# Lesson 1.1 Practice Quiz

**5/5** points earned (100%)

Excellent!

Retake

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Correct

1 / 1 points

1. Relevant information reflects only what actually differs across decision alternatives.

1. True
2. False

**Correct Response**

Correct! Any information that potentially makes a difference in a decision is relevant to that decision.

Correct

1 / 1 points

2. Which of the following statements is correct?

1. All fixed costs are avoidable.
2. All fixed costs are unavoidable.
3. **Some variable costs are avoidable.**

**Correct Response**

Correct! Some costs are avoidable and some are unavoidable.

1. None of the above are correct.

Correct

1 / 1 points

3. Which of the following relate to common mistakes made in business decisions?

1. Traceable fixed costs
2. **Allocated fixed costs**

**Correct Response**

Correct! Allocated fixed costs can make a business unit look less profitable than it really is.

Total fixed costs

Correct

1 / 1 points

4.

All fixed costs are sunk.

1. True
2. **False**

**Correct Response**

Correct!

Fixed costs that are unavoidable are sunk; fixed costs that are avoidable are not considered sunk costs.

Correct

1 / 1 points

5. Which of the following best reflects an opportunity cost?

1. Contracted salaries already paid
2. **The potential sales price of equipment that is retained**

**Correct Response**

Correct! If the equipment is retained, the sales price that could be earned if it were replaced is foregone. This value associated with the other decision alternative represents the opportunity cost.

1. Rent paid for a one-year lease on a factory
2. Direct materials costs