

**Quiz 1**  
**ADM2341 Managerial Accounting Year XXXX**

STUDENT NAME (Last name, first name): .....

STUDENT ID NUMBER: .....

**30 Minutes**

**INSTRUCTIONS**

1. This is a closed book examination and no collaboration is allowed.
2. **Non** programmable calculators are permitted.
3. It is highly recommended that you **use blue or black ink** for your answers. **If you do use pencil, you will not be able to submit your quiz for re-appraisal if you believe that the marking key was not applied appropriately to your answers.**
4. Questions concerning possible errors in the quiz **only** will be answered.
5. If you finish early, please respect your fellow students by keeping quiet.
6. Cell phones must be turned off.

**Statement of Academic Integrity**

The School of Management does not condone academic fraud, an act by a student that may result in a false academic evaluation of that student or of another student. Without limiting the generality of this definition, academic fraud occurs when a student commits any of the following offences: plagiarism or cheating of any kind, use of books, notes, mathematical tables, dictionaries or other study aid unless an explicit written note to the contrary appears on the exam, to have in his/her possession cameras, radios (radios with head sets), tape recorders, pagers, cell phones, or any other communication device which has not been previously authorized in writing.

**Statement to be signed by the student:**

I have read the text on academic integrity and I pledge not to have committed or attempted to commit academic fraud in this examination.

Signed: \_\_\_\_\_

Note: an examination copy or booklet without that signed statement will not be graded and will receive a final exam grade of zero.

**Please circle the best choice (1 mark/each question)**

1. One major difference between financial and managerial accounting is that
- A. financial accounting reports are prepared primarily for users external to the company.
  - B. managerial accounting does not follow GAAP.
  - C. managerial accounting has its primary emphasis on the future.
  - D. all of the above are true.
2. Which of the following defines variable cost behavior?
- |   |  |
|---|--|
| Total cost reaction<br><u>to increase in activity</u> | Cost per unit reaction<br><u>to increase in activity</u> |
|---|--|
- A. remains constant                      remains constant
  - B. remains constant                      increases
  - C. increases                                  increases
  - D. increases                                  remains constant
3. Which of the following would generally be considered a fixed manufacturing overhead cost?
- |   |                              |                                 |
|---|------------------------------|---------------------------------|
| <u>Straight-line<br/>depreciation of an<br/>equipment</u> | <u>Factory<br/>insurance</u> | <u>Total direct labor costs</u> |
|---|------------------------------|---------------------------------|
- A. no    no    no
  - B. yes                                        no                                        yes
  - C. yes                                        yes                                        no
  - D. no                                         yes                                        no
4. Product costs are deducted from revenue
- A. as expenditures are made.
  - B. as cost of goods sold.
  - C. when production is completed.
  - D. to minimize taxable income.
5. Which of the following is **not** a product cost component?
- A. rent on a factory building
  - B. indirect production labor wages
  - C. janitorial supplies used in a factory
  - D. commission on the sale of a product

6. The distinction between direct and indirect costs depends on whether a cost
- A. can be conveniently and physically traced to a cost object under consideration.
  - B. is variable or fixed.
  - C. is controllable or non-controllable.
  - D. will increase with changes in levels of activity.
7. Which beginning and ending inventories appear on a cost of goods manufactured schedule?
- A. raw materials only.
  - B. raw materials and work-in-process.
  - C. raw materials, work-in-process, and finished goods.
  - D. finished goods only.
8. Which of the following facets of the lean thinking model is often called just-in-time production?
- A. Identify value in specific products/services.
  - B. Identify the business process that delivers value.
  - C. Create a pull system that responds to customer orders.
  - D. Organize work arrangements around the flow of the business process.

*Use the information below to answer the following 9-11.*

The following data (in thousands of dollars) have been taken from the accounting records of Karlana Corporation for the year just ended.

Sales	\$910
Raw direct materials inventory, beginning	80
Raw direct materials inventory, ending	20
Purchases of raw direct materials	100
Direct labour	130
Manufacturing overhead	200
Administrative expenses	160
Selling expenses	140
Work-in-process inventory, beginning	40
Work-in-process inventory, ending	10
Finished goods inventory, beginning	130
Finished goods inventory, ending	150

9. What was the cost of the raw direct materials used in production (in thousands of dollars) during the year?
- A. \$180.
  - B. \$40.
  - C. \$120.
  - D. \$160.
10. What was the cost of goods manufactured (finished) for the year (in thousands of dollars)?
- A. \$530.
  - B. \$520.
  - C. \$500.
  - D. \$460.
11. What was the net income (in thousands of dollars) for the year?
- A. \$110.
  - B. \$410.
  - C. \$40.
  - D. \$180.
12. What would be the classification of the transportation costs incurred by a manufacturing company to ship its product to its customers?
- A. Product cost.
  - B. Manufacturing overhead.
  - C. Period cost.
  - D. Administrative cost.