Lesson 3-1 Practice Quiz

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# Lesson 3-1 Practice Quiz

*5/5 points earned (100%)*

**Excellent!**

*Correct 1/1 points*

1. As described in the lecture, activities are characterized as all of the following EXCEPT:

* Consume resources
* **Relatively simple**
* Correct Response   
  That is correct! Activities are a description of work performed, and are considered to consume the organization's resources (and thus are the primary driver of costs). In building an activity-based costing system, multiple activities are often grouped into pools. Identifying activities can be a long, tedious process, as the activities engaged in by managers and employees are often complex (as opposed to simple).
* A description of work performed
* Often grouped into pools

*Correct 1/1 points*

1. What component is treated most differently between activity-based costing and traditional costing systems?

* **Overhead**
* Correct Response   
  That is correct! Overhead is treated much differently under activity-based costing than under traditional costing systems.
* Direct labor
* Direct materials
* Revenues

*Correct 1/1 points*

1. All of the following can be classified as firm's resources EXCEPT:

* Utilities
* Costs for equipment maintenance
* **Accounts payable**
* Correct Response   
  That is correct! Accounts payable is a liability that is established after an organization makes a purchase (i.e., uses cash to obtain a different resource). Thus, accounts payable itself is not a resource.
* Wages for support staff

*Correct 1/1 points*

1. Unit-level activity/cost is best described as corresponding to the fluctuations in production volume.

* **True**
* Correct Response   
  That is correct! Unit-level activity/costs correspond to fluctuations in the number of units produced.
* False

*Correct 1/1 points*

1. All the following are advantages of activity-based costing, EXCEPT:

* More accurate cost information
* Better decision making
* **Easier implementation**
* Correct Response   
  That is correct! Activity-based costing is often difficult to implement.
* Increased flexibility

*Correct 1/1 points*

1. Which of the following would be an example of an activity?

* Shipping materials
* Negotiating with clients
* Maintaining grounds for corporate headquarters
* **All of the above**
* Correct Response   
  That is correct! Shipping materials, negotiating with clients, and maintaining grounds for corporate headquarters are all examples of activities performed by managers or employees within an organization.