

## Unit 1 Question Review

1. Which of the following is not a characteristic of managerial accounting:
  - a) Emphasizes decisions affecting the future
  - b) Mandatory for external reports
  - c) Need not follow GAAP
  - d) Reports to those inside the organization
  
2. Which of the following is not a manufacturing cost:
  - a) Direct materials
  - b) Manufacturing overhead
  - c) Administrative costs
  - d) Direct labor
  
3. Which is not an inventory account manufacturing companies have:
  - a) Raw Materials
  - b) Manufacturing Overhead
  - c) Work in Process
  - d) Finished Goods
  
4. Costs that are taken directly to the income statement as expenses in the period in which they are incurred are:
  - a) Product costs
  - b) Direct costs
  - c) Indirect costs
  - d) Period costs
  
5. A direct cost is one which:
  - a) Is not worth the effort of tracing to a specific cost object
  - b) Remains constant no matter the activity level
  - c) Can be easily and conveniently traced to a specific cost object
  - d) Do not physically become part of the finished product
  
6. The costs of prescription drugs administered to patients by nurses on the fourth floor of Central Hospital should be classified as:
  - a) Direct patient costs.
  - b) Indirect patient costs.

- c) Overhead costs of the nursing station.
  - d) Period costs of the hospital.
7. Which of the following would most likely be included as part of manufacturing overhead in the production of a wooden table?
- a) The amount paid to the individual who stains the table.
  - b) The commission paid to the salesperson who sold the table.
  - c) The cost of glue used in the table.
  - d) The cost of the wood used in the table.
8. The Cost of Goods Manufactured can be shown with which equation?
- a) Beginning Work in Process+ Total Manufacturing Cost- Ending Work in Process
  - b) Direct Materials Used + Direct Labor + Manufacturing Overhead
  - c) Raw Materials + Work in Process + Finished Goods
  - d) Beginning Raw Material + Purchases – Ending Raw Materials
9. Cost of Goods Sold equation uses which of the following accounts?
- a) Work in Process
  - b) Finished Goods
  - c) Raw Materials
  - d) Manufacturing Overhead

# Solutions to Multiple Choice Questions

1. B
2. C
3. B
4. D
5. C
6. A
7. C
8. A
9. B