

Unit 1 Practice Test

1. Which of the following is **not** a facility-level activity?
 - A. Utilities
 - B. Plant depreciation
 - C. Property taxes
 - D. Engineering changes

2. Which of the following statements about internal reports is *not* true?
 - A. Most internal reports are summarized rather than detailed.
 - B. Internal reports may show all amounts at market values
 - C. The content of internal reports may extend beyond the double-entry accounting system.
 - D. Internal reports may discuss prospective events

3. What activities and responsibilities are *not* associated with management's functions?
 - A. Controlling
 - B. Directing
 - C. Planning
 - D. Accountability

4. Which one of the following is not considered as material costs?
 - A. Partially completed motor engines for a motorcycle plant
 - B. Lumber used to build tables
 - C. Bolts used in manufacturing the compressor of an engine
 - D. Rivets for the wings of a new commercial jet aircraft

5. Differences between a job order cost system and a process cost system include all of the following *except* the
 - A. documents used to track costs.
 - B. point at which costs are totaled
 - C. flow of costs
 - D. unit cost computations

6. The total costs accounted for in a production cost report equal the
 - A. cost of units completed and transferred out plus the cost of ending work in process.
 - B. cost of units completed and transferred out only
 - C. cost of units started into production
 - D. cost of beginning work in process plus the cost of units completed and transferred out

7. A product requires processing in two departments, the Baking Department and then the Packaging Department, before it is completed. Costs transferred out of the Baking Department will be transferred to:
- Work in Process—Packaging Department
 - Manufacturing Overhead
 - Cost of Goods Sold
 - Finished Goods Inventory
8. Which of the following would be accounted for using a job order cost system?
- The refining of petroleum
 - The construction of a new campus building
 - The production of personal computers
 - The production of automobiles
9. The major reporting standard for presenting managerial accounting information is
- the current tax law
 - relevance
 - generally accepted accounting principles
 - the cost principle
10. In the Camria Company, materials are entered at the beginning of the process. If there is no beginning work in process, but there is an ending work in process inventory, the number of equivalent units as to materials costs will be
- the same as the units completed
 - less than the units started
 - less than the units completed
 - the same as the units started
11. Zimmerman Company manufactures two products, Board 12 and Case 165. Zimmerman's overhead costs consist of setting up machines, \$2,600,000; machining, \$5,250,000; and inspecting, \$1,950,000. Information on the two products is:

	<u>Board 12</u>	<u>Case 165</u>
Direct labor hours	15000	25000
Machine setups	600	400
Machine hours	24000	26000
Inspections	800	700

Overhead applied to Board 12 using traditional costing using direct labor hours is

- A. \$4,680,000
- B. \$5,052,500
- C. \$5,880,000
- D. \$3,675,000

12. One of Stine Company's activity cost pools is machine setups, with estimated overhead of \$280,000. Stine produces sparklers (400 setups) and lighters (600 setups). How much of the machine setup cost pool should be assigned to sparklers?

- A. \$140,000
- B. \$112,000
- C. \$280,000
- D. \$168,000

13. Sunland Company had no beginning work in process. During the period, 15,700 units were completed, and there were 1,200 units of ending work in process. How many units were started into production?

- A. 15,700
- B. 16,900
- C. 14,500
- D. 1,200

14. Sunland Company had no beginning work in process. During the period, 15,700 units were completed, and there were 1,200 units of ending work in process. How many units were started into production?

- A. 780,000
- B. 320,000
- C. 1,970,000
- D. 550,000

15. A materials requisition slip showed that direct materials requested were \$56,000 and indirect materials requested were \$12,000. The entry to record the transfer of materials from the storeroom includes

- A. A debit to manufacturing overhead for 68,000
- B. A credit to raw materials inventory for 68,000
- C. A debit to work in process for 12,000
- D. A credit to indirect materials for 12,000

16. Beginning work in process inventory	\$1100000
Direct materials used	600000
Actual overhead	1000000
Overhead applied	700000
Cost of goods manufactured	1100000
Ending work in process	1500000

Sheridan Company's total manufacturing costs for the period is

- A. 1,200,000
 - B. 1,600,000
 - C. 1,500,000
 - D. 1,100,000
17. In the Shaping Department of Sheffield Company the unit materials cost is \$6.00 and the unit conversion cost is \$4.00. The department transferred out 39200 units and had 4700 units in ending work in process 25% complete. If all materials are added at the beginning of the process, the total cost to be assigned to the ending work in process is
- A. 11,750
 - B. 47,000
 - C. 28,200
 - D. 32,900
18. Waterway Industries has 7600 equivalent units of production for both materials and for conversion costs. Total manufacturing costs are \$219840. Total materials costs are \$156000. How much is the conversion cost per unit?
- A. 20.53
 - B. 8.40
 - C. 28.93
 - D. 49.45

19. During 2017, Waterway Industries expected Job no. 59 to cost \$600000 of overhead, \$600000 of materials, and \$400000 in labor. Waterway applied overhead based on direct labor cost. Actual production required an overhead cost of \$395000, \$670000 in materials used, and \$320000 in labor. All of the goods were completed. How much is the amount of over- or underapplied overhead?

- A. \$205,000 underapplied
- B. \$8,5000 overapplied
- C. \$85,000 underapplied
- D. \$20,5000 overapplied

20. Boswell Company manufactures two products, Regular and Supreme. Boswell's overhead costs consist of machining, \$1,400,000; and assembling, \$700,000. Information on the two products is:

	<u>Regular</u>	<u>Supreme</u>
Direct labor hours	10,000	15,000
Machine hours	10,000	30,000
Number of parts	90,000	160,000

Overhead applied to Supreme using activity-based costing is

- A. 602,000
- B. 1,498,000
- C. 840,000
- D. 1,260,000

SOLUTIONS

1. D
2. A
3. D
4. A
5. C
6. A
7. A
8. B
9. B
10. D
11. D
12. B
13. B
14. A
15. B
16. C
17. D
18. B
19. B
20. B