

1. To determine the margin of safety, you should \_\_\_\_\_ the actual total sales.
  - A. multiply the breakeven sales by
  - B. add the breakeven sales to
  - C. subtract the breakeven sales from
  - D. divide the breakeven sales by
  
2. When a business measures its fixed costs as a percentage of its total costs, the business is determining its  
  - A. general expenses.
  - B. operating leverage.
  - C. cost-of-goods sold.
  - D. rate of consumption.
  
3. Which individual is commonly involved in developing standard costs for a manufacturer?
  - A. Claims adjuster
  - B. Union representative
  - C. Industrial engineer
  - D. Assembly-line worker
  
4. What data are typically needed to determine standard product costs?
  - A. Overhead
  - B. Net profit
  - C. Return on investment
  - D. Price-to-earnings ratio
  
5. Which of the following considerations would most likely require changes to standard costs:
  - A. Upcoming union negotiations
  - B. Returning expatriates
  - C. Freezing wages
  - D. Retiring chief executive officer (CEO)
  
6. Lauren must determine which of two furniture suppliers is more cost-effective for her company. What type of cost should she analyze?
  - A. Imputed cost
  - B. Sunk cost
  - C. Indirect cost
  - D. Differential cost
  
7. If a decision maker chooses a software package with a lower initial purchase price, what type of cost has s/he considered?
  - A. Direct cost
  - B. Indirect cost
  - C. Sunk cost
  - D. Opportunity cost
  
8. Which of the following is an example of an indirect cost:
  - A. Wages
  - B. Insurance
  - C. Materials
  - D. Commission

9. Which of the following is a responsibility of a managerial accountant:
- A. Compiling the company's financial information for release to the public
  - B. Conducting a cost analysis and explaining the findings to management
  - C. Making managerial decisions regarding planning, pricing, and sales
  - D. Training employees and management on personal financial literacy
10. Evan is a managerial accountant. His manager is deciding whether or not to expand the sales team. Evan can best help his manager with this decision by
- A. examining the profitability of various products.
  - B. providing feedback on job candidates after their interviews.
  - C. summarizing overall financial performance.
  - D. determining how much new hires would impact the budget.
11. Managerial accountants provide assistance to management by
- A. gathering information on social media trends.
  - B. preparing financial statements for public review.
  - C. accumulating data on costs and profits.
  - D. calculating probability of risky events.
12. Managerial accounting differs from financial accounting because managerial accounting
- A. is governed by federal regulation.
  - B. does not focus on planning and budgeting.
  - C. helps people within a business rather than outside of the organization.
  - D. has less impact on decision-making.
13. Taylor is a managerial accountant, and she is attempting to determine why the costs of production are on the rise. Taylor needs to identify
- A. buying motivations.
  - B. direct labor hours.
  - C. sales revenue.
  - D. cost drivers.
14. Which of the following tools is likely to help a business set prices:
- A. Cash flow
  - B. Return on assets
  - C. Price/earnings ratio
  - D. Cost-volume-profit analysis
15. If a company has many unique products and special orders, which cost accounting system should it use?
- A. Standard costing
  - B. Process costing
  - C. Managerial costing
  - D. Job order costing
16. Which of the following expenses do businesses consider when implementing costing procedures:
- A. Sales returns and allowances
  - B. Net profit and loss
  - C. Interest rates and dividends
  - D. Direct and indirect labor

17. What are the three main categories of costs associated with implementing costing procedures?
- A. Raw materials, labor, and overhead
  - B. Benefits, taxes, and insurance
  - C. Labor, depreciation, and advertising
  - D. Overhead, purchasing, and sales
18. If a business buys products to resell from a supplier for \$35,500 and receives a 6.5% discount, what is the cost of goods sold?
- A. \$33,250.75
  - B. \$33,370.00
  - C. \$33,065.25
  - D. \$33,192.50
19. If a company spends \$235,000 to purchase raw materials and another \$160,000 on ready-made parts to make products to sell to customers for a 4% profit, what is the cost of goods sold?
- A. \$160,000
  - B. \$235,000
  - C. \$395,000
  - D. \$410,800
20. What product-costing system would be most appropriate for a manufacturer that produces thousands of identical products at a time?
- A. Batch
  - B. Job-costing
  - C. Process
  - D. Just-in-time costing
21. Which of the following is **not** classified as an operating expense:
- A. Cost of goods sold
  - B. Insurance
  - C. Payroll taxes
  - D. Mortgage or rent
22. Operating expenses are classified as \_\_\_\_\_ expenses.
- A. fixed and variable
  - B. extra and unpredictable
  - C. direct
  - D. unnecessary
23. Many businesses have eliminated free services in order to
- A. increase customer satisfaction.
  - B. control inventory shrinkage.
  - C. be more competitive.
  - D. reduce operating expenses.
24. Why does a business conduct a break-even analysis?
- A. To determine the approximate consumer demand levels
  - B. So it can receive a tax break from the government
  - C. So it can evaluate product sales from the previous year
  - D. To determine a product's possible range of profit

25. The EverRun Company estimates its fixed costs to manufacture sneakers at \$80,000. The variable costs to produce each pair of shoes are \$9. The company is debating whether to sell the shoes at \$59 per pair or \$73 per pair. What is the difference in breakeven points using the two different prices?

- A. \$2,340
- B. \$3,150
- C. \$4,330
- D. \$5,714