

QUIZ ABC METHOD

1. Why is Activity-Based Costing preferred by companies over traditional costing methods?

- a) methods are outdated Traditional costing and forbidden by regulatory agencies
- b) Activity-Based Costing helps companies determine the true cost of a product
- c) Activity-Based Costing is a legislative mandate.
- d) None of the answers

2. Which of the following is NOT one of the seven steps of Activity-Based Costing?

- a. Compute the retail price for the product.
- b. Calculate the indirect costs assigned to the products.
- c. Figure out the indirect costs associated with each activity.
- d. Select the activities and cost-allocation bases to use for assigning indirect costs to the products.

3. Direct costs include which of the following?

- a. Direct Materials
- b. Manufacturing Overhead
- c. Both of the answers
- d. Neither of the answers

4. Activity-based costing

- a) Uses a plant-wide overhead rate to assign overhead
- b) Is not expensive to implement
- c) Typically applies overhead costs using direct labor-hours
- d) Uses multiple activity rates

5. Multiple Choice

- a) Product design is an example of which activity-level group?
- b) Product-level activity
- c) Facility-level activity
- d) Batch-level activity
- e) Unit-level activity

6. Multiple Choice

- a) Inspections are an example of which activity-level group?
- b) Unit-level activity
- c) Batch-level activity
- d) Product-level activity
- e) Facility-level activity