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
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