



Cost accounting 2

Section NO. (1)

Accounting for Indirect Manufacturing Costs

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First : true (✓) & false (x) questions :

1- The cost of any product includes two basic elements: materials and wages only.

False (x)

The cost of any product or service includes three basic elements of costs, which are raw materials, wages, and other service costs.

2- The cost elements are classified according to their relationship to the unit of activity into two types: "variable costs and fixed costs"

False (x)

The cost elements are classified according to their relationship to the unit of activity into two types: "Direct costs and Indirect costs".

3- Indirect costs are those costs that easily traced to unit product.

False (x)

Indirect costs are those costs that difficult traced to unit product.

4 Direct costs are those costs that are difficult to trace to unit product.

False (x)

Direct costs are those costs that easily traced to unit product.

5- The cost elements are classified according to their relationship to the unit of activity into two types: “Direct costs and Indirect costs”

True (✓)

The cost elements are classified according to their relationship to the unit of activity into two types: “Direct costs and Indirect costs”.

6- The cost elements are classified according to their relationship to the volume of activity into two types: “Variable costs and Fixed costs”

False (x)

The cost elements are classified according to their relationship to the volume of activity into three types: “Variable costs, Fixed costs and semi-variable and semi-fixed costs “.

7- Fixed costs are those that change directly with the change in the volume of activity

False (x)

The Fixed costs are those elements that do not change in their entirety with changes in the level of the volume of activity, that is, these costs remain unchanged regardless of the change in the level of activity but within certain limits.

8- Industrial indirect costs represent all other industrial costs other than direct materials only

False (x)

The indirect manufacturing costs are all other manufacturing costs other than materials, wages, and direct expenses, meaning that they include all manufacturing indirect costs that the enterprises bear during the stages of operation or production.

9- Cost accounting is mainly based on Preparing the financial statements.

False (x)

Cost accounting is mainly based on Recording, disclosing, and measuring costs related to providing a service or producing a commodity.

10- Indirect manufacturing costs represent all other manufacturing costs other than direct materials only.

False (x)

Indirect manufacturing costs represent all other manufacturing costs other than direct materials, direct wages and direct expenses

11- The prime cost means the total cost of direct materials and direct labor only.

true (✓)

12- The conversion cost means the total cost of direct labor and indirect manufacturing costs.

true (✓)

Second: Choose the correct answer:

1- Indirect costs are the main problem facing the cost accountant :

A	Because its financial value is high
B	because its ratio to total costs is high.
C	Because it includes many different items of different origins and behavior.
D	Because the product does not benefit from it and does not appear in the final product.

The correct answer is (C)

2- Cost accounting is mainly based on :

A	Preparing the financial statements.
B	Recording, disclosing, and measuring costs related to providing a service or producing a commodity.
C	Preparing estimated budgets
D	Inform the beneficiaries of the results of the actions.

The correct answer is (B)

3- It means the prime cost :

A	The total cost of direct materials and indirect wages.
B	The total cost of direct wages and indirect manufacturing costs.
C	The total cost of direct materials and direct labor
D	None of the above

The correct answer is (C)

4- Which of the following is considered one of the steps in determining the share of the product unit from the indirect manufacturing costs :

A	The division of the company into production centers and service centers.
B	Calculating the indirect manufacturing costs in service centers and production centers.
C	Determining allocation rate for each production center or for the company as a whole.
D	All of the above.

The correct answer is (D)

5- They represent administrative or natural units in which all cost elements are formed and transferred :.....

A	Production services centers.
B	Capital operations centers.
C	Production centers.
D	All of the above.

The correct answer is (C)

6- They represent administrative or natural units based on serving production centers :.....

A	Marketing services centers.
B	Capital operations centers.
C	Production centers.
D	None of the above.

The correct answer is (D)

7- which are those elements that are easy to distinguish and allocate to the production unit

A	Direct cost.
B	Indirect cost.
C	Fixed cost.
D	None of the above.

The correct answer is (A)

8- which are those elements that are difficult to trace and allocate to the product.....

A	Direct cost.
B	Indirect cost.
C	Variable cost.
D	None of the above.

The correct answer is (B)

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Thanks

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