factory equipment	6,500
Factory repairs and maintenance	3,300
Beginning finished goods inventory	10,200
Ending finished goods inventory	8,900
Beginning work in process inventory	5,700
Ending work in process inventory	6,300

175) ______

A) $36,650.
B) $30,950.
C) $30,650.
D) $30,350.
E) $31,650.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

176) Use the following data to calculate the cost of goods sold for the period:

Beginning Raw Materials Inventory	$ 31,400
Ending Raw Materials Inventory	71,400
Beginning Work in Process Inventory	41,400
Ending Work in Process Inventory	47,400
Beginning Finished Goods Inventory	73,400
Ending Finished Goods Inventory	69,400
Cost of Goods Manufactured	247,400

176) ______

A) $259,400.
B) $243,400.
C) $291,400.
D) $247,400.
E) $251,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

177) Use the following data to calculate the cost of goods sold for the period:

Beginning Raw Materials Inventory	$ 30,000
Ending Raw Materials Inventory	70,000
Beginning Work in Process Inventory	40,000
Ending Work in Process Inventory	46,000
Beginning Finished Goods Inventory	72,000
Ending Finished Goods Inventory	68,000
Cost of Goods Manufactured	246,000

177) ______

A) $250,000.
B) $290,000.
C) $242,000.
D) $258,000.
E) $246,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

178) Use the following information to calculate the cost of goods sold for the period:

Beginning Finished Goods Inventory	$ 23,500
Ending Finished Goods Inventory	22,000
Cost of Goods Manufactured	130,800

178) ______

A) $176,300.
B) $130,800.
C) $129,300.
D) $154,300.
E) $132,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

179) Use the following information to calculate cost of goods sold for the period:

Beginning Finished Goods Inventory	$ 19,500
Ending Finished Goods Inventory	18,000
Cost of Goods Manufactured	126,800

179) ______

A) $164,300.
B) $126,800.
C) $125,300.
D) $146,300.
E) $128,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

180) Using the information below, calculate the cost of goods manufactured for the period:

Beginning Raw Materials Inventory	$ 37,000
Ending Raw Materials Inventory	28,600
Beginning Work in Process Inventory	67,000
Ending Work in Process Inventory	76,000
Beginning Finished Goods Inventory	98,000
Ending Finished Goods Inventory	79,000
Cost of Goods Sold	552,000
Sales Revenues	1,266,000
Selling Expenses	244,000

180) ______

A) $571,000.
B) $542,000.
C) $561,000.
D) $533,000.
E) $577,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

181) Using the information below, calculate the cost of goods manufactured for the period:

Beginning Raw Materials Inventory	$ 25,000
Ending Raw Materials Inventory	30,000
Beginning Work in Process Inventory	55,000
Ending Work in Process Inventory	64,000
Beginning Finished Goods Inventory	80,000
Ending Finished Goods Inventory	67,000
Cost of Goods Sold	540,000
Sales	1,254,000
Selling Expenses	232,000

181) ______

A) $553,000.
B) $536,000.
C) $549,000.
D) $527,000.
E) $525,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

182) Using the information below, calculate gross profit for the period:

Beginning Raw Materials Inventory	$ 29,500
Ending Raw Materials Inventory	34,500
Beginning Work in Process Inventory	64,000
Ending Work in Process Inventory	73,000
Beginning Finished Goods Inventory	89,000
Ending Finished Goods Inventory	76,000
Cost of Goods Sold	585,000
Sales	1,344,000
Selling Expenses	277,000

182) ______

A) $759,000.
B) $482,000.
C) $1,067,000.
D) $116,000.
E) $772,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

183) Using the information below, calculate gross profit for the period:

Beginning Raw Materials Inventory	$ 25,000
Ending Raw Materials Inventory	30,000
Beginning Work in Process Inventory	55,000
Ending Work in Process Inventory	64,000
Beginning Finished Goods Inventory	80,000
Ending Finished Goods Inventory	67,000
Cost of Goods Sold	540,000
Sales	1,254,000
Selling Expenses	232,000

183) ______

A) $714,000.
B) $482,000.
C) $1,022,000.
D) $187,000.
E) $727,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

184) Using the information below, calculate cost of goods sold for the period:

Sales	$ 1,321,000
Selling expenses	256,000
Finished Goods Inventory, beginning	53,000
Finished Goods Inventory, ending	58,000
Cost of goods manufactured	557,000

184) ______

A) $808,000.
B) $803,000.
C) $513,000.
D) $552,000.
E) $397,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

185) Using the information below, calculate cost of goods sold for the period:

Sales	$ 1,304,000
Selling expenses	239,000
Finished Goods Inventory, beginning	36,000
Finished Goods Inventory, ending	41,000
Cost of goods manufactured	540,000

185) ______

A) $774,000.
B) $769,000.
C) $530,000.
D) $535,000.
E) $448,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

186) Using the information below, calculate gross profit for the period.

Sales	$ 1,344,000
Selling expenses	243,000
Finished Goods Inventory, beginning	36,400
Finished Goods Inventory, ending	41,400
Cost of goods manufactured	560,000

186) ______

A) $794,000.
B) $789,000.
C) $550,000.
D) $555,000.
E) $463,200.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

187) Using the information below, calculate gross profit for the period:

Sales	$ 1,304,000
Selling expenses	239,000
Finished Goods Inventory, beginning	36,000
Finished Goods Inventory, ending	41,000
Cost of goods manufactured	540,000

187) ______

A) $774,000.
B) $769,000.
C) $530,000.
D) $535,000.
E) $448,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

188) Using the information below, calculate net income for the period:

Sales	$ 1,319,000
Selling expenses	254,000
Finished Goods Inventory, beginning	51,000
Finished Goods Inventory, ending	56,000
Cost of goods manufactured	555,000

188) ______

A) $804,000.
B) $799,000.
C) $515,000.
D) $550,000.
E) $403,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

189) Using the information below, calculate net income for the period:

Sales	$ 1,304,000
Selling expenses	239,000
Finished Goods Inventory, beginning	36,000
Finished Goods Inventory, ending	41,000
Cost of goods manufactured	540,000

189) ______

A) $774,000.
B) $769,000.
C) $530,000.
D) $535,000.
E) $448,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

190) An internal control system consists of the policies and procedures managers use to do all of the following *except*:

190) ______

A) Uphold company policies.
B) Promote efficiency.
C) Ensure reliable accounting.
D) Determine pricing for products.
E) Protect assets.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Risk Analysis
AACSB : Analytical Thinking
Type : Static
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

191) Which of the following is *not* one of the four parts that make up a schedule of cost of goods manufactured?

191) ______

A) Direct materials.
B) Computation of gross profit.
C) Factory overhead.
D) Computation of cost of goods manufactured.
E) Direct labor.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

192) Which of the following statements regarding manufacturing costs is *false*?

192) ______

A) Direct materials costs can be cost-effectively traced to finished goods.
B) Indirect labor relates to labor costs that can be cost-effectively traced to finished goods.
C) Factory overhead includes all manufacturing costs that are not direct materials or direct labor.
D) Factory overhead costs cannot be cost-effectively traced to finished goods.
E) Indirect materials are materials used in manufacturing that cannot be cost-effectively traced to finished goods.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

193) Using the information below, compute the raw materials inventory turnover:

Raw materials used	$ 99,500
Beginning raw materials inventory	9,400
Ending raw materials inventory	11,800

193) ______

A) 10.27.
B) 370.39.
C) 9.39.
D) 10.65.
E) 8.43.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Algorithmic
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

194) Using the information below, compute the raw materials inventory turnover:

Raw materials used	$ 85,500
Beginning raw materials inventory	8,000
Ending raw materials inventory	9,000

194) ______

A) 11.02.
B) 382.02.
C) 10.06.
D) 9.94.
E) 9.50.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

195) Using the information below, compute the days' sales in raw materials inventory:

Raw materials used	$ 93,500
Beginning raw materials inventory	8,800
Ending raw materials inventory	10,600

195) ______

A) 10.55.
B) 37.90.
C) 9.64.
D) 10.37.
E) 41.38.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Algorithmic
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

196) Using the information below, compute the days' sales in raw materials inventory:

Raw materials used	$ 85,500
Beginning raw materials inventory	8,000
Ending raw materials inventory	9,000

196) ______

A) 11.02.
B) 36.30.
C) 10.06.
D) 9.94.
E) 38.42.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

197) Using the information below, compute the raw materials inventory turnover:

Raw materials used	$ 131,600
Beginning raw materials inventory	18,500
Ending raw materials inventory	20,700

197) ______

A) 7.11.
B) 6.36.
C) 51.30.
D) 57.40.
E) 6.71.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

198) Using the information below, compute the raw materials inventory turnover:

Raw materials used	$ 121,600
Beginning raw materials inventory	18,000
Ending raw materials inventory	20,200

198) ______

A) 6.76.
B) 6.02.
C) 54.03.
D) 60.63.
E) 6.37.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

199) Using the information below, compute the days' sales in raw materials inventory:

Raw materials used	$ 141,600
Beginning raw materials inventory	19,000
Ending raw materials inventory	21,200

199) ______

A) 7.45.
B) 6.68.
C) 49.00.
D) 54.65.
E) 7.04.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Algorithmic
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

200) Using the information below, compute the days' sales in raw materials inventory:

Raw materials used	$ 121,600
Beginning raw materials inventory	18,000
Ending raw materials inventory	20,200

200) ______

A) 6.76.
B) 6.02.
C) 54.03.
D) 60.63.
E) 6.37.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

201) Just-in-time manufacturing techniques can be useful in _____________ days' sales in raw materials inventory.

201) ______

A) keeping constant.
B) changing upward.
C) adding to.
D) lowering.
E) increasing.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AACSB : Analytical Thinking
AICPA : BB Resource Management
AICPA : FN Measurement
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

202) Which of the following statements is *true* regarding product and period costs?

202) ______

A) Office salaries expense and factory maintenance are both product costs.
B) Office rent is a product cost and supervisors' salaries expense is a period cost.
C) Factory rent is a product cost and advertising expense is a period cost.
D) Delivery expense is a product cost and indirect materials is a period cost.
E) Sales commissions and indirect labor are both period costs.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

203) A company's prime costs total $4,563,000 and its conversion costs total $5,570,000. If direct materials costs are $2,077,000, calculate the overhead costs:

203) ______

A) $3,084,000.
B) $1,007,000.
C) $2,077,000.
D) $2,486,000.
E) $3,493,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Algorithmic
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

204) A company's prime costs total $4,500,000 and its conversion costs total $5,500,000. If direct materials costs are $2,000,000, calculate the overhead costs:

204) ______

A) $2,500,000.
B) $3,500,000.
C) $2,000,000.
D) $1,000,000.
E) $3,000,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Bloom's : Analyze
Difficulty : 3 Hard
Topic : Cost Concepts
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

205) If the cost of the beginning work in process inventory is $85,400, costs of goods manufactured is $980,000, direct materials cost is $348,000, direct labor cost is $228,000, and overhead cost is $333,000, calculate the ending work in process inventory.

205) ______

A) $404,000.
B) $156,400.
C) $71,000.
D) $333,600.
E) $14,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

206) If the cost of the beginning work in process inventory is $60,000, costs of goods manufactured is $890,000, direct materials cost is $330,000, direct labor cost is $210,000, and overhead cost is $315,000, calculate the ending work in process inventory.

206) ______

A) $35,000.
B) $25,000.
C) $45,000.
D) $350,000.
E) $355,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

207) If the cost of the beginning work in process inventory is $58,000, direct materials cost is $348,000, direct labor cost is $214,000, and overhead cost is $317,000, and the ending work in process inventory is $53,000, calculate the cost of goods manufactured.

207) ______

A) $990,000.
B) $567,000.
C) $879,000.
D) $884,000.
E) $937,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

208) If the cost of the beginning work in process inventory is $60,000, direct materials cost is $350,000, direct labor cost is $216,000, and overhead cost is $319,000, and the ending work in process inventory is $55,000, calculate the cost of goods manufactured.

208) ______

A) $1,000,000.
B) $571,000.
C) $885,000.
D) $890,000.
E) $945,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

209) Calculate the cost of goods manufactured using the following information:

Direct materials used	$ 300,200
Direct labor	133,700
Total factory overhead	265,700
General and administrative expenses	87,200
Selling expenses	50,500
Work in Process inventory, beginning	120,200
Work in Process inventory, ending	127,600
Finished goods inventory, beginning	233,800
Finished goods inventory, ending	240,400

209) ______

A) $692,200.
B) $707,000.
C) $699,600.
D) $779,400.
E) $685,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

210) Calculate the cost of goods manufactured using the following information:

Direct materials used	$ 298,500
Direct labor	132,000
Total factory overhead	264,000
General and administrative expenses	85,500
Selling expenses	48,800
Work in Process inventory, beginning	118,500
Work in Process inventory, ending	125,900
Finished goods inventory, beginning	232,100
Finished goods inventory, ending	238,700

210) ______

A) $680,500.
B) $701,900.
C) $687,100.
D) $674,600.
E) $772,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Type : Static
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

211) Calculate the cost of goods sold using the following information:

Direct materials used	$ 299,500
Direct labor	133,000
Total factory overhead	265,000
General and administrative expenses	86,500
Selling expenses	49,800
Work in Process inventory, beginning	119,500
Work in Process inventory, ending	126,900
Finished goods inventory, beginning	233,100
Finished goods inventory, ending	239,700

211) ______

A) $690,100.
B) $683,500.
C) $704,900.
D) $697,500.
E) $776,600.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Algorithmic
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

212) Calculate the cost of goods sold using the following information:

Direct materials used	$ 298,500
Direct labor	132,000
Total factory overhead	264,000
General and administrative expenses	85,500
Selling expenses	48,800
Work in Process inventory, beginning	118,500
Work in Process inventory, ending	125,900
Finished goods inventory, beginning	232,100
Finished goods inventory, ending	238,700

212) ______

A) $674,600.
B) $680,500.
C) $772,600.
D) $701,900.
E) $687,100.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AACSB : Analytical Thinking
AICPA : FN Measurement
Topic : Schedule of Cost of Goods Manufactured
Difficulty : 3 Hard
Bloom's : Apply
Topic : Reporting
Type : Static
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

Managerial Accounting 8th Edition by Wild CH01

Answer Key

Test name: CH01

1) TRUE
2) FALSE
3) TRUE
4) TRUE
5) TRUE
6) TRUE
7) TRUE
8) FALSE
9) FALSE
10) TRUE
11) TRUE
12) FALSE
13) TRUE
14) TRUE
15) TRUE
16) TRUE
17) TRUE
18) TRUE
19) TRUE
20) TRUE
21) FALSE
22) TRUE
23) FALSE
24) TRUE
25) FALSE
26) FALSE

27) TRUE
28) FALSE
29) FALSE
30) TRUE
31) FALSE
32) FALSE
33) TRUE
34) TRUE
35) TRUE
36) TRUE
37) TRUE
38) TRUE
39) FALSE
40) FALSE
41) FALSE
42) TRUE
43) TRUE
44) TRUE
45) TRUE
46) FALSE
47) TRUE
48) FALSE
49) TRUE
50) TRUE
51) TRUE
52) FALSE
53) FALSE
54) TRUE
55) TRUE
56) B

57) C
58) D
59) E
60) B
61) D
62) C
63) A
64) B
65) C
66) E
67) D
68) E
69) C
Conversion Costs = Direct Labor + Factory Overhead
Conversion Costs = Indirect Materials + Insurance on Factory + Assembly Worker Wages + Assembly Supervisor Salary + Factory Utilities + Assembly Worker Benefits
Conversion Costs = $5,000 + $8,000 + $20,000 + $9,000 + $4,000 + $6,000
Factory Overhead = $52,000

70) B

Raw materials inventory, beginning	$ 12,000
Raw materials purchased	247,000
Raw materials available for use	259,000
Raw materials inventory, ending	15,000
Direct materials Used	$ 244,000

71) D
72) A
73) E
74) B
75) D

76) E

Finished goods inventory, beginning	$ 690,000
Plus cost of goods manufactured	1,837,400
Cost of goods available for sale	2,527,400
Less finished goods inventory, ending	567,200
Cost of goods sold	$ 1,960,200

77) A

Cost of Goods Sold = Beginning Merchandise Inventory + Cost of Merchandise Purchased − Ending Merchandise Inventory

Cost of Goods Sold = $24,850 + $170,934 − $37,304 = $158,480

78) A
79) C
80) C
81) A
82) C
83) B
84) A
85) B
86) A
87) A
88) B
89) D
90) C
91) D
92) A
93) C
94) C
95) B
96) D
97) D

98) B
99) B
100) E
101) B
102) E
103) C
104) D
105) D
106) D
Factory Overhead = Factory Maintenance Salary + Depreciation on Factory Equipment + Indirect Materials + Factory Rent + Property Taxes on Factory
Factory Overhead = $9,000 + $10,000 + $5,000 + $8,000 + $4,000
Factory Overhead = $36,000

107) C
108) A
Direct Materials Costs = Tires + Motorcycle Seats + Handlebars + Bike Frames
Factory Overhead = $10,000 + $17,000 + $6,000 + $14,000
Factory Overhead = $47,000

109) B
Product Costs = Wheels + Wooden Boards + Insurance on Factory + Factory Equipment Depreciation + Assembly Worker Wages + Factory Utilities
Factory Overhead = $15,000 + $22,000 + $6,000 + $8,000 + $11,000 + $3,000
Factory Overhead = $65,000

110) E

Prime Costs = Direct Materials + Direct Labor
Prime Costs = Metal for Rims + Fiberglass Backboards + Assembly Worker Wages + Nets
Factory Overhead = $12,000 + $14,000 + $20,000 + $5,000
Factory Overhead = $51,000

111) C
Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold; $16,100 + $35,500 − $19,300 = $32,300.
112) B
Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold;
$14,600 + $32,500 − $17,800 = $29,300
113) E
Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold; $29,000 + $59,200 − $28,300 = $59,900.
114) E
Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold;
$28,300 + $58,500 − $27,600 = $59,200
115) A
Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold; $16,200 − $4,200 + $5,000 = $17,000.
116) C
Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold;
$14,200 − $3,200 + $4,000 = $15,000.
117) D

Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold; $30,500 + $115,900 − $24,900 = $121,500.

118) D

Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold;

$30,200 + $114,500 − $24,600 = $120,100

119) C

Prime Costs = Direct Materials + Direct Labor; $4,700,000 = $1,850,000 + Direct Labor; Direct Labor = $2,850,000 OR Conversion Costs = Direct Labor + Factory Overhead; $8,700,000 = Direct Labor + $5,850,000; Direct Labor = $2,850,000.

120) C

Prime Costs = Direct Materials + Direct Labor; $3,000,000 = $1,000,000 + Direct Labor;

Direct Labor = $2,000,000 OR Conversion Costs = Direct Labor + Factory Overhead;

$7,000,000 = Direct Labor + $5,000,000; Direct Labor = $2,000,000.

121) A

Prime Costs = Direct Materials + Direct Labor; $4,700,000 + $8,530,000 = $13,230,000.

122) A

Prime Costs = Direct Materials + Direct Labor; $3,000,000 + $7,000,000 = $10,000,000.

123) C

Conversion Costs = Direct Labor + Factory Overhead; $8,170,000 + $6,170,000 = $14,340,000.

124) C

Conversion Costs = Direct Labor + Factory Overhead; $7,000,000 + $5,000,000 = $12,000,000.

125) B

Period Costs = Selling Expenses + General and Administrative Expenses

Period Costs = Advertising Costs + Delivery Costs + Office Manager's Salary + Office Accounting

Period Costs = $10,000 + $16,000 + $7,000 + $11,000

Factory Overhead = $44,000

126) B

Beginning Raw Materials + Purchases − Ending Raw Materials = Raw Materials Used

$66,000 + Purchases − $69,000 = $127,000;

Purchases − $3,000 = $127,000;

Purchases = $130,000.

Raw Materials Inventory

Debit		Credit
Beginning	66,000	
Purchases	130,000	
Used		127,000
Ending	69,000	

127) D

Beginning Raw Materials + Purchases − Ending Raw Materials = Raw Materials Used

$57,000 + Purchases − $60,000 = $118,000; Purchases − $3,000 = $118,000; Purchases = $121,000.

Raw Materials Inventory

Debit		Credit
Beginning	57,000	

Purchases	121,000	
Used		118,000
Ending	60,000	

128) E

Beginning Raw Materials + Purchases − Ending Raw Materials = Raw Materials Used

$567,000 + Purchases − $630,000 = $1,118,000;

Purchases = $1,118,000 + $630,000 − $567,000 = $1,181,000.

Raw Materials Inventory

Debit		Credit
Beginning	567,000	
Purchases	1,181,000	
Used		1,118,000
Ending	630,000	

129) E

Beginning Raw Materials + Purchases − Ending Raw Materials = Raw Materials Used

$547,000 + Purchases − $610,000 = $1,018,000;

Purchases = $1,018,000 + $610,000 − $547,000 = $1,081,000

Raw Materials Inventory

Debit		Credit
Beginning	547,000	
Purchases	1,081,000	
Used		1,018,000
Ending	610,000	

130) D
Factory Overhead = Indirect materials + Indirect labor + Maintenance
Factory Overhead = $2,700 + $5,700 + $3,500 = $11,900
131) A
Factory Overhead = Indirect Materials + Indirect Labor + Maintenance
Factory Overhead = $2,000 + $5,000 + $2,800 = $9,800.
132) B
Factory Overhead = Indirect Materials + Indirect Labor + Factory Depreciation
Factory Overhead = $4,200 + $8,700 + $13,000 = $25,900.
133) B
Factory Overhead = Indirect Materials + Indirect Labor + Factory Depreciation
Factory Overhead = $4,000 + $8,500 + $12,800 = $25,300.
134) C
Beginning Raw Materials + Purchases − Ending Raw Materials = Direct Materials Used
$3,300 + $4,800 − $3,800 = $4,300

Raw Materials Inventory

Debit		Credit
Beginning RM	3,300	
Purchases	4,800	
Used		4,300
Ending RM	3,800	

135) C

Beginning Raw Materials + Purchases − Ending Raw Materials = Direct Materials Used
$21,500 + $74,000 − $23,000 = $72,500

Raw Materials Inventory

Debit		Credit
Beginning RM	21,500	
Purchases	74,000	
Used		72,500
Ending RM	23,000	

136) E
Beginning Raw Materials + Purchases − Ending Raw Materials = Raw Materials Used
$13,000 + $90,000 − $12,400 = $90,600.

Raw Materials Inventory

Debit		Credit
Beginning RM	13,000	
Purchases	90,000	
Used		90,600
Ending RM	12,400	

137) E
Beginning Raw Materials + Purchases − Ending Raw Materials = Direct Materials Used
$11,000 + $86,000 − $10,400 = $86,600

Raw Materials Inventory

Debit		Credit
Beginning RM	11,000	
Purchases	86,000	
Used		86,600
Ending RM	10,400	

138) C
139) A
Manufacturing Costs + Beginning Work in Process − Ending Work in Process = Cost of Goods Manufactured;
Manufacturing Costs + $5,800 − $15,800 = $178,000;
Manufacturing Costs − $10,000 = $178,000;
Manufacturing Costs = $188,000.

Work in Process Inventory

Debit		Credit
Beginning WIP	5,800	
Total Manufacturing Cost	188,000	
Cost of Goods Manufactured		178,000
Ending WIP	15,800	

140) A
Manufacturing Costs + Beginning Work in Process − Ending Work in Process = Cost of Goods Manufactured
Manufacturing Costs + $5,000 − $15,000 = $170,000; Manufacturing Costs − $10,000 = $170,000; Manufacturing Costs = $180,000

Work in Process Inventory

Debit	Credit

Beginning WIP	5,000	
Total Manufuring Cost	180,000	
Cost of Goods Manufactured		170,000
Ending WIP	15,000	

141) A
Costs Added = Direct Materials Used + Direct Labor + Factory Overhead
Costs Added = $14,200 + $28,200 + 7,200 = $49,600
142) B
Costs Added = Direct Materials Used + Direct Labor + Factory Overhead
Costs Added = $12,500 + $26,500 + $5,500 = $44,500

143) B
Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = ($13,900 + $27,900 + $6,900) + $52,800 − $38,400 = $63,100

Work in Process Inventory

Debit		Credit
Beginning WIP	52,800	
Direct materials	13,900	
Direct labor	27,900	
Factory Overhead	6,900	
Total Manufacturing Costs	101,500	
Cost of Goods Manufactured		63,100

Ending WIP	38,400	

144) C

Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process

Cost of Goods Manufactured = ($12,500 + $26,500 + $5,500) + $50,000 − $37,000 = $57,500

Work in Process Inventory

Debit		Credit
Beginning WIP	50,000	
Direct materials	12,500	
Direct labor	26,500	
Factory Overhead	5,500	
Total Manufacturing Costs	94,500	
Cost of Goods Manufactured		57,500
Ending WIP	37,000	

145) D

Raw Materials Used + Direct Labor + Factory Overhead = Total Manufacturing Costs

$5,500 + $7,500 + $5,600 = $18,600

146) C

Raw Materials Used + Direct Labor + Factory Overhead = Total Manufacturing Costs

$5,000 + $7,000 + $5,100 = $17,100

147) A

Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = ($7,000 + $9,000 + $7,100) + $5,000 − $8,000 = $20,100

Work in Process Inventory

Debit		Credit
Beginning WIP	5,000	
Direct materials	7,000	
Direct labor	9,000	
Factory Overhead	7,100	
Total Manufacturing Costs	28,100	
Cost of Goods Manufactured		20,100
Ending WIP	8,000	

148) A
Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = ($5,000 + $7,000 + $5,100) + $3,000 − $4,000 = $16,100

Work in Process Inventory

Debit		Credit
Beginning WIP	3,000	
Direct materials	5,000	
Direct labor	7,000	
Factory Overhead	5,100	

Total Manufacturing Costs	20,100	
Cost of Goods Manufactured		16,100
Ending WIP	4,000	

149) A

Direct Materials + Direct Labor + Factory Overhead = Manufacturing Costs Added

$20,300 + $25,800 + $48,600 = $94,700.

150) A

Direct Materials + Direct Labor + Factory Overhead = Manufacturing Costs Added

$19,000 + $24,500 + $55,100 = $98,600

151) C

Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process

Cost of Goods Manufactured = ($20,700 + $26,200 + $46,600) + $12,400 − $13,000 = $92,900.

Work in Process Inventory

Debit		Credit
Beginning WIP	12,400	
Direct materials	20,700	
Direct labor	26,200	
Factory overhead	46,600	
Total Manufacturing Costs	105,900	
Cost of Goods Manufactured		92,900
Ending WIP	13,000	

152) C
Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = ($19,000 + $24,500 + $55,100) + $10,700 − $11,300 = $98,000

Work in Process Inventory

Debit		Credit
Beginning WIP	10,700	
Direct materials	19,000	
Direct labor	24,500	
Factory overhead	55,100	
Total Manufacturing Costs	109,300	
Cost of Goods Manufactured		98,000
Ending WIP	11,300	

153) C
154) A
155) B
156) A
Beginning Raw Materials + Raw Materials Purchased − Ending Raw Materials = $15,600 + $60,400 − $17,000 = $59,000

Raw Materials Inventory

Debit		Credit
Beginning RM	15,600	
Purchases	60,400	

Used		59,000
Ending RM	17,000	

157) A

Direct materials used = Beginning Raw Materials + Raw Materials Purchased − Ending Raw Materials = $15,200 + $60,000 − $16,600 = $58,600

Raw Materials Inventory

	Debit	Credit
Beginning RM	15,200	
Purchases	60,000	
Used		58,600
Ending RM	16,600	

158) C

Total Manufacturing Costs = Raw Materials Used + Direct Labor + Factory Overhead

Raw materials used = Beginning Raw Materials Inventory + Raw Materials Purchases − Ending Raw Materials Inventory = $14,900 + $57,000 − $16,300 = $55,600

$55,600 + $41,300 + $29,700 = $126,600

159) C

Total Manufacturing Costs = Raw Materials Used + Direct Labor + Factory Overhead

Raw materials used = Beginning Raw Materials Inventory + Raw Materials Purchases − Ending Raw Materials Inventory = $15,200 + $60,000 − $16,600 = $58,600

$58,600 + $42,800 + $30,000 = $131,400

160) A

Total Manufacturing Costs = Raw Materials Used + Direct Labor + Factory Overhead

Raw materials used = Beginning Raw Materials Inventory + Raw Materials Purchases − Ending Raw Materials Inventory = $20,200 + $65,000 − $21,600 = $63,600

$63,600 + $47,800 + $35,000 = $146,400

Cost of goods manufactured = Beginning Work in Process + Total Manufacturing Costs − Ending Work in Process = $27,400 + $146,400 − $33,000 = $140,800

Work in Process Inventory

Debit		Credit	
Beginning WIP	27,400		
Direct materials	63,600		
Direct labor	47,800		
Factory Overhead	35,000		
Total Manufacturing Costs	173,800		
Cost of Goods Manufactured			140,800
Ending WIP	33,000		

161) A

Total Manufacturing Costs = Raw Materials Used + Direct Labor + Factory Overhead
Raw materials used = Beginning Raw Materials Inventory + Raw Materials Purchases − Ending Raw Materials Inventory = $15,200 + $60,000 − $16,600 = $58,600
$58,600 + $42,800 + $30,000 = $131,400
Cost of goods manufactured = Beginning Work in Process + Total Manufacturing Costs − Ending Work in Process = $22,400 + $131,400 − $28,000 = $125,800

Work in Process Inventory

Debit		Credit
Beginning WIP	22,400	
Direct materials	58,600	
Direct labor	42,800	
Factory Overhead	30,000	
Total Manufacturing Costs	153,800	
Cost of Goods Manufactured		125,800
Ending WIP	28,000	

162) D

Raw Materials Inventory

Debit		Credit
Beginning RM	13,000	
Purchases	90,000	
Materials Used		87,000
Ending RM	16,000	

Work in Process Inventory

Debit		Credit
Beginning WIP	25,000	
Direct materials	87,000	
Direct labor	115,000	
Factory Overhead	90,000	
Total Manufacturing Costs	317,000	
Cost of Goods Manufactured		282,000
Ending WIP	35,000	

Finished Goods Inventory

Debit		Credit
Beginning FG	65,000	
Cost of Goods Manufactured	282,000	
Cost of Goods Sold		302,000
Ending FG	45,000	

163) D

Raw Materials Inventory

Debit		Credit
Beginning RM	8,000	
Purchases	85,000	
Materials Used		82,000
Ending RM	11,000	

Work in Process Inventory

Debit		Credit
Beginning WIP	20,000	
Direct materials	82,000	

Direct labor	110,000	
Factory Overhead	85,000	
Total Manufacturing Costs	297,000	
Cost of Goods Manufactured		267,000
Ending WIP	30,000	

Finished Goods Inventory

Debit		Credit
Beginning FG	60,000	
Cost of Goods Manufactured	267,000	
Cost of Goods Sold		287,000
Ending FG	40,000	

164) D

Raw Materials Inventory

Debit		Credit
Beginning RM	23,000	
Purchases	103,000	
Materials Used		101,000
Ending RM	25,000	

Work in Process Inventory

Debit		Credit
Beginning WIP	53,000	
Direct materials	101,000	
Direct labor	143,000	
Factory Overhead	73,000	
Total Manufacturing Costs	370,000	

Cost of Goods Manufactured		332,000
Ending WIP	38,000	

Finished Goods Inventory

Debit		Credit
Beginning FG	68,000	
Cost of Goods Manufactured	332,000	
Cost of Goods Sold		342,000
Ending FG	58,000	

165) D

Raw Materials Inventory

Debit		Credit
Beginning RM	10,000	
Purchases	90,000	
Materials Used		88,000
Ending RM	12,000	

Work in Process Inventory

Debit		Credit
Beginning WIP	40,000	
Direct materials	88,000	
Direct labor	130,000	
Factory Overhead	60,000	
Total Manufacturing Costs	318,000	
Cost of Goods Manufactured		293,000
Ending WIP	25,000	

Finished Goods Inventory

Debit	Credit

Beginning FG	55,000	
Cost of Goods Manufactured	293,000	
Cost of Goods Sold		303,000
Ending FG	45,000	

166) E

Cost of goods manufactured = Beginning Work in Process + Direct Materials + Direct labor + Factory Overhead − Ending Work in Process = $33,900 + $163,000 + $101,000 + $79,100 − $35,300 = $341,700

Work in Process Inventory

Debit		Credit
Beginning WIP	33,900	
Direct materials	163,000	
Direct labor	101,000	
Factory Overhead	79,100	
Total Manufacturing Costs	377,000	
Cost of Goods Manufactured		341,700
Ending WIP	35,300	

167) E

Cost of goods manufactured = Beginning Work in Process + Direct Materials + Direct labor + Factory Overhead − Ending Work in Process = $17,900 + $147,000 + $85,000 + $63,100 − $19,300 = $293,700

Work in Process Inventory

Debit		Credit
Beginning WIP	17,900	

Direct materials	147,000	
Direct labor	85,000	
Factory Overhead	63,100	
Total Manufacturing Costs	313,000	
Cost of Goods Manufactured		293,700
Ending WIP	19,300	

168) A

Cost of Goods Manufactured = Direct Materials + Direct Labor + Factory Overhead + Beginning Work in Process − Ending Work in Process

Cost of Goods Manufactured = $41,000 + $31,100 (Indirect Labor + Indirect Materials + Depreciation Factory Equipment) + $7,700 − $9,500

Cost of Goods Manufactured = $41,000 + $31,100 + $6,800 + $14,000 + $8,000 + $7,700 − $9,500 = $99,100.

Work in Process Inventory

Debit		Credit
Beginning WIP	7,700	
Direct materials	41,000	
Direct labor	31,100	
Factory Overhead	28,800	
Total Manufacturing Costs	108,600	
Cost of Goods Manufactured		99,100
Ending WIP	9,500	

169) C

Cost of Goods Manufactured = Direct Materials + Direct Labor + Factory Overhead + Beginning Work in Process − Ending Work in Process
 Cost of Goods Manufactured = $40,500 + $30,600 + (Indirect Labor + Indirect Materials + Depreciation Factory Equipment) + $7,200 − $9,000
 Cost of Goods Manufactured = $40,500 + $30,600 + $6,300 + $13,500 + $7,500 + $7,200 − $9,000 = $96,600

Work in Process Inventory

Debit		Credit
Beginning WIP	7,200	
Direct materials	40,500	
Direct labor	30,600	
Factory Overhead	27,300	
Total Manufacturing Costs	105,600	
Cost of Goods Manufactured		96,600
Ending WIP	9,000	

170) C
Indirect materials $16,300 + Factory utilities $10,100 + Indirect labor $14,600 + Depreciation on factory equipment $8,600 = $49,600.
171) C
Indirect materials $15,200 + Factory utilities $9,000 + Indirect labor $13,500 + Depreciation on factory equipment $7,500 = $45,200
172) B
Direct labor $40,100 + Indirect materials $15,700 + Factory utilities $9,500 + Indirect labor $14,000 + Direct materials $41,000 + Depreciation on factory equipment $8,000 = $128,300.

173) B
Direct labor $39,600 + Indirect materials $15,200 + Factory utilities $9,000 + Indirect labor $13,500 + Direct materials $40,500 + Depreciation on factory equipment $7,500 = $125,300

174) D
Cost of Goods Manufactured = Direct Materials + Direct Labor + Factory Overhead + Beginning in Goods Process − Ending Work in Process
Cost of Goods Manufactured = (Beginning Raw Materials + Raw Materials Purchased − Ending Raw Materials) + Direct Labor + (Depreciation on Factory Equipment + Factory Repairs and Maintenance) + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = ($6,900 + $8,800 − $5,400) + $13,650 + ($7,900 + $4,700) + $7,100 − $7,700 = $35,950.

Work in Process Inventory

Debit		Credit
Beginning WIP	7,100	
Direct materials	10,300	
Direct labor	13,650	
Factory Overhead	12,600	
Total Manufacturing Costs	43,650	
Cost of Goods Manufactured		35,950
Ending WIP	7,700	

175) D

Cost of Goods Manufactured = Direct Materials + Direct Labor + Factory Overhead + Beginning in Goods Process − Ending Work in Process
Cost of Goods Manufactured = (Beginning Raw Materials + Raw Materials Purchased − Ending Raw Materials) + Direct Labor + (Depreciation on Factory Equipment + Factory Repairs and Maintenance) + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = ($5,500 + $7,400 − $4,000) + $12,250 + ($6,500 + $3,300) + $5,700 − $6,300 = $30,350

Work in Process Inventory

Debit		Credit
Beginning WIP	5,700	
Direct materials	8,900	
Direct labor	12,250	
Factory Overhead	9,800	
Total Manufacturing Costs	36,650	
Cost of Goods Manufactured		30,350
Ending WIP	6,300	

176) E
Cost of Goods Sold = Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory
Cost of Goods Sold =$73,400 + $247,400 − $69,400 = $251,400

Finished Goods Inventory

Debit		Credit
Beginning Finished Goods	73,400	

Cost of Goods Manufactured	247,400	
Cost of Goods Sold		251,400
Ending Finished Goods	69,400	

177) A

Cost of Goods Sold = Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory

Cost of Goods Sold = $72,000 + $246,000 − $68,000 = $250,000

Finished Goods Inventory

Debit		Credit
Beginning FG	72,000	
Cost of Goods Manufactured	246,000	
Cost of Goods Sold		250,000
Ending FG	68,000	

178) E

Cost of Goods Sold = Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory

Cost of Goods Sold = $23,500 + $130,800 − $22,000 = $132,300

Finished Goods Inventory

Debit		Credit
Beginning FG	23,500	
Cost of Goods Manufactured	130,800	
Cost of Goods Sold		132,300
Ending FG	22,000	

179) E

Cost of Goods Sold = Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory
Cost of Goods Sold = $19,500 + $126,800 − $18,000 = $128,300

Finished Goods Inventory

Debit		Credit
Beginning FG	19,500	
Cost of Goods Manufactured	126,800	
Cost of Goods Sold		128,300
Ending FG	18,000	

180) D

Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold
$98,000 + Cost of Goods Manufactured − $79,000 = $552,000
Cost of Goods Manufactured + $19,000 = $552,000; Cost of Goods Manufactured = $533,000

Finished Goods Inventory

Debit		Credit
Beginning Finished Goods	98,000	
Cost of Goods Manufactured	533,000	
Cost of Goods Sold		552,000
Ending Finished Goods	79,000	

181) D

Beginning Finished Goods + Cost of Goods Manufactured − Ending Finished Goods = Cost of Goods Sold
$80,000 + Cost of Goods Manufactured − $67,000 = $540,000
Cost of Goods Manufactured + $13,000 = $540,000; Cost of Goods Manufactured = $527,000

Finished Goods Inventory

Debit		Credit
Beginning FG	80,000	
Cost of Goods Manufactured	527,000	
Cost of Goods Sold		540,000
Ending FG	67,000	

182) A
Gross Profit = Sales − Cost of Goods Sold; Gross Profit = $1,344,000 − $585,000 = $759,000.
183) A
Gross Profit = Sales − Cost of Goods Sold; Gross Profit = $1,254,000 − $540,000 = $714,000
184) D
Beginning Finished Goods Inventory + Cost of goods manufactured − Ending Finished Goods Inventory = Cost of goods sold. $53,000 + 557,000 − 58,000 = $552,000.

Finished Goods Inventory

Debit		Credit
Beginning Finished Goods	53,000	
Cost of Goods Manufactured	557,000	
Cost of Goods Sold		552,000

Ending Finished Goods 58,000	

185) D
Beginning Finished Goods Inventory + Cost of goods manufactured − Ending Finished Goods Inventory = Cost of goods sold. $36,000 + 540,000 − 41,000 = $535,000.

Finished Goods Inventory

Debit		Credit
Beginning FG	36,000	
Cost of Goods Manufactured	540,000	
Cost of Goods Sold		535,000
Ending FG	41,000	

186) B
Beginning Finished Goods Inventory + Cost of goods manufactured − Ending Finished Goods Inventory = Cost of goods sold
Cost of goods sold = $36,400 + $560,000 − $41,400 = $555,000
Gross Profit = Sales − Cost of Goods Sold; Gross Profit = $1,344,000 − $555,000 = $789,000.
187) B
Beginning Finished Goods Inventory + Cost of goods manufactured − Ending Finished Goods Inventory = Cost of goods sold
Cost of goods sold = $36,000 + $540,000 − $41,000 = $535,000
Gross Profit = Sales − Cost of Goods Sold; Gross Profit = $1,304,000 − $535,000 = $769,000
188) C

Beginning Finished Goods Inventory + Cost of goods manufactured − Ending Finished Goods Inventory = Cost of goods sold
Cost of goods sold = $51,000 + $555,000 − $56,000 = $550,000
Net Income = Sales − Cost of Goods Sold − Operating Expenses
$1,319,000 − $550,000 − 254,000 = $515,000
189) C
Beginning Finished Goods Inventory + Cost of goods manufactured − Ending Finished Goods Inventory = Cost of goods sold
Cost of goods sold = $36,000 + $540,000 − $41,000 = $535,000
Net Income = Sales − Cost of Goods Sold − Selling Expenses
$1,304,000 − $535,000 − 239,000 = $530,000
190) D
191) B
192) B
193) C
Raw materials inventory turnover = Raw materials used/Average raw materials inventory
Raw materials inventory turnover = $99,500/[($9,400 + $11,800/2]
Raw materials inventory turnover = $99,500/$10,600 = 9.39
194) C
Raw materials inventory turnover = Raw materials used/Average raw materials inventory
Raw materials inventory turnover = $85,500/[($8,000 + $9,000/2]
Raw materials inventory turnover = $85,500/$8,500 = 10.06
195) E
Days' sales in raw materials inventory = Ending raw materials/Raw materials used × 365
Days' sales in raw materials inventory = $10,600/$93,500 × 365 = 41.38
196) E

Days' sales in raw materials inventory = Ending raw materials/Raw materials used × 365

Days' sales in raw materials inventory = $9,000/$85,500 × 365 = 38.42

197) E

Raw materials inventory turnover = Raw materials used/Average raw materials inventory

Raw materials inventory turnover = $131,600/[($18,500 + $20,700/2]

Raw materials inventory turnover = $131,600/$19,600 = 6.71

198) E

Raw materials inventory turnover = Raw materials used/Average raw materials inventory

Raw materials inventory turnover = $121,600/[($18,000 + $20,200/2]

Raw materials inventory turnover = $121,600/$19,100 = 6.37

199) D

Days' sales in raw materials inventory = Ending raw materials/Raw materials used × 365

Days' sales in raw materials inventory = $21,200/$141,600 × 365 = 54.65

200) D

Days' sales in raw materials inventory = Ending raw materials/Raw materials used × 365

Days' sales in raw materials inventory = $20,200/$121,600 × 365 = 60.63

201) D

202) C

203) A

Overhead Costs = Conversion Costs − (Prime Costs − Direct Materials Costs)

Overhead Costs = $5,570,000 − ($4,563,000 − $2,077,000) = $3,084,000

204) E

Overhead Costs = Conversion Costs − (Prime Costs − Direct Materials Costs)

Overhead Costs = $5,500,000 − ($4,500,000 − $2,000,000) = $3,000,000

205) E

Ending Work in Process Inventory = Beginning Work in Process Inventory + Direct Materials Costs + Direct Labor Costs + Overhead Costs − Cost of Goods Manufactured

Ending Work in Process Inventory = $85,400 + $348,000 + $228,000 + $333,000 − $980,000= $14,400

Work in Process Inventory

Debit		Credit
Beginning WIP	85,400	
Direct materials	348,000	
Direct labor	228,000	
Factory Overhead	333,000	
Total Manufacturing Costs	994,400	
Cost of Goods Manufactured		980,000
Ending WIP	14,400	

206) B

Ending Work in Process Inventory = Beginning Work in Process Inventory + Direct Materials Costs + Direct Labor Costs + Overhead Costs − Cost of Goods Manufactured

Ending Work in Process Inventory = $60,000 + $330,000 + $210,000 + $315,000 − $890,000 = $25,000

Work in Process Inventory

Debit		Credit
Beginning WIP	60,000	
Direct materials	330,000	
Direct labor	210,000	
Factory Overhead	315,000	
Total Manufacturing Costs	915,000	
Cost of Goods Manufactured		890,000
Ending WIP	25,000	

207) D

Cost of Goods Manufactured = Beginning Work In Process Inventory + Direct Materials Costs + Direct Labor Costs + Overhead Costs − Ending Work in Process Inventory

Cost of Goods Manufactured = $58,000 + $348,000 + $214,000 + $317,000 − $53,000 = $884,000.

Work in Process Inventory

Debit		Credit
Beginning WIP	58,000	
Direct materials	348,000	
Direct labor	214,000	
Factory Overhead	317,000	
Total Manufacturing Costs	937,000	
Cost of Goods Manufactured		884,000
Ending WIP	53,000	

208) D

Cost of Goods Manufactured = Beginning Work In Process Inventory + Direct Materials Costs + Direct Labor Costs + Overhead Costs − Ending Work in Process Inventory
Cost of Goods Manufactured = $60,000 + $350,000 + $216,000 + $319,000 − $55,000 = $890,000

Work in Process Inventory

Debit		Credit
Beginning WIP	60,000	
Direct materials	350,000	
Direct labor	216,000	
Factory Overhead	319,000	
Total Manufacturing Costs	945,000	
Cost of Goods Manufactured		890,000
Ending WIP	55,000	

209) A
Cost of Goods Manufactured = Raw Materials Used + Direct Labor + Factory Overhead + Beginning Work in Process − Ending Work in Process
Cost of Goods Manufactured = $300,200 + $133,700 + $265,700 + $120,200 − $127,600 = $692,200

Work in Process Inventory

Debit		Credit
Beginning WIP	120,200	
Direct materials	300,200	
Direct labor	133,700	

Factory Overhead	265,700	
Total Manufacturing Costs	819,800	
Cost of Goods Manufactured		692,200
Ending WIP	127,600	

210) C

Cost of Goods Manufactured = Raw Materials Used + Direct Labor + Factory Overhead + Beginning Work in Process − Ending Work in Process

Cost of Goods Manufactured = $298,500 + $132,000 + $264,000 + $118,500 − $125,900 = $687,100

Work in Process Inventory

Debit		**Credit**
Beginning WIP	118,500	
Direct materials	298,500	
Direct labor	132,000	
Factory Overhead	264,000	
Total Manufacturing Costs	813,000	
Cost of Goods Manufactured		687,100
Ending WIP	125,900	

211) B

Cost of Goods Sold = Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory
Cost of Goods Sold = $233,100 + (Direct Materials + Direct Labor + Factory Overhead Costs + Beginning Work in Process Inventory − Ending Work in Process Inventory) − $239,700
Cost of Goods Sold = $233,100 + ($299,500 + $133,000 + $265,000 + $119,500 − $126,900)− $239,700 = $683,500

Finished Goods Inventory

Debit		Credit
Beginning FG	233,100	
Total Manufacturing Cost	690,100	
Cost of Goods Manufactured		683,500
Ending FG	239,700	

212) B
Cost of Goods Sold = Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory
Cost of Goods Sold = $232,100 + (Direct Materials + Direct Labor + Factory Overhead Costs + Beginning Work in Process Inventory − Ending Work in Process Inventory) − $238,700
Cost of Goods Sold = $232,100 + ($298,500 + $132,000 + $264,000 + $118,500 − $125,900) − $238,700 = $680,500

Finished Goods Inventory

Debit		Credit
Beginning FG	232,100	
Cost of Goods Manufactured	687,100	
Cost of Goods Sold		680,500

Ending FG	238,700

Managerial Accounting 8th Edition by Wild CH01B

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

FILL IN THE BLANK. Write the word or phrase that best completes each statement or answers the question.

1) ____________________ provides financial and nonfinancial information to an organization's managers.

1) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

2) ____________________ is the process of setting goals and making plans to achieve them.

2) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

3) _____________________ is the process of monitoring and evaluating an organization's activities and employees.

3) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

4) The purpose of managerial accounting information is to help ________________ users make decisions, while the purpose of financial accounting is to help _____________ users make decisions.

4) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
AICPA : FN Reporting
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

5) A ___________________________ system is a system that acquires inventory or produces products only after it receives an order.

5) ______

Question Details
AACSB : Communication
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Trends in Managerial Accounting
AICPA : FN Risk Analysis
AICPA : BB Resource Management
Learning Objective : 01-C4 Describe trends in managerial accounting.

6) The model whose goal is to eliminate waste while satisfying the customer and providing a positive return to the company is the ____________________.

6) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Trends in Managerial Accounting
Learning Objective : 01-C4 Describe trends in managerial accounting.

7) _________________________ rejects the notion of "good enough" and challenges employees and managers to continuously improve operations.

7) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Trends in Managerial Accounting
Learning Objective : 01-C4 Describe trends in managerial accounting.

8) ________________________ means that managers and employees understand the changing needs and wants of customers and align management and operations accordingly.

8) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Trends in Managerial Accounting
Learning Objective : 01-C4 Describe trends in managerial accounting.

9) Opportunity, Pressure, and Rationalization are the three factors that push a person to commit __________________.

9) ______

Question Details
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
AACSB : Ethics
AICPA : BB Legal
AICPA : FN Risk Analysis
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

10) A(n) _________________________ system is procedures managers use to ensure reliable accounting, uphold company policies, protect assets, and promote efficiency.

10) ______

Question Details
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
AACSB : Ethics
AICPA : BB Legal
AICPA : FN Risk Analysis
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

11) _______________ are beliefs that distinguish right from wrong.

11) ______

Question Details
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Managerial Accounting Basics
AACSB : Ethics
AICPA : BB Legal
AICPA : FN Risk Analysis
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

12) ______________________ includes all manufacturing costs that are not direct materials or direct labor.

12) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

13) __________________ costs are costs for materials that can be cost-effectively traced through the manufacturing process to finished goods.

13) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

14) _________________ costs are the wages and benefits for labor that can be cost-effectively traced through the manufacturing process to finished goods.

14) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

15) Costs necessary to create a product and consist of direct materials, direct labor, and factory overhead are ________________ costs.

15) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

16) Nonproduction costs that are linked to a time period and not to specific products are ____________________ costs.

16) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

17) ______________________ inventory is the cost of materials a company acquires to use in making products.

17) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Reporting
AICPA : FN Measurement
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

18) ____________________ inventory consists of the costs of direct materials, direct labor, and overhead for partially completed products.

18) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Reporting
AICPA : FN Measurement
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

19) ____________________ inventory consists of the costs of direct materials, direct labor, and overhead of complete products ready for sale.

19) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Reporting
AICPA : FN Measurement
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

20) A ________________ is a product, process, department, or customer to which costs are assigned.

20) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

21) One of the main differences between the calculation of cost of goods sold for a merchandiser and that of a manufacturer is that the calculation includes cost of merchandise purchased for the merchandiser, but the manufacturer replaces that with __________________________.

21) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Reporting
AICPA : FN Measurement
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

22) ____________________________ reveals how much raw materials inventory is available in terms of the number of days' sales.

22) ______

Question Details
AACSB : Communication
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
AICPA : FN Measurement
AICPA : BB Resource Management
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

23) ____________________________ reveals how many times a company uses its raw materials inventory in production during a period.

23) ______

Question Details
AACSB : Communication
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
AICPA : FN Measurement
AICPA : BB Resource Management
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

24) Costs incurred in converting raw materials to finished goods, that include direct labor and factory overhead, are known as ________________________.

24) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

25) ____________________ costs consist of direct materials costs and direct labor costs.

25) ______

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

26) Crane, Incorporated reported the following data regarding costs and inventories for the current year: beginning work in process inventory, $4,000; beginning finished goods inventory, $2,000; cost of goods manufactured, $11,500; operating expenses, $3,000; ending finished goods inventory, $1,000; ending work in process inventory, $1,500. Cost of goods sold for Crane, Incorporated equals ____________________.

26) ______

Question Details
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Type : Static
Topic : Reporting
AICPA : FN Measurement
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

27) Waters, Incorporated reported the following data regarding costs and inventories for the current year: beginning finished goods inventory, $5,000; cost of goods manufactured, $21,500; ending finished goods inventory, $4,000. Cost of goods sold for Waters, Incorporated equals ____________________.

27) ______

Question Details
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Type : Static
Topic : Reporting
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

28) For a manufacturer, the cost of goods sold can be computed by adding the beginning finished goods inventory to ________________________ and then subtracting the ending finished goods inventory.

28) ______

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Topic : Reporting
AICPA : FN Measurement
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

29) Identify and describe the three categories of manufacturing costs.

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

30) What is managerial accounting and how is it used to aid decision makers?

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Gradable : manual
Type : Static
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

31) There are many differences between financial and managerial accounting. Identify and explain at least three of these differences.

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Gradable : manual
Type : Static
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

32) Explain what is meant by the "lean business model" and why many businesses have adopted it.

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Gradable : manual
Type : Static
Topic : Trends in Managerial Accounting
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-C4 Describe trends in managerial accounting.

33) Define cost of goods manufactured and explain how it is calculated.

Question Details
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Ethics
AICPA : BB Legal
AICPA : FN Risk Analysis
Topic : Schedule of Cost of Goods Manufactured
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

34) List the four goals of an internal control system.

Question Details
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Ethics
AICPA : BB Legal
AICPA : FN Risk Analysis
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

35) Define and briefly discuss the terms “planning” and “control” as they relate to managerial accounting.

Question Details
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Ethics
AICPA : FN Risk Analysis
AICPA : BB Critical Thinking
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

36) Define and contrast period costs and product costs. How are they reported in the financial statements of a manufacturing company?

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

37) What are the three types of inventories that are carried by manufacturers? Describe each type of inventory.

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Reporting
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

38) What is the main difference between the income statement of a manufacturer and that of a merchandiser?

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Topic : Reporting
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

39) What does the days’ sales in raw materials inventory ratio reveal?

Question Details
AACSB : Communication
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Topic : Raw Materials Inventory Turnover and Days' Sales in Raw Materials Inventory
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Resource Management
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

40) What are prime costs? What are conversion costs?

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

41) What are the components of the schedule of cost of goods manufactured? Describe each component.

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
Gradable : manual
Type : Static
Bloom's : Understand
Difficulty : 2 Medium
Topic : Schedule of Cost of Goods Manufactured
AICPA : FN Reporting
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

42) Match each of the following terms with the appropriate definition.

(1) Direct materials
(2) Indirect costs
(3) Product costs
(4) Prime costs
(5) Direct labor
(6) Period costs
(7) Conversion costs
(8) Factory overhead

___ (a) Costs that are expensed to the income statement in the period incurred.
___ (b) The efforts of employees who directly convert materials to finished products.
___ (c) Manufacturing costs that cannot be cost-effectively traced to finished goods.
___ (d) Costs necessary to create a product.
___ (e) Costs incurred in the process of converting raw materials to finished products; include direct labor and factory overhead.
___ (f) Materials that can be cost-effectively traced through the manufacturing process to finished goods.
___ (g) Costs that consist of direct materials costs and direct labor costs.
___ (h) Costs that cannot be cost-effectively traced to a cost object.

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Gradable : manual
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

43) Match each of the following terms to the appropriate definitions.

(1) Prime costs
(2) Continuous improvement
(3) Raw materials inventory
(4) Corporate social responsibility
(5) Just-in-time manufacturing
(6) Work in Process inventory
(7) Lean business model
(8) Customer orientation
(9) Managerial accounting
(10) Raw materials inventory turnover

___ (a) An idea that rejects the notion of "good enough" and challenges employees and managers to continuously improve operations.
___ (b) Materials a company acquires to use in making products.
___ (c) Reveals how many times a company uses its raw materials inventory in production during a period.
___ (d) A system that acquires inventory and produces products only after it receives an order.
___ (e) A concept that considers the demands of diverse stakeholders, including employees, suppliers, and society.
___ (f) Consists of direct materials costs and direct labor costs.
___ (g) The idea that managers and employees understand the changing needs and wants of their customers and align their management and operations accordingly.
___ (h) Products in the process of being manufactured but not yet complete.
___ (i) A model whose goal is to eliminate waste while satisfying the customer and providing a positive return to the company.
___ (j) An activity that provides financial and nonfinancial information to an organization's managers.

Question Details
AACSB : Communication
Topic : Cost Concepts
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Bloom's : Remember
Difficulty : 1 Easy
Gradable : manual
Type : Static
Topic : Managerial Accounting Basics
Topic : Trends in Managerial Accounting
Topic : Raw Materials Inventory Turnover and Days’ Sales in Raw Materials Inventory
Topic : Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.
Learning Objective : 01-C4 Describe trends in managerial accounting.
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.
Learning Objective : 01-A1 Assess raw materials inventory management using raw materials inventory tu

44) For each of the characteristics below, identify whether it is a focus of financial accounting or managerial accounting. Use the letter F to identify financial accounting and M to identify managerial accounting.

___ 1. Users are generally investors, creditors, analysts, and regulators.
___ 2. Used to assist managers in making planning and control decisions.
___ 3. Information is structured and controlled by GAAP.
___ 4. Information is available quickly without the need to wait for an audit.
___ 5. Information is mainly historical with some predictions.
___ 6. Emphasis of the information is a company’s projects, processes, and divisions.
___ 7. Information is mostly monetary, but includes nonmonetary information.

Question Details
AACSB : Communication
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AICPA : FN Decision Making
Gradable : manual
Type : Static
Topic : Managerial Accounting Basics
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-C1 Explain the roles and ethics of managerial accounting.

Managerial Accounting 8th Edition by Wild CH01B

Answer Key

Test name: CH01B

1) Managerial accounting
2) Planning
3) Control
4) [internal, external]
5) just-in-time (JIT) or just-in-time manufacturing
6) lean business model
7) Continuous improvement
8) customer orientation
9) Fraud
10) internal control
11) Ethics
12) Factory overhead
13) Direct materials
14) Direct labor
15) product
16) period
17) Raw materials
18) Work in process
19) Finished goods
20) cost object
21) cost of goods manufactured
22) Days′ sales in raw materials inventory
23) Raw materials inventory turnover
24) conversion costs
25) Prime
26) [12, 500]

Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory; $2,000 + $11,500 − $1,000

27) [22, 500]
Beginning Finished Goods Inventory + Cost of Goods Manufactured − Ending Finished Goods Inventory; $5,000 + $21,500 − $4,000

28) cost of goods manufactured
29) The three basic cost elements in accounting for manufactured goods are direct material costs, direct labor costs, and factory overhead costs. Direct materials are crucial parts of a finished product and can be cost-effectively traced through the manufacturing process to finished goods. Direct labor refers to employees who directly convert materials to finished products. Factory overhead consists of all manufacturing costs that are not direct materials or direct labor.

30) Managerial accounting is an activity that provides financial and nonfinancial information to an organization's managers and other internal decision makers. It helps managers with three key tasks: 1) determining the costs of an organization’s products and services, 2) planning future activities, and 3) comparing actual results to planned results.

31) The differences include:
(1) Users and decision makers—Financial accounting focuses on external decision makers and managerial accounting focuses on internal decision makers.
(2) Purpose of information—External users of financial accounting information must often decide whether to invest in, or lend to a company or whether to continue to own or carry the company's debt. Internal users of managerial accounting must plan a company's future, so the information must help them make planning and control decisions.
(3) Flexibility of practice—Financial accounting relies on accepted principles that are enforced through an extensive set of rules and guidelines (GAAP); managerial accounting systems are flexible to meet the differing needs of managers in different situations.
(4) Timeliness of information—Generally, financial information is not immediately available to external users because it must be audited; internal users can usually obtain managerial accounting information quickly because it does not need to be audited and estimates and projections are acceptable.
(5) Time dimension—External financial reports deal primarily with the results of both past activities and current conditions and avoids predictions whenever possible; managerial accounting regularly includes prediction of conditions and events.
(6) Focus of information—Financial accounting generally focuses on the entire organization; managerial accounting focuses on an organization's projects, processes, and subdivisions.
(7) Nature of information—Both financial and managerial accounting report monetary information; managerial accounting also reports nonmonetary information.

32) The lean business model is a model whose main principle is the elimination of waste while satisfying the customer and providing a positive return to the company. It is based on the changes in the business environment—including an increased emphasis on customers and the expanding global economy. A primary force behind its adoption is competition, both domestic and international.

33) Cost of goods manufactured is the total cost of direct materials, direct labor, and factory overhead for finished products. This value is calculated by adding total manufacturing costs, which is direct materials used plus direct labor used plus factory overhead used, to the beginning work in process inventory balance. The ending work in process inventory balance is then subtracted from this amount to get cost of goods manufactured.

34) An internal control system is the procedures management uses to a) uphold company policies, b) promote efficient operations, c) ensure reliable accounting, and d) protect assets.

35) (1) Planning is the process of setting goals and making plans to achieve them. Companies create long-term strategic plans, which usually span 5 to 10 years, and have broad goals. These plans are used to develop short-term action plans, which are more concrete and have more specific goals. When combined with dollar amounts, short-term plans are referred to as budgets. (2) Control is the process of monitoring and evaluating an organization’s activities and employees. Feedback from the control function helps managers compare actual results with planned results and take corrective actions if necessary.

36) Product costs are production costs necessary to create a product and consist of direct materials, direct labor, and factory overhead. Product costs are added to inventory, or *capitalized,* during completion of products. When products are sold, these costs are expensed as cost of goods sold.

Period costs are nonproduction costs linked to a time period (not to specific products). Period costs are expensed in the period when incurred and reported on the income statement as either selling expenses or general and administrative expenses.

37) Manufacturers report three types of inventories: raw materials inventory, work in process inventory, and finished goods inventory. Raw materials inventory is the cost of materials a company acquires to use in making products. Raw materials that can be cost-effectively traced to a product are called direct materials and are included in raw materials inventory. Work in Process inventory, also called goods in process inventory, consists of the costs of direct materials, direct labor, and overhead of completed products ready for sale. Finished goods inventory consist of the costs of direct materials, direct labor, and overhead of completed products ready for sale.

38) In the calculation of cost of goods sold, the merchandiser adds cost of goods purchased to beginning merchandise inventory, then subtracts the ending merchandise inventory to get cost of goods sold. Since a manufacturer has three types of inventories—raw materials, work in process, and finished goods—the manufacturer replaces "merchandise inventory" with "finished goods" inventory. In addition, the manufacturer does not purchase its items for resale, but instead manufactures them, so replaces "cost of goods purchased" in the above calculation with "cost of goods manufactured."

39) Days' sales in raw materials inventory reveals how much raw materials inventory is available in terms of the number of days' sales.

40) Prime costs consist of direct materials and direct labor. Conversion costs are costs incurred in converting raw materials into finished goods, and include direct labor and factory overhead.

41) The components of the schedule of cost of goods manufactured are direct materials, direct labor, factory overhead, and computation of the cost of goods manufactured. Direct materials used is computed by taking beginning raw materials inventory, adding raw materials purchased, and subtracting the ending raw materials inventory (assuming all of the raw materials are direct materials). Direct labor is the cost of the workers whose efforts can be traced to individual units or batches of products. Factory overhead lists all of the indirect manufacturing costs. Finally, the direct materials, direct labor, and factory overhead are added to determine total manufacturing costs. Beginning work in process is added to total manufacturing costs; ending work in process is subtracted to determine the cost of goods manufactured.

42) 1. F; 2. H; 3. D; 4. G; 5. B; 6. A; 7. E; 8. C

43) 1. F; 2. A; 3. B; 4. E; 5. D; 6. H; 7. I; 8. G; 9. J; 10. C

44) 1. F; 2. M; 3. F; 4. M; 5. F; 6. M; 7. M

Managerial Accounting 8th Edition by Wild CH01C

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

1) The following cost items relate to the Henning Company. For each item, indicate with an X if it is a product cost or a period cost.

Cost item	Product or period cost?	
	Product	Period
Executive salary		
Direct labor		
Direct materials		
Depreciation of factory equipment		
Indirect labor		
Salesperson salary		
Television advertising		
Indirect materials		

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

2) For each item shown below, classify it as a product cost or a period cost, by placing an X in the appropriate column. For each item that is a product cost, also indicate whether it is a direct cost or an indirect cost with respect to a unit of finished product.

Cost item	Product or period cost?		Direct or indirect cost?	
	Product	Period	Direct	Indirect
Administrative salaries				
Direct labor				
Advertising				
Property tax on the factory				
Factory maintenance				
Direct materials				
Depreciation on factory equipment				
Office rent				
Factory utilities				

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

3) Shemekia Company produces seats for movie theaters. Listed below are selected cost items for the seat production. Classify each cost as a product cost or a period cost by placing an X in the appropriate boxes.

	Product	Period
Fabric for seats		
Assembly labor		
Factory property taxes		
Accounting staff salaries		
Sales office rent		
Sales manager's salary		
Depreciation on factory equipment		
Sales commissions		

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

4) Place each of the following costs of a shoe manufacturer in the appropriate column.

Cost item	Period cost	Product cost		
		Direct materials	Direct labor	Factory overhead

a. Factory maintenance salary, $40,000

b. Salary of factory supervisor, $70,000

c. Wages of production worker, $42,000

d. Salary of the company's president, $100,000

e. Television advertising, $25,000

f. Property tax on factory, $15,000

g. Sales commissions, $65,000

h. Depreciation on factory equipment, $17,000

i. Plastic used in shoes, $14,000

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

5) The following costs are incurred by Gonzalez Manufacturing Company Classify each cost item as either a period cost or a product cost. If the cost is a product cost, identify it as a prime cost, conversion cost, or both. Place an x in the appropriate column for your answers.

	Period Cost	Product Cost	
		Prime Cost	Conversion Cost

Factory property taxes

Depreciation of factory equipment

Insurance on office

Indirect materials used

Wages of production workers

Production supervisor's salary

Advertising

Direct materials used

Sales salaries

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

6) Walter Company and Sandburg Industries report the following information at December 31:

	WALTER	SANDBURG
Accounts Receivable	$ 41,000	$ 68,000
Cash	6,000	7,000
Finished Goods Inventory		25,000

Work in Process Inventory		40,000
Merchandise Inventory	48,000	
Prepaid Expenses	1,000	2,000
Raw Materials Inventory		21,000

Required:
(a) Which company is a manufacturer? Explain.
(b) Prepare the current assets section of the balance sheet for the manufacturer.

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
AICPA : FN Reporting
Topic : Schedule of Cost of Goods Manufactured
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

7) Tasty Foods bakes and sells 2,000 dozen muffins each week. Among the costs are bakers' wages, $24,000; production management salaries, $16,000; production equipment operating costs, $32,000; and flour and ingredient costs, $15,000. Using this information, compute: (a) prime costs and (b) conversion costs.

Question Details
Topic : Cost Concepts
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

8) A manufacturing company's finished goods inventory on January 1 was $68,000; cost of goods manufactured for the year was $147,000; and the December 31 finished goods inventory was $77,000. What is the cost of goods sold for the year?

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

9) A manufacturing company's beginning finished goods inventory was $29,000; cost of goods manufactured for the year was $316,000; and the ending finished goods inventory was $31,000. What is the cost of goods sold for the year?

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

10) Calculate Cost of Goods Sold for the following two companies:

	LEWIS, INCORPORATED	MERCER COMPANY
Beginning Inventory:		
Merchandise	$ 250,000	
Finished Goods		$ 550,000
Cost of Goods Purchased	460,000	
Cost of Goods Manufactured		688,000
Ending Inventory:		
Merchandise	128,000	
Finished Goods		350,000

Question Details
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Bloom's : Apply
Difficulty : 3 Hard
Topic : Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

11) Castillo Company manufactures staples. Costs for October were direct labor, $84,000; indirect labor, $36,700; direct materials, $55,900; factory maintenance, $4,800; factory utilities, $3,200; and insurance on plant and equipment, $700. What is the company’s total factory overhead cost for October?

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

12) Langston Company manufactures coats. Costs for February were as follows:

Direct materials	$ 19,650
Direct labor	15,210

Factory insurance	950
Sales commissions	4,700
Corporate executive salaries	5,500
Factory supervisor salary	3,500
Indirect materials	1,920

Required:
Calculate the total manufacturing cost for February.

Question Details
Bloom's : Understand
Topic : Cost Concepts
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a
Learning Objective : 01-C2 Describe accounting concepts useful in classifying costs.

13) Information for Maxim Manufacturing is presented below. Compute both the cost of goods manufactured and the cost of goods sold for Maxim Manufacturing.

Beginning raw materials inventory	$ 36,800
Beginning work in process inventory	21,200
Direct labor	81,000
Beginning finished goods inventory	64,000
Total factory overhead	126,000
Raw materials purchased	21,500
Ending raw materials inventory	40,000
Ending work in process inventory	20,000
Ending finished goods inventory	46,000

Question Details
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Difficulty : 3 Hard
Topic : Reporting
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

14) Information for Underwood Industries is presented below. Compute the cost of goods manufactured.

Raw materials purchases	$ 93,500	
Direct labor	61,000	
Total factory overhead	117,300	
	Beginning	**Ending**
Raw materials inventory	$ 26,800	$ 30,100
Work in process inventory	41,200	39,000
Finished goods inventory	54,000	53,500

Question Details
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

15) Information for Eastman Industries is presented below. Compute the cost of goods manufactured.

Beginning work in process inventory	21,200
Ending work in process inventory	20,000
Direct materials used	$ 46,800
Direct labor	81,000
Total factory overhead	106,000

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

16) Use the following information to prepare the schedule of cost of goods manufactured for Stone Company for the month ended June 30.

Work in Process inventory, beginning	$ 12,600
Work in Process inventory, ending	16,500
Direct materials used	21,000
Direct labor	31,000
Factory overhead:	
Property taxes—Factory	6,400
Indirect labor	9,200
Factory rent	12,000
Factory depreciation	15,000
Factory utilities	18,400

Question Details
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
AICPA : FN Reporting
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

17) Compute cost of goods sold for each of the following companies.

	UniMart	**Bare Manufacturing**
Beginning inventory		
Merchandise	$ 550,000	
Finished goods		$ 900,000

Cost of merchandise purchased	1,000,000	
Cost of goods manufactured		1,800,000
Ending inventory		
Merchandise	230,000	
Finished goods		750,000

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

18) Compute the ending work in process inventory for a manufacturer with the following information.

Raw materials purchased	$ 131,700
Direct materials used	65,400
Direct labor	44,000
Total factory overhead	101,600
Work in process inventory, beginning	32,500
Cost of goods manufactured	212,900

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

19) Given the following selected account balances of Bruin Manufacturing, prepare its income statement for the year ended December 31. Assume that its cost of goods manufactured is $1,068,780.

Sales	$ 2,500,000
Raw materials inventory, beginning	74,000
Work in process inventory, beginning	107,800
Finished goods inventory, beginning	125,500
Raw materials inventory	351,200
Direct labor	450,000
Indirect labor	94,000
Repairs – Factory equipment	46,180
Rent cost of factory building	114,000
Selling expenses	188,000
General and administrative expenses	258,600
Raw materials inventory, ending	85,400
Work in process inventory, ending	83,000
Finished goods inventory, ending	134,600

Question Details
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Reporting
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

20) Information for Stanton, Incorporated, as of December 31 follows. Prepare a schedule of cost of goods manufactured for the year ended December 31.

Accounting salaries	$ 35,000
Depreciation of factory equipment	34,000
Depreciation of office	6,000
Direct labor	68,000
Factory insurance	15,500
Selling expenses	12,000
Factory utilities	14,000
Factory maintenance	7,500
Raw materials inventory, beginning	5,000
Raw materials inventory, ending	4,000
Raw material purchases	125,000
Rent on factory building	25,000
Repairs of factory equipment	11,500
General and administrative expenses	37,500
Work in Process inventory, beginning	3,500
Work in Process inventory, ending	2,700

Question Details
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
AICPA : FN Reporting
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

21) Information for the Deuce Manufacturing Company follows. Compute the cost of goods manufactured for this company.

Beginning raw materials inventory	$ 53,200
Beginning work in process inventory	78,400
Ending raw materials inventory	58,100
Ending work in process inventory	98,000
Direct labor	149,800
Total factory overhead	105,000
Raw material purchases	210,000

Question Details
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

22) Given the following selected account balances of Sunny Manufacturing, prepare (a) its schedule of cost of goods manufactured and (b) its income statement for the year ended December 31.

Sales	$ 2,500,000
Raw materials inventory, beginning	74,000
Work in process inventory, beginning	107,800
Finished goods inventory, beginning	125,500
Raw materials purchases	351,200
Direct labor	450,000
Indirect labor	94,000
Repairs - Factory equipment	46,180
Rent cost of factory building	114,000
Selling expenses	188,000
General and administrative expenses	258,600
Raw materials inventory, ending	85,400
Work in process inventory, ending	83,000
Finished goods inventory, ending	134,600

Question Details
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
Topic : Schedule of Cost of Goods Manufactured
Bloom's : Apply
Difficulty : 3 Hard
Topic : Reporting
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a
Learning Objective : 01-P1 Prepare an income statement and balance sheet for a manufacturer.

23) Using the information provided below, compute the average manufacturing cost per unit assuming 36,748 units were produced.

Finished goods inventory, beginning	$ 690,000
Finished goods inventory, ending	567,200

Work in process inventory, beginning	167,000
Work in process inventory, ending	144,600
Cost of goods manufactured	1,837,400

Question Details
AICPA : FN Measurement
AICPA : BB Industry
Accessibility : Screen Reader Compatible
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Gradable : manual
Type : Static
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Difficulty : 3 Hard
Learning Objective : 01-P2 Prepare a schedule of cost of goods manufactured and explain its purpose a

Managerial Accounting 8th Edition by Wild CH01C

Answer Key

Test name: CH01C

1)

Cost item	Product or period cost?	
	Product	Period
Executive salary		X
Direct labor	X	
Direct materials	X	
Depreciation of factory equipment	X	
Indirect labor	X	
Salesperson salary		X
Television advertising		X
Indirect materials	X	

2)

Cost item	Product or period cost?		Direct or indirect cost?	
	Product	Period	Direct	Indirect
Administrative salaries		X		
Direct labor	X		X	
Advertising		X		
Property tax on the factory	X			X
Factory maintenance	X			X
Direct materials	X		X	
Depreciation on factory equipment	X			X

Office rent		X	
Factory utilities	X		X

3)

	Product	Period
Fabric for seats	X	
Assembly labor	X	
Factory property taxes	X	
Accounting staff salaries		X
Sales office rent		X
Sales manager's salary		X
Depreciation on factory equipment	X	
Sales commissions		X

4)

Cost item	Period cost	Product cost		
		Direct materials	Direct labor	Factory overhead
a. Factory maintenance salary, $40,000				$ 40,000
b. Salary of factory supervisor, $70,000				$ 70,000
c. Wages of production worker, $42,000			$ 42,000	
d. Salary of the company's president, $100,000	$ 100,000			
e. Television advertising, $25,000	$ 25,000			
f. Property tax on factory, $15,000				$ 15,000
g. Sales commissions, $65,000	$ 65,000			
h. Depreciation on factory equipment, $17,000				$ 17,000

i. Plastic used in shoes, $14,000	$ 14,000

5)

	Period Cost	Product Cost	
		Prime Cost	Conversion Cost
Factory property taxes			X
Depreciation of factory equipment			X
Insurance on office	X		
Indirect materials used			X
Wages of production workers		X	X
Production supervisor's salary			X
Advertising	X		
Direct materials used		X	
Sales salaries	X		

6) (a) Sandburg Industries is the manufacturer. It has three types of inventories: raw materials, work in process, and finished goods. It converts materials to finished goods.

(b) Current Assets—Sandburg Industries:

Cash	$ 7,000
Accounts Receivable	68,000
Raw Materials Inventory	21,000
Work in Process Inventory	40,000
Finished Goods Inventory	25,000
Prepaid Expenses	2,000
	$ 163,000

7)

(a) Prime Cost		(b) Conversion Cost	
Bakers' wages	$ 24,000	Bakers' wages	$ 24,000

Flour & Ingredients	15,000	Management Salaries	16,000
		Production Equipment	32,000
Prime Cost	$ 39,000	Conversion Cost	$ 72,000

8)

Beginning finished goods inventory	$ 68,000
Plus cost of goods manufactured	147,000
Less ending finished goods inventory	-77,000
Cost of goods sold	$ 138,000

9)

Beginning finished goods inventory	$ 29,000
Plus cost of goods manufactured	316,000
Less ending finished goods inventory	-31,000
Cost of goods sold	$ 314,000

10)

LEWIS,INCORPORATED:

Beginning merchandise inventory	$ 250,000
Plus cost of goods purchased	460,000
Less ending merchandise Inventory	(128,000)
Cost of goods sold	$ 582,000

MERCER COMPANY:

Beginning finished goods inventory	$ 550,000
Plus cost of goods manufactured	688,000
Less ending finished goods inventory	(350,000)
Cost of goods sold	$ 888,000

11)

Indirect labor	$ 36,700
Factory maintenance	4,800
Factory utilities	3,200
Insurance on plant and equipment	700
Total factory overhead	$ 45,400

12)

Direct materials	$ 19,650

Direct labor	15,210
Factory insurance	950
Factory supervisor salary	3,500
Indirect materials	1,920
Total	$ 41,230

13)

Cost of Goods Manufactured and Sold:

Beginning raw materials inventory	$ 36,800	
Add: raw materials purchased	21,500	
Raw materials available	$ 58,300	
Less Ending raw materials inventory	(40,000)	
Direct materials used		$ 18,300
Direct labor		81,000
Factory overhead		126,000
Total Manufacturing Costs		$ 225,300
Add Beginning work in process inventory		21,200
Total work in process		246,500
Less Ending work in process inventory		(20,000)
Cost of Goods Manufactured		$ 226,500
Add Beginning finished goods inventory		64,000
Cost of Goods Available		$ 290,500
Less: Ending finished goods inventory		(46,000)
Cost of Goods Sold		$ 244,500

14)

Cost of Goods Manufactured:

Beginning raw materials inventory	$ 26,800	
Add: raw materials purchases	93,500	
Raw materials available	$ 120,300	
Less Ending raw materials inventory	(30,100)	
Direct materials used		$ 90,200
Direct labor		61,000
Factory overhead		117,300
Total Manufacturing Costs		268,500
Add Beginning work in process inventory		41,200
Total work in process		309,700
Less Ending work in process inventory		(39,000)
Cost of Goods Manufactured		$ 270,700

15)

Cost of Goods Manufactured:

Direct materials used	$ 46,800
Direct labor	81,000
Factory overhead	106,000
Total Manufacturing Costs	$ 233,800
Add Beginning work in process inventory	21,200
Total work in process	255,000
Less Ending work in process inventory	(20,000)
Cost of Goods Manufactured	$ 235,000

16)

Stone Company

Schedule of Cost of Goods Manufactured

For Month Ended June 30

Direct materials used	$ 21,000

Direct labor		31,000
Factory overhead:		
Property taxes—Factory	$ 6,400	
Indirect labor	9,200	
Factory rent	12,000	
Factory depreciation	15,000	
Factory utilities	18,400	
Total factory overhead		61,000
Total manufacturing costs		$ 113,000
Add work in process inventory, beginning		12,600
Total work in process		$ 125,600
Less work in process inventory, ending		16,500
Cost of goods manufactured		$ 109,100

17)

UNIMART

Computation of Cost of Goods Sold

Cost of goods sold	
Merchandise inventory, beginning	$ 550,000
Cost of merchandise purchased	1,000,000
Goods available for sale	1,550,000
Less merchandise inventory, ending	230,000
Cost of goods sold	$ 1,320,000

BARE Manufacturing

Computation of Cost of Goods Sold

Cost of goods sold	
Finished goods inventory, beginning	$ 900,000
Cost of goods manufactured	1,800,000
Goods available for sale	2,700,000

Less finished goods inventory, ending	750,000
Cost of goods sold	$ 1,950,000

18)

Work in process inventory, beginning	$ 32,500
Direct materials used	65,400
Direct labor	44,000
Total factory overhead	101,600
Less: Cost of goods manufactured	(212,900)
Work in process inventory, ending	$ 30,600

19)

BRUIN MANUFACTURING
Income Statement
For Year Ended December 31

Sales		$ 2,500,000
Cost of goods sold		
Finished goods inventory, beginning	$ 125,500	
Cost of goods manufactured	1,068,780	
Goods available for sale	1,194,280	
Less finished goods inventory, ending	134,600	
Cost of goods sold		1,059,680
Gross profit		1,440,320
Selling expenses		188,000
General and administrative expenses		258,600
Net income		$ 993,720

20)

Stanton, Incorporated
Schedule of Cost of Goods Manufactured
For Year Ended December 31

Direct materials:		
Raw materials, beginning	$ 5,000	
Raw material purchases	125,000	
Raw materials available for use	$ 130,000	
Raw materials, ending	(4,000)	
Direct materials used		$ 126,000
Direct labor		68,000
Factory overhead costs:		
Depreciation of factory equipment	$ 34,000	
Factory insurance	15,500	
Factory utilities	14,000	
Factory maintenance	7,500	
Rent on factory building	25,000	
Repairs of factory equipment	11,500	
Total factory overhead costs		107,500
Total manufacturing costs		$ 301,500
Add work in process inventory, beginning		3,500
Total cost of work in process		$ 305,000
Less work in process inventory, ending		(2,700)
Cost of goods manufactured		$ 302,300

21)

Cost of Goods Manufactured

Direct materials:

Raw materials inventory, beginning	$ 53,200	
Raw materials purchases	210,000	
Raw materials available for use	$ 263,200	
Less raw materials inventory, ending	(58,100)	
Direct materials used		$ 205,100
Direct labor		149,800
Total factory overhead		105,000
Total manufacturing costs		$ 459,900
Add work in process inventory, beginning		78,400
Total cost of work in process		$ 538,300
Less work in process inventory, ending		(98,000)
Cost of goods manufactured		$ 440,300

22)

Sunny Manufacturing
Schedule of Cost of Goods Manufactured
For Year Ended December 31

Direct materials:		
Raw materials inventory, beginning	$ 74,000	
Raw materials purchases	351,200	
Raw materials available for use	$ 425,200	
Less raw materials inventory, ending	85,400	
Direct materials used		$ 339,800
Direct labor		450,000
Factory overhead:		

Indirect labor	$ 94,000	
Repairs – Factory equipment	46,180	
Rent cost of factory building	114,000	
Total factory overhead		254,180
Total manufacturing costs		$ 1,043,980
Work in process inventory, beginning		107,800
Total cost of work in process		$ 1,151,780
Less work in process inventory, ending		83,000
Cost of goods manufactured		$ 1,068,780

Sunny Manufacturing
Income Statement
For Year Ended December 31

Sales		$ 2,500,000
Cost of goods sold		
Finished goods inventory, beginning	$ 125,500	
Cost of goods manufactured	1,068,780	
Goods available for sale	1,194,280	
Less finished goods inventory, ending	134,600	
Cost of goods sold		1,059,680
Gross profit		1,440,320
Selling expenses		188,000
General and administrative expenses		258,600
Net income		$ 993,720

23)

Cost of goods manufactured	$ 1,837,400

Units produced	36,748
Average unit cost	$ 50