

1. Management accounting _____.
 - A) focuses on estimating future revenues, costs, and other measures to forecast activities and their results
 - B) provides information about the company as a whole
 - C) reports information that has occurred in the past that is verifiable and reliable
 - D) provides information that is generally available only on a quarterly or annual basis

2. Managers use management accounting information to _____.
 - A) help external users such as investors, banks, regulators, and suppliers
 - B) communicate, develop, and implement strategies
 - C) communicate a firm's financial position to investors, banks, regulators, and other outside parties
 - D) ensure that financial statements are consistent with the SEC rules

3. The primary user of financial accounting information is a _____.
 - A) factory shift supervisor
 - B) distribution manager
 - C) current shareholder
 - D) department manager

4. Cost accounting _____.
 - A) measures the costs of acquiring or using resources in an organization
 - B) helps managers to develop, communicate, and implement strategies
 - C) coordinates product design, production, and marketing decisions and evaluate a company's performance
 - D) communicates information to investors, banks, regulators, and other outside parties

5. Which of the following is true of financial accounting information?
- A) It is prepared based on cost-benefit analysis.
 - B) It is primarily used by managers to make internal business decisions.
 - C) It focuses on the past-oriented financial performance of a company.
 - D) It only measures the cash transactions of a company.
6. R&D, production, and customer service are business functions that are all included as part of _____.
- A) the value chain
 - B) benchmarking
 - C) customer relationship management
 - D) the supply chain
7. The value chain is the sequence of business functions in which _____.
- A) value is deducted from the products or services of an organization
 - B) producing and delivering the product or service is of prime importance
 - C) products and services are evaluated with respect to their value to the supply chain
 - D) usefulness is added to the products or services of an organization
8. _____ is the generation of, and experimentation with, ideas related to new products, services, or processes.
- A) Research and development
 - B) Design of products, services, or processes
 - C) Production
 - D) Marketing

9. _____ is the detailed planning and engineering and testing of products, services, or processes.

- A) Plan of implementation
- B) Design
- C) Production
- D) Research and development

10. Production is the _____.

- A) generation of, and experimentation with, ideas related to new products, services, or processes
- B) processing orders and shipping products or services to customers
- C) acquisition, coordination, and assembly of resources to produce a product or deliver a service
- D) detailed planning and engineering of products, services, or processes

11. Marketing is the _____.

- A) generation of, and experimentation with, ideas related to new products, services, or processes
- B) detailed planning and engineering of products, services, or processes
- C) acquisition, coordination, and assembly of resources to produce a product or deliver a service
- D) the manner by which companies promote and sell their products or services to customers or perspective customers

12. _____ is an after-sale support provided to customers.

- A) Distribution
- B) Customer service
- C) Production
- D) Marketing

1.

13. _____ describes the flow of goods, services, and information from the purchase of materials to the delivery of products to consumers, regardless of whether those activities occur in the same organization or with other organizations.

- A) Supply chain
- B) Production process
- C) Quality control
- D) Customer relationship management

14. Processing orders and shipping products or providing services to customers is known as _____.

- A) after-sales services
- B) distribution
- C) marketing
- D) supply chain

15. Place the five steps in the decision-making process in the correct order:

- A = Obtain information
- B = Make decisions by choosing among alternatives
- C = Identify the problem and uncertainties
- D = Implement the decision, evaluate performance, and learn
- E = Make predictions about the future

- A) C D B E A
- B) E D A B C
- C) C A E B D
- D) A E B D C

16. The most important planning tool is a _____.

- A) performance evaluation report

B) fishbone diagram

C) control chart

D) budget

17. Management accounting is considered most likely to be successful when it _____.

A) helps creditors evaluate the company's performance

B) helps investors improve their decisions

C) is timely

D) is relevant and reported annually

18. The scenario that resources should be spent if the expected benefits to the company exceed the expected costs describes _____.

A) cost-benefit approach

B) behavioral and technical considerations

C) balanced scorecard

D) different costs for different purposes

19. Technical consideration _____.

A) help managers make wise economic decisions by providing them with the desired information

B) focus on encouraging individuals to do their jobs better

C) focus on compensating the managers for good performance

D) emphasize on different costs for different purposes

20. _____ includes banking and short- and long-term financing, investments, and cash management.

A) Risk management

- B) Strategic planning
- C) Controllership
- D) Treasury management
-

21. An actual cost is _____.

- A) is the cost incurred
- B) is a predicted or forecasted cost
- C) is anything for which a cost measurement is desired
- D) is the collection of cost data in some organized way by means of an accounting system

22. Comparing budgeted costs to actual costs helps managers to improve _____.

- A) coordination
- B) control
- C) implementation
- D) planning

23. Budgeted costs are _____.

- A) the costs incurred this year
- B) the costs incurred last year
- C) planned or forecasted costs
- D) competitor's costs

24. The general term used to identify both the tracing and the allocation of accumulated costs to a cost object is _____.

- A) cost accumulation
- B) cost assignment

- C) cost tracing
- D) conversion costing

25. Which of the following statements about the direct/indirect cost classification is true?

- A) Indirect costs are always traced.
- B) Indirect costs are always allocated.
- C) The design of sales target affects the direct/indirect classification.
- D) The direct/indirect classification depends on the cost control measures.

26. Cost tracing is _____.

- A) the assignment of direct costs to the chosen cost object
- B) a function of cost allocation
- C) the process of tracking both direct and indirect costs associated with a cost object
- D) the process of determining the actual cost of the cost object

27. Cost allocation is _____.

- A) the process of tracking both direct and indirect costs associated with a cost object
- B) the process of determining the opportunity cost of a cost object chosen
- C) the assignment of indirect costs to the chosen cost object
- D) made based on material acquisition document

28. The determination of a cost as either direct or indirect depends upon the _____.

- A) accounting standards
- B) tax system chosen

C) inventory valuation

D) cost object chosen

29. Classifying a cost as either direct or indirect depends upon _____.

A) the behavior of the cost in response to volume changes

B) whether the cost is expensed in the period in which it is incurred

C) whether the cost can be easily traced with the cost object

D) whether a cost is fixed or variable

30. A manufacturing plant produces two product lines: golf equipment and soccer equipment. An example of indirect cost for the soccer equipment line is the _____.

A) material used to make the soccer balls

B) labor to shape the leather used to make the soccer ball

C) material used to manufacture the soccer studs

D) salary paid to plant supervisor

31. Which one of the following items is a direct cost?

A) Customer-service costs of a multiproduct firm; Product A is the cost object.

B) Printing costs incurred for payroll check processing; payroll check processing is the cost object.

C) The salary of a maintenance supervisor in a multiproduct manufacturing plant; Product B is the cost object.

D) Utility costs of the administrative offices; the accounting department is the cost object.

32. Which of the following statements is true?

- A) A direct cost of one cost object will always be a direct cost of another cost object.
- B) Because of a cost-benefit tradeoff, some direct costs may be treated as indirect costs.
- C) All fixed costs are indirect costs.
- D) All direct costs are variable costs.

33. Which of the following statements is true of direct costs?

- A) A direct cost of one cost object is a true sense of the budgeted costs.
- B) All variable costs are direct costs.
- C) A direct cost of one cost object can be an indirect cost of another cost object.
- D) All fixed costs are direct costs.

34. Which of the following is true if the production volume decreases?

- A) fixed cost per unit increases
- B) average cost per unit decreases
- C) variable cost per unit increases
- D) variable cost per unit decreases

35. At a plant where a union agreement sets annual salaries and conditions, annual labor costs usually _____.

- A) are considered a variable cost
- B) are considered a fixed cost
- C) depend on the scheduling of floor workers
- D) depend on the scheduling of production runs

36. Variable costs _____.

- A) are always indirect costs
- B) increase in total when the actual level of activity increases
- C) include most personnel costs and depreciation on machinery
- D) are never considered a part of prime cost

37. Maize Plastics manufactures and sells 50 bottles per day. Fixed costs are \$30,000 and the variable costs for manufacturing 50 bottles are \$10,000. Each bottle is sold for \$1,000. How would the daily profit be affected if the daily volume of sales drop by 10%?

- A) profits are reduced by \$4,000
- B) profits are reduced by \$1,000
- C) profits are reduced by \$5,000
- D) profits are reduced by \$6,000

38. Fixed costs depend on the _____.

- A) amount of resources used
- B) amount of resources acquired
- C) volume of production
- D) total number of units sold

39. Which one of the following is a variable cost for an insurance company?

- A) rent of the building
- B) CEO's salary
- C) electricity expenses
- D) property taxes

40. Which of the following statements is true?

- A) There is a cause-and-effect relationship between the cost driver and the amount of cost.
- B) Fixed costs have cost drivers over the short run.
- C) Over the short run all costs have cost drivers.
- D) Volume of production is a cost driver of distribution costs.

41. Zephyr Apparels is a clothing retailer. Unit costs associated with one of its products, Product DCT121, are as follows:

| | |
|---------------------------------|--------------|
| Direct materials | \$ 70 |
| Direct manufacturing labor | 20 |
| Variable manufacturing overhead | 15 |
| Fixed manufacturing overhead | 32 |
| Sales commissions (2% of sales) | 5 |
| Administrative salaries | <u>16</u> |
| Total | <u>\$158</u> |

What are the direct variable manufacturing costs per unit associated with Product DCT121?

- A) \$142
- B) \$90
- C) \$105
- D) \$110

42. A unit cost is computed by _____.

- A) multiplying total cost by the number of units produced
- B) dividing total cost by the number of units produced
- C) dividing variable cost by the number of units produced
- D) dividing fixed cost by the number of units produced

43. In making product mix and pricing decisions, managers should focus on _____.

- A) total costs

- B) unit costs
- C) variable costs
- D) manufacturing costs

44. When 20,000 units are produced, fixed costs are \$16 per unit. Therefore, when 16,000 units are produced, fixed costs will _____.

- A) increase to \$20 per unit
- B) remain at \$16 per unit
- C) decrease to \$10 per unit
- D) total \$160,000

45. When 20,000 units are produced, variable costs are \$8 per unit. Therefore, when 10,000 units are produced _____.

- A) variable costs will remain at \$8 per unit
- B) variable costs will total \$60,000
- C) variable unit costs will increase to \$12 per unit
- D) variable unit costs will decrease to \$3 per unit

46. Eigen Manufacturing Corp. provided the following information for last month:

| | |
|------------------|-----------------|
| Sales | \$40,000 |
| Variable costs | 14,000 |
| Fixed costs | <u>10,000</u> |
| Operating income | <u>\$16,000</u> |

If sales reduce to half of the amount in the next month, what is the projected operating income?

- A) \$15,000
- B) \$6,000
- C) \$16,000
- D) \$3,000

47. XIAN Manufacturing produces a unique valve, and has the capacity to produce 50,000 valves annually. Currently XIAN produces 40,000 valves and is thinking about increasing production to 45,000 valves next year. What is the most likely behavior of total manufacturing costs and unit manufacturing costs given this change?

- A) Total manufacturing costs will increase and unit manufacturing costs will stay the same.
- B) Total manufacturing costs will increase and unit manufacturing costs will decrease.
- C) Total manufacturing costs will stay the same and unit manufacturing costs will stay the same.
- D) Total manufacturing costs will increase and unit manufacturing costs will also increase.

48. Pederson Company reported the following:

| | |
|---------------------|------------------------------------|
| Manufacturing costs | \$150,000 |
| Units manufactured | 5,000 |
| Units sold | 4,700 units sold for \$75 per unit |
| Beginning inventory | 100 units |

What is the average manufacturing cost per unit?

- A) \$40.00
- B) \$42.00
- C) \$30.00
- D) \$32.00

49. _____ sector companies purchase materials and components and convert them into finished goods.

- A) Merchandising
- B) Service
- C) Manufacturing
- D) Professional

50. Merchandising-sectors _____.

- A) purchase and then sell tangible products without changing their basic form
- B) provide intangible products
- C) purchase materials and components and convert them into finished goods
- D) purchase and then sell tangible products by changing their basic form

51. Service-sector companies _____.

- A) provide intangible products
- B) purchase and then sell tangible products without changing their basic form
- C) purchase and then sell tangible products by changing their basic form
- D) purchase materials and components and convert them into finished goods

52. Wages paid to machine operators on an assembly line are classified as a _____.

- A) direct material cost
- B) direct manufacturing labor cost
- C) manufacturing overhead cost
- D) period cost

53. Which of the following companies is part of the service sector of our economy?

- A) Target
- B) Ernst & Young
- C) Nokia
- D) Amazon.com

54. Yahoo, an Internet search firm, would be classified as a(n) _____.

- A) manufacturing-sector company
- B) merchandising-sector company
- C) service-sector company
- D) financial services

55. Service-sector companies report _____.

- A) work-in-process inventory, and finished goods inventory accounts
- B) only finished goods inventory
- C) direct materials inventory, work-in-process inventory, and finished goods inventory accounts
- D) no inventory accounts

56. Manufacturing-sector companies report _____.

- A) only merchandise inventory
- B) only finished goods inventory
- C) direct materials inventory, work-in-process inventory, and finished goods inventory accounts
- D) direct materials inventory and finished goods inventory accounts only

57. For a manufacturing company, direct material costs may be included in _____.

- A) direct materials inventory only
- B) merchandise inventory only
- C) both work-in-process inventory and finished goods inventory
- D) direct materials inventory, work-in-process inventory, and finished goods inventory accounts

58. For a manufacturing-sector company, the cost of factory depreciation is classified as a _____.

- A) direct material cost
- B) direct manufacturing labor cost
- C) manufacturing overhead cost
- D) period cost

59. Direct materials inventory would normally include _____.

- A) direct materials in stock and awaiting use in the manufacturing process
- B) goods partially worked on but not yet fully completed
- C) goods fully completed but not yet sold
- D) products in their original form intended to be sold without changing their basic form

60. R&D costs are treated as period costs because _____.

- A) these costs may increase revenues in the current period
- B) these costs may increase revenues in the future period
- C) these costs may decrease revenues in the current period
- D) these costs are expensed when the goods are sold

61. For an automobile manufacturer, period costs include the cost of _____.

- A) the dashboard
- B) labor used for assembly
- C) advertising
- D) assembly-line equipment

62. Which of the following formulas determine cost of goods sold in a merchandising entity?

- A) $\text{Beginning inventory} + \text{Purchases} + \text{Ending inventory} = \text{Cost of goods sold}$
- B) $\text{Beginning inventory} + \text{Purchases} - \text{Ending inventory} = \text{Costs of goods sold}$
- C) $\text{Beginning inventory} - \text{Purchases} + \text{Ending inventory} = \text{Cost of goods sold}$
- D) $\text{Beginning inventory} - \text{Ending inventory} - \text{Purchases} = \text{Cost of goods sold}$

63. A company reported revenues of \$375,000, cost of goods sold of \$118,000, selling expenses of \$11,000, and total operating costs of \$70,000. Gross margin for the year is _____.

- A) \$257,000
- B) \$246,000
- C) \$176,000
- D) \$252,000

64. For last year, Wampum Enterprises reported revenues of \$420,000, cost of goods sold of \$108,000, cost of goods manufactured of \$101,000, and total operating costs of \$70,000. Operating income for that year was _____.

- A) \$319,000
- B) \$312,000
- C) \$249,000
- D) \$242,000
- E) \$241,000

65. Conversion costs include _____.

- A) direct materials and direct manufacturing labor costs
- B) direct manufacturing labor and manufacturing overhead costs
- C) direct materials and manufacturing overhead costs
- D) only direct materials

66. Total manufacturing costs equal _____.
- A) direct materials plus prime costs
 - B) direct materials plus conversion costs
 - C) direct manufacturing labor costs plus sunk costs
 - D) direct manufacturing labor costs plus conversion costs
67. Which of the following is a manufacturing overhead cost?
- A) cost of conversion of direct materials to finished goods
 - B) labor cost that can be traced to individual products
 - C) cost of materials that can be traced to individual products
 - D) overtime premiums paid to plant workers
68. Which of the following influences the make or buy decision to the company?
- A) opportunity cost
 - B) sunk cost
 - C) historical cost
 - D) plant depreciation
69. Managers use cost-volume-profit (CVP) analysis to _____.
- A) forecast the cost of capital for a given period of time
 - B) to study the behavior of and relationship among the elements such as total revenues, total costs, and income
 - C) estimate the risks associated with a given job
 - D) analyse a firm's profitability and help to decide wealth distribution among its stakeholders

70. One of the first steps to take when using CVP analysis to help make decisions is _____.

- A) calculating the break-even point
- B) identifying the variable and fixed costs
- C) calculation of the degree of operating leverage for the company
- D) estimating the volume of sales to make a good profit

71. Which of the following is true of cost-volume-profit analysis?

- A) The theory assumes that all costs are variable.
- B) The theory assumes that units manufactured equal units sold.
- C) The theory states that total variable costs remain the same over a relevant range.
- D) The theory states that total costs remain the same over the relevant range.

72. The selling price per unit less the variable cost per unit is the _____.

- A) fixed cost per unit
- B) gross margin
- C) margin of safety
- D) contribution margin per unit

73. Contribution margin equals _____.

- A) revenues minus period costs
- B) revenues minus product costs
- C) revenues minus variable costs
- D) revenues minus fixed costs

74. Shine Jewelry sells 400 units resulting in \$7,000 of sales revenue, \$3,000 of variable costs, and \$1,500 of fixed costs. Contribution margin per unit is _____.

- A) \$4.00
- B) \$11.00
- C) \$10.00
- D) \$8.00

75. The contribution income statement highlights _____.

- A) gross margin
- B) the segregation of costs into period costs and inventoriable costs
- C) different product lines
- D) variable and fixed costs

76. If direct labor and direct material costs increase by \$1 each, contribution margin _____.

- A) increases by \$20,000
- B) increases by \$14,000
- C) decreases by \$24,000
- D) decreases by \$14,000

77. Winnz sells 8,000 units resulting in \$100,000 of sales revenue, \$35,000 of variable costs, and \$45,000 of fixed costs. To achieve \$150,000 in operating income, sales must total _____.

- A) \$440,000
- B) \$160,000
- C) \$130,000
- D) \$300,000

78. Star Jewelry sells 500 units resulting in \$75,000 of sales revenue, \$28,000 of variable costs, and \$18,000 of fixed costs. Breakeven point in units is _____.

- A) 196 units
- B) 203 units
- C) 185 units
- D) 192 units

79. Star Jewelry sells 500 units resulting in \$75,000 of sales revenue, \$28,000 of variable costs, and \$18,000 of fixed costs. The number of units that must be sold to achieve \$40,000 of operating income is _____.

- A) 677 units
- B) 717 units
- C) 617 units
- D) 650 units

80. Sky High sells helicopters. During the current year, 100 helicopters were sold resulting in \$820,000 of sales revenue, \$250,000 of variable costs, and \$342,000 of fixed costs. Breakeven point in units is _____.

- A) 80 units
- B) 64 units
- C) 60 units
- D) 78 units

81. What is the breakeven point in units, assuming a product's selling price is \$100, fixed costs are \$16,000, unit variable costs are \$20, and operating income is \$5,200?

- A) 100 units
- B) 300 units
- C) 400 units
- D) 200 units

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82. Stephanie's Bridal Shoppe sells wedding dresses. The average selling price of each dress is \$1,000, variable costs are \$400, and fixed costs are \$90,000. How many dresses must the Bridal Shoppe sell to yield after-tax net income of \$18,000, assuming the tax rate is 40%?

- A) 200 dresses
- B) 170 dresses
- C) 150 dresses
- D) 145 dresses

83. The Marietta Company has fixed costs of \$60,000 and variable costs are 75% of the selling price. To realize profits of \$10,000 from sales of 50,000 units, the selling price per unit _____.

- A) must be \$1.20
- B) must be \$6.00
- C) must be \$5.60
- D) must be \$4.23

84. In a company with low operating leverage, _____.

- A) fixed costs are more than the contribution margin
- B) contribution margin and operating income are inversely related
- C) there is a higher possibility of net loss than a higher-leveraged firm
- D) less risk is assumed than in a highly leveraged firm

85. If the contribution margin ratio is 0.40, targeted operating income is \$80,000, and targeted sales volume in dollars is \$500,000, then the degree of operating leverage is _____.

- A) 1.50 times
- B) 2.00 times

- C) 2.50 times
- D) 3.00 times

86. If the contribution margin ratio is 0.40, targeted operating income is \$50,000, and fixed costs are \$75,000, then sales volume in dollars is _____.

- A) \$250,000
- B) \$312,500
- C) \$275,000
- D) \$350,000

87. If the contribution margin ratio is 0.25, targeted operating income is \$50,000, and targeted sales volume in dollars is \$250,000, then total fixed costs are _____.

- A) \$11,500
- B) \$15,000
- C) \$20,000
- D) \$12,500

88. Fixed costs _____.

- A) are considered variable costs over the long run
- B) provide less operating leverage
- C) reduce the risk of loss
- D) are graphed as a steeply sloped line

89. A _____ is a grouping of individual indirect cost items.

- A) cost allocation base
- B) cost assignment
- C) cost pool

- D) job-costing system

90. Assigning direct costs to a cost object is called _____.

- A) cost allocation
- B) cost assignment
- C) cost pooling
- D) cost tracing
-

91. Process costing is _____.

- A) used to enhance employees' job satisfaction
- B) used by businesses to price unique products or identical products produced in batches
- C) used by businesses to price identical products
- D) used by businesses when manufacturing goods above normal capacity

92. Job costing is _____.

- A) used by businesses to price identical products
- B) used by businesses to price unique products for different jobs
- C) used to calculate equivalent units
- D) used to calculate the percentage of work completed

93. Actual costing is a costing system that traces direct costs to a cost object by _____.

- A) using the budgeted direct cost rates times the budgeted quantities of direct-cost inputs
- B) using the actual direct costs rates times the budgeted quantities of the direct-cost inputs

- C) using the actual direct cost rates times the actual quantities of the direct-cost inputs
- D) using the budgeted direct cost rates times the actual quantities of the direct cost inputs

94. Bernard Company's budgeted manufacturing overhead is \$3,300,000. Overhead is allocated on the basis of direct labor hours. The budgeted direct labor hours for the period are 60,000. What is the manufacturing overhead rate?

- A) \$47.00
- B) \$56.00
- C) \$75.00
- D) \$55.00

95. Vision Enterprises manufactures digital video equipment. For each unit, \$3,000 of direct material is used and there is \$2,000 of direct manufacturing labor at \$20 per hour. Manufacturing overhead is applied at \$25 per direct manufacturing labor hour. Calculate the profit earned on 50 units if each unit sells for \$9,000.

- A) \$65,000
- B) \$80,000
- C) \$75,000
- D) \$2,500

96. In a job-costing system, a manufacturing firm typically uses an indirect-cost rate to estimate the _____ allocated to a job.

- A) direct materials
- B) direct labor
- C) manufacturing overhead costs
- D) total costs

97. An increase in direct labor cost per unit _____.
- A) increases the fixed cost
 - B) increases profits
 - C) increases the variable cost
 - D) increases overhead costs
98. The budgeted indirect-cost rate is calculated _____.
- A) at the beginning of the year
 - B) during the year
 - C) at the end of each quarter
 - D) at the end of the year
99. The difference between actual costing and normal costing is _____.
- A) normal costing uses actual quantities of direct-costs
 - B) actual costing uses actual quantities of direct-costs
 - C) normal costing uses budgeted indirect-costs
 - D) actual costing uses actual quantities of cost-allocation bases
100. For 2014, Thomas Manufacturing uses machine-hours as the only overhead cost-allocation base. The estimated manufacturing overhead costs are \$300,000 and estimated machine hours are 50,000. The actual manufacturing overhead costs are \$420,000 and actual machine hours are 70,000. Using job costing, the 2014 budgeted manufacturing overhead rate is _____.
- A) \$6.50 per machine-hour
 - B) \$4.80 per machine-hour
 - C) \$5.50 per machine-hour
 - D) \$6.00 per machine-hour
 - E) \$5.00 per machine-hour

101. Kamrock applies manufacturing overhead costs to products at a budgeted indirect-cost rate of \$60 per direct manufacturing labor-hour. A retail outlet has requested a bid on a special order of the Toy Mouse product. Estimates for this order include: Direct materials of \$50,000; 600 direct manufacturing labor-hours at \$20 per hour; and a 20% markup rate on total manufacturing costs. Manufacturing overhead cost estimates for this special order total _____.

- A) \$46,000
- B) \$34,000
- C) \$36,000
- D) \$40,000

102. Mark Papers employs 15 full-time employees and 10 trainees. Direct and indirect costs are applied on a professional labor-hour basis that includes both employee and trainee hours. Following is information for 2014:

| | <u>Budget</u> | <u>Actual</u> |
|--------------------------------|----------------------|----------------------|
| Indirect costs | \$200,000 | \$300,000 |
| Annual salary of each employee | \$100,000 | \$110,000 |
| Annual salary of each trainee | \$ 25,000 | \$ 30,000 |
| Total professional labor-hours | 50,000 dlh | 60,000 dlh |

What are the budgeted direct-cost rate and the budgeted indirect-cost rate, respectively, per professional labor-hour?

- A) \$30.00; \$4.50
- B) \$35.00; \$4.00
- C) \$32.40; \$5.00
- D) \$27.00; \$5.00

103. Which of the following is true of the Work-in-Process Control account?

- A) It tracks all direct material purchases.
- B) Its balance is the sum of amounts from all in-process individual job-cost records.
- C) It is an expense account.
- D) It tracks overhead costs in-process from beginning through completion.

104. Which account is credited if direct materials of \$20,000 and indirect materials of \$3,000 are sent to the manufacturing plant floor?

- A) Manufacturing Overhead Control for \$23,000
- B) Work-in-Process Control for \$23,000
- C) Accounts Payable Control for \$17,000
- D) Materials Control for \$23,000

105. Pearl Corp. applies manufacturing overhead costs to products at a budgeted indirect-cost rate of \$60 per direct manufacturing labor-hour. A retail outlet has requested a bid on a special order of a necklace. Estimates for this order include: Direct materials of \$50,000; 400 direct manufacturing labor-hours at \$20 per hour; and a 30% markup rate on total manufacturing costs. Estimated total product costs for this special order equal _____.

- A) \$96,000
- B) \$76,000
- C) \$80,000
- D) \$82,000

106. The spreading of underallocated or overallocated overhead among ending work-in-process, finished goods, and cost of goods sold is called _____.

- A) the adjusted allocation rate approach
- B) the proration approach
- C) the write-off of cost of goods sold approach
- D) the weighted-average cost approach

107. Overcosting a particular product may result in _____.

- A) loss of market share
- B) pricing the product too low
- C) operating efficiencies

- D) understating total product costs
108. An accelerated need for refined cost systems is due to _____.
- A) global monopolies
 - B) rising prices
 - C) intense competition
 - D) a shift toward increased direct costs
109. Uniformly assigning the costs of resources to cost objects when those resources are actually used in a nonuniform way is called _____.
- A) activity-based costing
 - B) uniform costing
 - C) peanut-butter costing
 - D) department costing
110. Refining a cost system includes _____.
- A) classifying as many costs as indirect costs as is feasible
 - B) creating as many cost pools as possible
 - C) identifying the activities involved in a process
 - D) seeking a lesser level of detail
111. ABC systems create _____.
- A) one large cost pool
 - B) homogenous activity-related cost pools
 - C) activity-cost pools with a broad focus
 - D) activity-cost pools containing many direct costs

112. Activity based costing system differs from traditional costing systems in the treatment of _____.

- A) direct labor costs
- B) direct material costs
- C) prime costs
- D) indirect costs
-

113. ABC systems _____.

- A) highlight the different levels of activities
- B) limit cost drivers to units of output
- C) allocate costs based on the overall level of activity
- D) generally undercost complex products

114. Which of the following statements is true of activity-based costing?

- A) In activity-based costing, direct labor-hours is always the best allocation base to allocate all non-manufacturing indirect costs.
- B) Activity based costing is more suited to companies with high product diversity than companies with single product line
- C) Activity based costing broadly averages or spreads the cost of resources uniformly to cost objects such as products or services.
- D) The main advantage of activity-based costing over peanut-butter costing is the accurate distribution of all direct costs to the products.

115. Extracts from cost information of Hebar Corp.:

| | Simple L3 Pack | Complex L7 Pack | Total |
|---|----------------|-----------------|----------|
| Setup cost allocated using direct labor-hours | \$18,750 | \$6,250 | \$25,000 |
| Setup cost allocated using setup-hours | \$13,200 | \$11,800 | \$25,000 |

Which of the following statement is true of Hebar's setup costs under traditional costing?

1.

- A) L3 pack is undercosted by \$5,550
- B) L7 pack is undercosted by \$5,450
- C) L3 pack is overcosted by \$5,550
- D) L7 pack is overcosted by \$5,550

116. Dalrymple Company produces a special spray nozzle. The budgeted indirect total cost of inserting the spray nozzle is \$80,000. The budgeted number of nozzles to be inserted is 40,000. What is the budgeted indirect cost allocation rate for this activity?

- A) \$0.50
- B) \$1.00
- C) \$1.50
- D) \$2.00
-

117. Activity-based costing is most likely to yield benefits for companies _____.

- A) with complex product design processes
- B) with operations that remain fairly consistent
- C) in a monopolistic market
- D) having nominal percentage of indirect costs

118. For a company which produce its products in batches, the CEO's salary is a(n) _____ cost.

- A) batch-level
- B) output unit-level
- C) facility-sustaining
- D) product-sustaining

119. _____ costs support the organization as a whole.

- A) Unit-level
- B) Batch-level
- C) Product-sustaining
- D) Facility-sustaining

120. _____ are the costs of activities undertaken to support individual products or services regardless of the number of units or batches in which the units are produced.

- A) Unit-level costs
- B) Batch-level costs
- C) Product-sustaining costs
- D) Facility-sustaining costs

121. Put the following ABC implementation steps in order _____.

- A Compute the allocation rates.
 - B Compute the total cost of the products.
 - C Identify the products that are the cost objects.
 - D Select the cost allocation bases.
- A) DACB
 - B) DBCA
 - C) BADC
 - D) CDAB

122. ABC assumes all costs are _____ because over the long run management can adjust the amount of resources employed.

- A) fixed
- B) variable
- C) committed

D) nondiscretionary

123. Which of the following is true of a budget?

A) Budgets are used to express only the operational plans and not the strategic plans of a company.

B) Budgets do not account for nonfinancial aspects of the upcoming period.

C) Budgets are most useful when they are planned independent of the company's strategic plans.

D) Budgets help managers to revise their plans and strategies.

124. Which of the following is a financial budget?

A) budgeted balance sheet

B) cash receivables budget

C) production budget

D) cost of goods sold budget

125. Budgets are used to _____.

A) increase the book value of its assets

B) communicate with external stakeholders

C) calculate the income tax liability

D) formulate company strategies

126. Which of the following is true of master budgets?

A) They include only financial aspects of a plan and exclude nonfinancial aspects.

B) They aid in coordinating what needs to be done to implement a plan.

C) They aid in quantifying the expectations of all stakeholders.

D) They must be administered rigidly after they are committed to.

127. Operating decisions primarily deal with _____.

A) the best use of scarce resources

B) how to obtain funds to acquire resources

C) acquiring equipment and buildings

D) satisfying stockholders

128. Financing decisions primarily deal with _____.

A) the use of scarce resources

B) how to obtain funds to acquire resources

C) acquiring equipment and buildings

D) preparing financial statements for stockholders

129. A master budget _____.

A) is the initial plan of what the company intends to accomplish in the period and evolves from both the operating and financing decisions

B) is a substitute for the management functions of planning and coordination

C) improves companies' market capitalization and evolves from both the investing and financing decisions

D) provides an ethical framework for decision making

130. Which of the following is true of budgets when they are administered thoughtfully?

A) They eliminate subjectivity in performance evaluation.

B) They can eliminate the uncertainty faced by a company.

C) They promote coordination within the subunits of a company.

- D) They are a substitute the planning and coordination functions of management.

131. A budget is an end product of negotiations among senior and subordinate managers because _____.

- A) budgeting is their mutual responsibility
- B) senior managers alone cannot spare the time required for the budgeting process
- C) senior managers are responsible for providing information on competitors performance and subordinate managers are responsible for information on external market conditions
- D) senior managers want stiffer targets and subordinates want relatively easy targets

132. Which of the following is a reason why top managers want lower-level managers to participate in the budgeting process?

- A) To benefit from their experience with the day-to-day aspects of running the business.
- B) To reduce the time and cost expended in the budgeting process.
- C) To ensure that they do not introduce any budgetary slack.
- D) To ensure that the budgets are administered rigidly given the changing market conditions

133. Which of the following is a benefit of budgeting?

- A) It helps investors to value stocks.
- B) It helps managers gather information for improving future performance.
- C) It helps managers to take marketing decisions.
- D) It helps in increasing market capitalization of the company.

134. Rolling budgets help management to _____.
- A) better review the past calendar year
 - B) deal with a 5-year time frame
 - C) focus on the upcoming budget period
 - D) rigidly administer the budget
135. Budgets should _____.
- A) be flexible
 - B) be administered rigidly
 - C) only be developed for short periods of time
 - D) include only variable costs
136. Which of the following is a factor while choosing the period of a budget?
- A) the frequency of interim financial statements
 - B) the estimated period required to achieve budget targets
 - C) the general economic trend
 - D) the motive for creating the budget
137. The operating budget process generally concludes with the preparation of the _____.
- A) production budget
 - B) cash flow statement
 - C) research and development budget
 - D) budgeted income statement
138. The _____ is a component of financial budgets.
- A) cost of goods sold budget

- B) marketing costs budget
 - C) distribution costs budget
 - D) cash budget
 -
139. The budgeting process is most strongly influenced by _____.
- A) the capital budget
 - B) the budgeted statement of cash flows
 - C) the sales forecast
 - D) the production budget
 -
140. _____ is the usual starting point for budgeting.
- A) The revenues budget
 - B) The estimated net income
 - C) The production budget
 - D) The cash budget
141. Costs such as supervision, depreciation, maintenance, supplies, and power. are included in the _____.
- A) capital expenditures budget
 - B) distribution costs budget
 - C) revenues budget
 - D) manufacturing overhead budget
142. The number of units in the sales budget and the production budget may differ because of a change in _____.
- A) finished goods inventory levels
 - B) overhead charges

- C) direct material inventory levels
- D) sales returns and allowances

143. Total finished units to be produced is based on the _____.

- A) direct material purchase budget
- B) budgeted sales units
- C) direct material usage budget
- D) budgeted manufacturing overhead

144. Esther Baskets Company expects to manufacture and sell 20,000 baskets in 2016 for \$5 each. There are 4,000 baskets in beginning finished goods inventory with target ending inventory of 5,000 baskets. The company keeps no work-in-process inventory. What amount of sales revenue will be reported on the 2016 budgeted income statement?

- A) \$105,000
- B) \$100,000
- C) \$95,000
- D) \$55,000

145. Orange Corporation has budgeted sales of 16,000 units, targeted ending finished goods inventory of 4,000 units, and beginning finished goods inventory of 2,000 units. How many units should be produced next year?

- A) 22,000 units
- B) 20,000 units
- C) 18,000 units
- D) 16,000 units

146. For next year, Roberto, Inc., has budgeted sales of 15,000 units, targeted ending finished goods inventory of 750 units, and beginning finished goods inventory

of 450 units. All other inventories are zero. How many units should be produced next year?

- A) 14,700 units
- B) 15,000 units
- C) 15,300 units
- D) 16,200 units

147. Antique Brass Company has budgeted sales volume of 120,000 units and budgeted production of 108,000 units, while 20,000 units are in beginning finished goods inventory. How many units are targeted for ending finished goods inventory?

- A) 20,000 units
- B) 32,000 units
- C) 12,000 units
- D) 8,000 units
- E) 0 units

148. The following information pertains to the January operating budget for Casey Corporation, a retailer:

- Budgeted sales are \$200,000 for January
- Collections of sales are 50% in the month of sale and 50% the next month
- Cost of goods sold averages 70% of sales
- Merchandise purchases total \$150,000 in January
- Marketing costs are \$3,000 each month
- Distribution costs are \$5,000 each month
- Administrative costs are \$10,000 each month

For January, budgeted gross margin is _____.

- A) \$100,000
- B) \$140,000
- C) \$60,000
- D) \$50,000

149. Shamokin Manufacturing produces a Tourbillon watch movement called OM362. Shamokin expects to sell 10,000 units of OM362 and to have an ending

finished inventory of 2,000 units. Currently, it has a beginning finished inventory of 800 units. Each unit of OM362 requires two labor operations, one labor hour of assembling and two labor hours of polishing. The direct labor rate for assembling is \$10 per assembling hour and the direct labor rate for polishing is \$12.50 per polishing hour. The expected number of hours of direct labor for OM362 Bigger is _____.

- A) 8,800 hours of assembling; 17,600 hours of polishing
- B) 11,200 hours of assembling; 22,400 hours of polishing
- C) 17,600 hours of assembling; 8,800 hours of polishing
- D) 22,400 hours of assembling; 11,200 hours of polishing

150. Juan Sugita Manufacturing expects to produce and sell 12,000 units of Big, its only product, for \$20 each. Direct material cost is \$3 per unit, direct labor cost is \$10 per unit, and variable manufacturing overhead is \$6 per unit. Fixed manufacturing overhead is \$24,000 in total. Variable selling and administrative expenses are \$1 per unit, and fixed selling and administrative costs are \$3,000 in total. According to generally accepted accounting principles, inventoriable cost per unit of Big would be _____.

- A) \$13.00 per unit
- B) \$14.00 per unit
- C) \$21.00 per unit
- D) \$18.50 per unit

151. Financial planning models _____.

- A) are not used in the budgeting process
- B) are not useful for sensitivity analysis
- C) are mathematical representations of the relationships affecting the budget process
- D) are used for nonfinancial aspects of budgeting

152. Financial planning software packages assist management with _____.

- A) assigning responsibility to various levels of management

- B) identifying the target customer
 - C) sensitivity analysis in their planning and budgeting activities
 - D) achieving greater commitment from lower management
153. Sensitivity analysis helps managers evaluate risks _____.
- A) by showing the effects of changes to the original data or an underlying assumption
 - B) by identifying inconsistencies in underlying assumptions and actual conditions
 - C) by removing the effects of foreign currency exposure and other uncontrollable factors
 - D) by identifying gaps in the production process using information on setups needed to
154. Which of the following is true of responsibility accounting?
- A) It is a system that measures the plans, budgets, actions, and actual results of a responsibility center.
 - B) It is an arrangement of lines of responsibility and authority within a responsibility center.
 - C) It explicitly incorporates continuous improvement and changes due to learning curve.
 - D) It examines how a result will change if the original plan is not achieved.
155. A maintenance manager of a theatre is most likely to be responsible for a(n) _____.
- A) revenue center
 - B) investment center
 - C) cost center
 - D) profit center

156. The regional sales office manager of a national firm is most likely responsible for a(n) _____.

A) revenue center

B) investment center

C) cost center

D) profit center

157. A manager of a revenue center is responsible _____.

A) for only the profits of his center

B) for investments, revenues, and costs

C) for only the revenues of his center

D) for both, the revenues and costs of his center

158. Which of the following is true of absorption costing?

A) It expenses marketing costs as cost of goods sold.

B) It treats direct manufacturing costs as a period cost.

C) It includes fixed manufacturing overhead as an inventoriable cost.

D) It treats indirect manufacturing costs as a period cost.

159. Which of the following is true of variable costing?

A) It expenses administrative costs as cost of goods sold.

B) It treats direct manufacturing costs as a product cost.

C) It includes fixed manufacturing overhead as an inventoriable cost.

D) It is required for external reporting to shareholders.

160. In _____, fixed manufacturing costs are included as inventoriable costs.

- A) variable costing
- B) absorption costing
- C) throughput costing
- D) activity-based costing

161. The only difference between variable and absorption costing is the expensing of _____.

- A) direct manufacturing costs
- B) variable marketing costs
- C) fixed manufacturing costs
- D) variable administrative costs

162. When comparing the operating incomes between absorption costing and variable costing, and ending finished inventory exceeds beginning finished inventory, it may be assumed that _____.

- A) sales decreased during the period
- B) variable cost per unit is more than fixed cost per unit
- C) there is a favorable production-volume variance
- D) absorption costing operating income exceeds variable costing operating income

163. Throughput costing is also called _____.

- A) absorption costing
- B) super-variable costing
- C) mixed costing
- D) direct costing

164. Throughput contribution equals _____.
- A) variable costs minus fixed costs
 - B) revenues minus all direct labor costs
 - C) revenues minus all direct material cost of goods sold
 - D) revenues minus manufacturing overhead
165. Which of the following is true of theoretical capacity?
- A) It will be less than the real capacity available to a company.
 - B) It provides the best perspective of actual long-run costs.
 - C) It results in the lowest cost estimate of the four capacity options when used for product costing.
 - D) It replicates the cost of capacity in a competitor's cost structure.
166. The use of theoretical capacity results in an unrealistically low fixed manufacturing cost per unit because it is based on _____.
- A) real available capacity
 - B) an unattainable level of capacity
 - C) normal capacity utilization
 - D) normal costing
167. Which of the following is true of master-budget capacity utilization?
- A) It hides the amount of unused capacity.
 - B) It represents the maximum units of production intended for current capacity.
 - C) It provides the best cost estimate for benchmarking purposes.
 - D) It is an average that provides no meaningful feedback to a firm's marketing manager for a particular year.

168. Customers expect to pay a price that includes _____.
- A) the cost of unused capacity
 - B) only the cost of actual capacity used
 - C) variable costs but not capacity costs
 - D) both actual and unused capacity costs
169. It is most difficult to estimate _____ because of the need to predict demand for the next few years.
- A) practical capacity
 - B) theoretical capacity
 - C) master-budget capacity utilization
 - D) normal capacity utilization
170. Product-sustaining costs in activity-based costing are similar to _____.
- A) mixed costs
 - B) variable costs
 - C) semi-variable costs
 - D) fixed costs
 - E) none of the above
171. Companies must always examine their pricing _____.
- A) based on the supply of the product
 - B) based on the cost of producing the product
 - C) through the eyes of their customers
 - D) through the eyes of their competitors

172. Long-run pricing decisions _____.
- A) have a time horizon of less than one year
 - B) include adjusting product mix in a competitive environment
 - C) and short-run pricing decisions generally have the same relevant costs
 - D) use prices that include a reasonable return on investment
173. Place the following steps for the implementation of target costing in order:
- A = Derive a target cost
 - B = Develop a target price
 - C = Perform value engineering
 - D = Determine target operating income
- A) B D A C
 - B) B A D C
 - C) A D B C
 - D) A B C D
174. _____ is a cost that, if eliminated, would reduce the actual or perceived value or utility (usefulness) customers experience from using the product or service.
- A) Non-value-added cost
 - B) Discretionary cost
 - C) Value-added cost
 - D) Committed cost
175. Direct material costs are usually locked in when they are _____.
- A) designed
 - B) assembled
 - C) sold
 - D) delivered

176. Costs can be best managed before _____.
- A) they are locked in
 - B) they are incurred
 - C) after they are locked in
 - D) after they are committed to
177. Which of the following is an example of value added cost?
- A) cost of machine breakdown
 - B) cost of defective products
 - C) rework costs
 - D) direct machining costs
178. Which of the following costs can be classified into both value-added and non-value-added costs?
- A) production control costs
 - B) machine breakdown costs
 - C) rework costs
 - D) direct material costs
179. The cost-plus pricing approach is generally in the form _____.
- A) $\text{Cost base} + \text{Markup component} = \text{Prospective selling price}$
 - B) $\text{Prospective selling price} - \text{Cost base} = \text{Markup component}$
 - C) $\text{Cost base} + \text{Gross margin} = \text{Prospective selling price}$
 - D) $\text{Variable cost} + \text{Fixed cost} + \text{Contribution margin} = \text{Prospective selling price}$
180. Life-cycle costing is the name given to _____.

- A) a method of cost planning to reduce manufacturing costs to targeted levels
- B) the process of examining each component of a product to determine whether its cost can be reduced
- C) the process of managing all costs along the value chain
- D) a system that focuses on reducing costs during the manufacturing cycle

181. Costs which are NOT economically feasible to trace but which are related to a cost object are known as _____.

- A) incremental costs
- B) marginal costs
- C) indirect costs
- D) variable costs

182. The cost of visiting customers would most likely be classified as a _____.

- A) customer output unit-level cost
- B) customer batch-level cost
- C) customer-sustaining cost
- D) corporate-sustaining cost

183. The cost of the manager of a retail distribution channel would most likely be classified as a _____.

- A) customer-sustaining cost
- B) distribution-channel cost
- C) customer batch-level cost
- D) corporate-sustaining cost

184. An advantage of using a bar chart to visualize customer profitability is that _____.

- A) differences in commissions paid to sales persons stand out
- B) the number of "unprofitable" customers stand out
- C) trends in the volume of purchases become apparent
- D) company can get ideas about new products or improved methods

185. Dropping an unprofitable customer will _____.

- A) eliminate long-run costs assigned to that customer
- B) eliminate most short-run costs assigned to that customer
- C) decrease long-run profitability
- D) increase the potential to cross-sell other products that are more desirable

186. Costs in the cost pool having the same or a similar cause-and-effect or benefits-receiving relationship with the cost-allocation base can be achieved in adopting _____.

- A) indirect cost pools
- B) homogeneous cost pools
- C) heterogeneous cost pools
- D) direct cost pools

187. Corporate advertising costs = \$800,000

Division A – \$4,500,000

Division B – \$7,500,000

Assume that customers with higher revenues benefited more from corporate advertising costs than customers with lower revenues.

What is the allocated corporate costs for Division A?

- A) \$500,000
- B) \$600,000
- C) \$300,000

D) \$200,000

188. The sales-quantity variance can be decomposed into _____.

- A) sales-mix variance and sales-volume variance
- B) static-budget variance and flexible-budget variance
- C) flexible-budget variance and sales-volume variance
- D) market-share variance and market-size variance
-

189. Sales-mix variance = \$250,000 (F), sales-volume variance = \$4,50,000 (U), flexible-budget variance = \$200,000(F), market-size variance = \$30,000(U), calculate the sales-quantity variance.

- A) \$170,000 (U)
- B) \$200,000 (U)
- C) \$30,000 (U)
- D) \$700,000 (U)
-

190. Flexible-budget variance = \$200,000 (F); sales-volume variance = \$350,000 (U); sales-mix variance = \$300,000 (F); calculate the static-budget variance.

- A) \$150,000 (U)
- B) \$300,000 (U)
- C) \$300,000 (F)
- D) \$250,000 (F)

191. Costing systems that are used for the costing of like or similar units of products in mass production are called _____.

- A) inventory-costing systems
- B) job-costing systems
- C) process-costing systems

- D) weighted-average costing systems
192. Which of the following companies is most likely to use process costing?
- A) Crimpson Color, a company selling customized garments for niche customers
 - B) Effel & Associates, a consulting firm providing various audit and related services
 - C) Red Paste Inc., a company manufacturing and selling toothpaste on a large scale
 - D) Grimpy Corp., a company manufacturing furniture for customers as per their
193. Which of the following statements is true?
- A) In a job-costing system, average production cost is calculated for all units produced.
 - B) In a process-costing system, each unit uses approximately the same amount of resources.
 - C) In a job-costing system, overheads are allocated to all units equally.
 - D) In a process-costing system, individual jobs use different quantities of production resources.
194. Which of the following statements is true of conversion costs?
- A) In process costing, they include all the factors of production.
 - B) They include all manufacturing costs including direct materials, direct labor, and other direct and indirect manufacturing costs.
 - C) In process costing, they are usually considered to be added evenly throughout the production process.
 - D) They include only direct materials and excludes all other manufacturing and non-manufacturing costs.

195. In a process-costing system average unit costs are calculated _____.
- A) by dividing total costs in a given accounting period by total units produced in that period
 - B) by multiplying total costs in a given accounting period by total units produced in that period
 - C) by dividing total costs in a given accounting period by units started in that period
 - D) by multiplying total costs in a given accounting period by units started in that period

196. Vital Industries manufactured 1,200 units of its product Huge in the month of April. It incurred a total cost of \$120,000 during the month. Out of this \$120,000, \$45,000 comprised of direct materials used in the product and the rest was incurred because of the conversion cost involved in the process. Ryan had no opening or closing inventory. What will be the total cost per unit of the product, assuming conversion costs contained \$10,000 of indirect labor?

- A) \$100
- B) \$90
- C) \$70
- D) \$30

197. Serile Pharma places 900 units in production during the month of January. All 900 units are completed during the month. It had no opening inventory. Direct material costs added during January was \$81,000 and conversion costs added during January was \$9,000. What is the total cost per unit of the product produced during January?

- A) \$100
- B) \$90
- C) \$80
- D) \$10

198. The purpose of the equivalent-unit computation is to _____.
- A) convert completed units into the amount of partially completed output units that could be made with that quantity of input
 - B) assist the business in determining the cost assigned to ending inventory and work-in-process inventory
 - C) predict the future production capabilities of the organization
 - D) satisfy the GAAP requirements which requires all partially completed goods to be reported as equivalent-units
199. In a process-costing system, the calculation of equivalent units is used for calculating _____.
- A) the dollar amount of sales affected during the period
 - B) the dollar amount of the cost of goods sold for the accounting period
 - C) the dollar price earned for a particular job
 - D) the dollar amount of revenue for the period including the revenue estimated to be received from the sale of equivalent units
200. The weighted-average process-costing method calculates the equivalent units by _____.
- A) considering only the work done during the current period
 - B) the units started during the current period minus the units in ending inventory
 - C) the units started during the current period plus the units in ending inventory
 - D) the equivalent units completed during the current period plus the equivalent units in ending inventory
201. If there was no beginning work in process and no ending work in process under the weighted-average process costing method, the number of equivalent units for direct materials, if direct materials were added at the start of the process, would be _____.
- A) more than the units started or transferred in during the period

- B) equal to the units completed during the period
- C) less than the units completed during the period
- D) equal to total of units started and units completed during the period

202. In a process-costing system when goods move from department to department, the accounting for such transfers is relatively simple under _____.

- A) standard costing
- B) FIFO costing
- C) weighted-average costing
- D) operations costing

203. Transferred-in costs are treated as if they are _____.

- A) conversion costs added at the beginning of the process
- B) costs of beginning inventory added at the beginning of the process
- C) direct labor costs added at the beginning of the process
- D) a separate direct material added at the beginning of the process