



Cost accounting 2

Section NO. (9)

Standard Costs Framework

Prepared by :

Shehata Shaheen

— جامعة مدينة السادات —

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

1- The actual costs refer to the costs that can be measured before the completion of production.

False (x)

2- Standard costs are calculated, like any costs, in terms of two parts: quantity and price. Cost is calculated as a result of the interaction between quantity and price.

True (✓)

3- The main objective of standard costs is to control costs.

True (✓)

The use of the standard costing system helps in achieving many objectives, the most important of which are:

- 1- Management by objectives.**
- 2- Management by exception.**
- 3- Effectiveness of planning budgets.**
- 4- Cost awareness.**
- 5- Control of costs.**
- 6- Pricing decisions.**
- 7- Performance evaluation.**

4- The standard cost per unit is determined after starting the production process

False (x)

FACULTY OF COMMERCE

USC

كلية التجارة

— جامعة مدينة السادات —

5- The target cost is an activity aims at reducing the costs of new products and ensures the quality and reliability of the product in order to meet the requirements of the consumer.

True (✓)

FACULTY OF COMMERCE

USC

كلية التجارة

— جامعة مدينة السادات —

6- The first Step to determine and calculate the target cost is Determining the target profit

False (x)

Steps to determine and calculate the target cost:

- 1- Planning and designing products according to the customers' needs and desires.**
- 2- Determining the target price.**
- 3- Determining the target profit.**
- 4- Determining the target cost.**

7- Target Cost = Target Selling Price + Target Profit

False (x)

Target Cost = Target Selling Price - Target Profit

8- The standard costs of direct materials is determining through three basic steps

True (✓)

- 1- Direct material quantity standardization.**
- 2- Direct material price standardization.**
- 3- Standard cost of raw materials.**

9- The standard price of the quantity of raw materials means the purchase price plus all the expenses of these materials until it reaches the company's warehouse

True (✓)

FACULTY OF COMMERCE

USC

Thanks

كلية التجارة

— جامعة مدينة السادات —