In the T-account cost flow diagram of balance sheet inventory accounts and the cost of goods sold accounting

Raw material purchases are debited to work in progress

Cost of goods manufactured is debited to finished goods inventory

Cost of goods sold is debited to finished goods inventory

Which of the following is not an inventory account for a manufacturing company?

Raw materials, work in progress, cost of goods sold or finished goods

Three sections of a statement of cost of goods manufactured include

Sales revenue, gross profit, selling and admin exp.

Raw materials, direct labor, manufacturing overhead

Direct costs, indirect costs, operating profit

Variable expenses, contribution margin, fixed expenses

If all units produced during the month of September are sold, and no additional units are sold from the beginning finished goods inventory, then:



|  |  |
| --- | --- |
|  | income determined with absorption costing will exactly equal income determined with direct costing. |
|  | income determined with absorption costing will be lower than income determined with direct costing. |
|  | ending finished goods inventory will decrease. |
|  | ending work in process inventory will increase. |

Total manufacturing costs for the month on the statement of costs of goods manufactured equals:



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|  | cost of goods sold - cost of goods manufactured. |
|  | cost of raw material used + direct labor cost incurred + manufacturing overhead applied. |
|  | work in process inventory - finished goods inventory. |
|  | variable costs + fixed costs + mixed costs. |

[References](http://ezto.mhhm.mcgraw-hill.com/)

An activity-based costing system involves identifying the activity that causes the incurrence of a cost; this activity is known as a:



|  |  |
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|  | cost object |
|  | direct cost |
|  | cost driver |
|  | cost applier |
|  |  |   |

Common costs pertain to costs that:

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|  | are commonly incurred. |
|  | are directly traceable to a cost object. |
|  | are not directly traceable to a cost object. |
|  | are direct costs. |

Costs may be allocated to a product or activity for many purposes, but care must be exercised when using allocated costs because:



|  |  |
| --- | --- |
|  | all costs may not have been allocated to the product or activity. |
|  | direct costs identified with the product or activity may not be accurately assigned. |
|  | arbitrarily allocated costs may not behave in the way assumed in the allocation method. |
|  | fixed costs will change in total if the volume of activity changes. |

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The primary difference between absorption costing and direct costing is the treatment of:



|  |  |
| --- | --- |
|  | direct labor costs. |
|  | fixed manufacturing overhead. |
|  | variable manufacturing overhead. |
|  | direct material costs. |

Top of Form

An organization's value chain refers to:

|  |  |
| --- | --- |
|  | the process of using cost information to manage the activities of the organization. |
|  | the sequence of functions and related activities that add value for the customer. |
|  | the process of collecting and recording valuable information in the accounting information system. |
|  | None of the above. |