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| 1. | Managerial accounting information |
| A) | pertains to the entity as a whole and is highly aggregated. |
| B) | must be prepared according to generally accepted accounting principles. |
| C) | pertains to subunits of the entity and may be very detailed. |
| D) | is prepared only once a year. |

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| 2. | Which one of the following tasks would not be performed by a management accountant? |
| A) | Being concerned with the impact of cost and volume on profits |
| B) | Strategic cost management |
| C) | Assisting in budget planning |
| D) | Preparing reports primarily for external users |

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| 3. | Which one of the following might a job order cost system most likely attempt to calculate? |
| A) | A cost per overhead hour |
| B) | A cost per product produced |
| C) | A cost per job or batch |
| D) | A cost per dollar of revenue |
| 4. | Which statement best describes the function of the production cost report? |
| A) | It is the key document used by management to understand the costs incurred in a department. |
| B) | It is an exception report that is only read by management at the end of the year. |
| C) | It is a job cost sheet that effectively tracks all separate department cost information. |
| D) | It is a report that calculates the amount of bonuses for efficient production for the year. |

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| 5. | Conversion cost per unit equals $6.00. Total materials cost equals $40,000. Equivalent units for materials are 20,000. How much is the total manufacturing cost per unit? |
| A) | $8.00 |
| B) | $6.00 |
| C) | $10.00 |
| D) | $2.00 |
| 6. | In September, Smith Company had the following financial statement amounts related to producing 1,000 units:

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| Direct materials | $30,000 |
| Depreciation expense | 12,000 |
| Sales revenue | 88,000 |
| Direct labor | 10,000 |
| Rent expense | 13,000 |

 How much is contribution margin per unit? |
| A) | $48 |
| B) | $58 |
| C) | $35 |
| D) | $13 |
| 7. | Fixed costs are $400,000 and the contribution margin per unit is $80. What is the break-even point? |
| A) | $500,000 |
| B) | $2,000,000 |
| C) | 320,000 units |
| D) | 5,000 units |

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| 8. | A factory is operating at less than 100% capacity. Potential additional business will not use up the remainder of the plant capacity. Given the following list of costs, which one should be ignored in a decision to produce additional units of product? |
| A) | Variable selling expenses |
| B) | Fixed factory overhead |
| C) | Direct labor |
| D) | Contribution margin of additional units |

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| 9. | Diggs, Inc. has excess capacity. Under what situations should the company accept a special order for less than the current selling price? |
| A) | Never |
| B) | When additional fixed costs must be incurred to accommodate the order |
| C) | When the company thinks it can use cheaper materials without the customer's knowledge |
| D) | When incremental revenues exceed incremental costs |
| 10. | Which one of the following is one of the factors that must be present if budgets are to be effective? |
| A) | All upper level managers should verify the validity of the amounts in the budgets. |
| B) | Research and analysis should occur in order to set realistic goals. |
| C) | The company must have the stockholders' approval of the budget. |
| D) | The budget committee must prepare the budget. |

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| 11. | Surprise Company's sales budget showed expected sales of 13,400 widgets. Beginning finished goods contained 1,200 widgets. The company determined that 14,100 units should be produced. How many widgets will the company have on hand at the end of the year? |
| A) | 500 |
| B) | 1,200 |
| C) | 1,900 |
| D) | 700 |