1. Corporate governance include concerns about:

A. business ethics and social responsibility.
B. the responsibilities of the board of directors.
C. equitable treatment of stakeholders.
D. disclosures and transparency.
E. all of the above.

2. The most powerful corporate governance legislation to date has been:

A. the Sarbanes-Oxley Act (SOX) of 2002.
B. the creation of the American Institute of Certified Public Accountants.
D. the regulation of inventory management practices by the SEC.

3. The Sarbanes-Oxley Act (SOX) of 2002 does not specifically prohibit an independent auditor from performing the following non-audit function(s) for an audit client:

A. financial information systems design and implementation.
B. internal audit outsourcing services.
C. tax services.
D. "expert" services.
E. SOX specifically prohibits an independent auditor from performing all of all of the non-audit services for an audit client.

4. Which is the following descriptions is not one of the "Seven Financial Shenanigans" identified by Howard Schilit and listed in Exhibit 10-1:

A. recording revenue too soon or that is of a questionable quality.
B. boosting income with one-time gains.
C. failing to record intangible assets which the company has ownership rights to.
D. shifting future expenses to the current period as a special charge.
E. failing to record or improperly reducing liabilities.
5. The explanatory notes to the financial statements:

A. should be referred to if more than a cursory, and perhaps misleading impression of a firm's financial position and its results of operations is to be achieved.
B. are **not** an integral part of the financial statements.
C. include a great deal of detailed information that is potentially useful only to a financial analyst making a detailed appraisal of the future prospects of the entity.
D. are used by many entities to hide information from the reader of the financial statements by including in the explanatory notes information that should be shown in detail on the financial statements themselves.

6. The nature and content of disclosures relate to all of the following except:

A. accounting changes.
B. segment information.
C. fair market value.
D. contingencies and commitments.
E. events subsequent to the balance sheet date.

7. Which of the following is **not** a topic that is likely to be discussed as a significant accounting policy?

A. Depreciation method.
B. Earnings per share of common stock calculation details.
C. Inventory valuation method.
D. Method of estimating uncollectible accounts receivable.

8. The explanatory notes to the financial statements:

A. are not an integral part of the financial statements.
B. explain the significant accounting policies of the company.
C. usually disclose the amount of the company's bad debts expense.
D. describe management's product development plans for the coming year.
9. Significant accounting policies are described in the explanatory notes to the financial statements because:

A. there isn't enough space for them to be included in the captions of the financial statements.
B. if the accrual basis of accounting is used, "matching" of revenues and expenses may not take place.
C. the reader must be aware of which of the alternative generally accepted accounting practices have been used.
D. none of the above.

10. When an entity changes its accounting from one generally accepted method to another generally accepted method:

A. financial statements of all prior years are changed to maintain comparability.
B. an explanatory note stating that the change was approved by the Financial Accounting Standards Board is required.
C. the dollar effect of the change on both the balance sheet and income statement must be disclosed.
D. changes like this are not permitted.

11. The impact of changing price levels on amounts reported in financial statements is:

A. reported as a separate item on the balance sheet.
B. accomplished by reporting assets at their replacement cost.
C. required to be described in the explanatory notes to the financial statements.
D. encouraged, but not required to be described in the explanatory notes to the financial statements.

12. Management's statement of responsibility:

A. explains that the entity's financial statements are the responsibility of the entity's auditors.
B. states that the financial statements are free of significant error.
C. affirms that management is responsible for assuring adherence to internal control policies and procedures.
D. guarantees that the firm has operated in a highly ethical manner.

13. Firms that issue registered securities are required to file, with the SEC on an annual basis, which of the following?

A. An annual report.
B. A prospectus.
C. A form 10-K.
D. A set of financial statements.
E. All of the above.
14. A firm's cash dividends were $3.96 per share of common stock for calendar 2006. In 2007 the stock was split 3 for 1, and in 2008 a 10% stock dividend was issued. Dividends per share for 2006, to be reported in the firm's annual report for 2008, are:

A. $3.96  
B. $1.45  
C. $1.32  
D. $1.20

15. Business segment information is included in the explanatory notes to financial statements because:

A. the amounts shown on the financial statements of most companies are just too large to comprehend.  
B. current and potential investors can make more informed judgments about the company.  
C. net income from various geographic areas can be clearly determined.  
D. by combining these amounts for each segment, ROI and funds flows for the company as a whole can be determined.

16. For 2006, Skresso Co. reported $3.64 of earnings per share of common stock. During 2007 the firm had a 4% common stock dividend. 2006 earnings per share to be reported in the annual report for 2007 are:

A. $3.79  
B. $3.64  
C. $3.50  
D. $3.49

17. Management's statement of responsibility:

A. usually refers to the company's system of internal controls.  
B. emphasizes that the auditors are responsible for the financial statements.  
C. includes a disclaimer of responsibility for the level of the P/E ratio of the company's common stock.  
D. gives the president of the company an opportunity to explain why profits changed.

18. Which of the following is the proper paragraph sequence for an independent Auditor's Report?

A. Scope, introduction, opinion.  
B. Introduction, scope, opinion.  
C. Opinion, scope, summary.  
D. Introduction, opinion, scope.
19. A firm's independent auditors have the responsibility to:

A. assess the firm's accounting policies.
B. ascertain the firm's profit potential.
C. uncover all fraudulent activities.
D. assess management's discussion and analysis.

20. The independent auditors' report usually:

A. presents a "clean bill of health" for the company.
B. refers to the quality of the company's products or services.
C. includes an opinion that the financial statements are correct.
D. includes an opinion that the financial statements present fairly, in all material respects, financial information about the company.

21. An audit conducted in accordance with generally accepted auditing standards includes each of the following except:

A. examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements.
B. evaluation of the efficiency and effectiveness of management.
C. assessment of the accounting principles used and significant estimates made by management.
D. planning and performance of the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

22. Which one of the following methods is no longer a Generally Accepted Accounting Method?

A. Purchase accounting.
B. Fair market value method.
C. Pooling method.
D. None of the Above.

23. Which of the following require an explanatory note in the independent auditors' report.

A. basing the opinion on the work of another auditor.
B. Uncertainties about the outcome of a significant event that would have affected the presentation of the financial statement.
C. Substantial doubt about the entity's viability to continue as a going concern.
D. None of the above.
E. Items a, b and c are correct.
24. A management that wanted to increase the financial leverage of its firm would:

A. raise additional capital by selling common stock.
B. use excess cash to purchase preferred stock for the treasury.
C. raise additional capital by selling fixed interest rate long-term bonds.
D. try to increase its ROI by increasing asset turnover.

25. For the fiscal year ended March 31, 2007, a company reported earnings per share of $3.25 and cash dividends per share of $0.50. During fiscal 2008, the company had a 3 for 2 stock split. In the annual report for the fiscal year ended March 31, 2008, earnings per share and cash dividends for fiscal 2007 would be reported, respectively, as:

A. $3.25 and $0.50
B. $4.85 and $0.75
C. $2.17 and $0.33
D. $1.09 and $0.17

26. Financial leverage:

A. arises because most borrowed funds have a fixed interest rate.
B. arises because most borrowed funds have a variable interest rate.
C. usually has no bearing on the risk associated with a company.
D. is a concept that does not apply to individuals.

27. A potential creditor's judgment about granting credit would be most influenced by the potential customer's:

A. current ratio at the end of the prior fiscal year.
B. most recent acid-test ratio.
C. trend of acid-test ratio over the past three years.
D. practice with respect to taking cash discounts offered by current suppliers.

28. Another term for the price/earnings ratio is:

A. cost ratio.
B. sales multiple.
C. earnings multiple.
D. profit ratio.
29. An entity's current ratio will be influenced by:
   A. the inventory cost flow assumption used.
   B. writing off an overdue account receivable against the allowance for uncollectible accounts.
   C. the depreciation method used.
   D. issuance of a stock dividend.

30. If a firm's debt ratio were 25%, its debt/equity ratio would be:
   A. 25%.
   B. 50%.
   C. 33.33%.
   D. 75%.

31. An individual interested in making a judgment about the profitability of a company should:
   A. review the trend of working capital for several years.
   B. calculate the company's ROI for the most recent year.
   C. review the trend of the company's ROI for several years.
   D. compare the company's ROI for the most recent year with the industry average ROI for the most recent year.

32. Which of the following is not a category of financial statement ratios?
   A. Financial leverage.
   B. Liquidity.
   C. Profitability.
   D. Prospectus.

33. When a firm has financial leverage:
   A. ROI will be greater than ROE.
   B. ROI will usually be less than it would be without leverage.
   C. risk is greater than if there isn't any leverage.
   D. the firm will always have a higher ROE than it would without leverage.
34. When a corporation has both common stock and preferred stock outstanding:

A. dividends on preferred stock are paid only if the company has current earnings.
B. dividends on preferred stock must be paid before dividends on common stock can be paid.
C. preferred stockholders receive the same dividend per share as common stockholders.
D. dividends on preferred stock are paid only if dividends are to be paid on the common stock.

35. A leverage buyout refers to:

A. one firm issues stock to take over another firm.
B. one firm trades its stock for the stock of another firm.
C. a firm goes heavily into debt in order to obtain the funds to purchase the shares of the public stockholders.
D. one firm pays cash for the shares of a takeover firm’s shares.

36. The dividend payout ratio describes:

A. the proportion of earnings paid as dividends.
B. the relationship of dividends per share to market price per share.
C. the percentage change in dividends this year compared to last year.
D. dividends as a percentage of the price/earnings ratio.

37. The price/earnings ratio:

A. is a measure of the relative expensiveness of a firm's common stock.
B. does not usually change by more than 1.0 (e.g. 8.2 to 9.2) during the year.
C. can be used to determine the cash dividend to be received during the year.
D. is calculated by dividing the earnings multiple by net income.

38. If a firm's payment terms for sales made on account to its customers were 2/10, n30, the number of days' sales in accounts receivable would be expected to be:

A. less than 10.
B. between 10 and 25.
C. between 25 and 40.
D. over 40.
39. A common size income statement:
   A. uses the same dollar amount of revenues for each year.
   B. expresses items as a percentage of revenues.
   C. makes comparisons between years more difficult.
   D. is useful in estimating the impact of inflation.

40. Management’s use of resources can best be evaluated by focusing on measures of:
   A. liquidity.
   B. activity.
   C. leverage.
   D. book value.

41. Asset turnover calculations:
   A. are made by dividing the average asset balance during the year by the sales for the year.
   B. are made by dividing sales for the year by the asset balance at the end of the year.
   C. communicate information about how promptly the entity pays its bills.
   D. should be evaluated by observing the turnover trend over a period of time.

42. The comparison of activity measures of different companies is complicated by the fact that:
   A. different inventory cost flow assumptions may be used.
   B. dollar amounts of assets may be significantly different.
   C. only one of the companies may have preferred stock outstanding.
   D. the number of shares of common stock issued may be significantly different.

43. A higher P/E ratio means that:
   A. the stock is more reasonably priced.
   B. the stock is relatively expensive.
   C. investors are wary of the stock.
   D. earnings are expected to decrease.
44. Which of the following is(are) an example of a measure of leverage?

A. Debt yield.
B. Debt payout ratio.
C. Preferred dividend coverage ratio.
D. Debt/equity ratio.
E. All of the above.

45. The inventory turnover calculation:

A. is wrong unless cost of goods sold is used in the numerator.
B. is wrong unless sales is used in the numerator.
C. is an alternative way of expressing the number of days' sales in inventory.
D. requires knowledge of the inventory cost flow assumption being used.

46. Book value per share of common stock of a manufacturing company:

A. is not a very useful measure most of the time.
B. is calculated by dividing market value per share by earnings per share.
C. reflects the fair market value of the company's stock.
D. is the same as the total balance sheet asset value per share of common stock.

47. If the P/E ratio of a company's common stock were 12, and its earnings were $2.50 per common share:

A. the market value of the common stock would be $20.83 per share.
B. the market value of the common stock would be $25.00 per share.
C. an increase in earnings of $0.20 per share, with no change in the multiple, would result in a market price increase of $2.40 per share.
D. an increase in earnings of $0.20 per share, with no change in the multiple, would result in a market price increase of $1.67 per share.

48. The concept of operating leverage refers to which of the following?

A. Operating income changes proportionately more than revenues for any given change in activity level.
B. Operating income changes proportionately less than revenues for any given change in activity level.
C. Operating income changes proportionately more than income for any given change in activity level.
D. Operating income changes proportionately less than income for any given change in activity level.
49. As the total volume of activity changes:

A. the total of variable costs changes.
B. the total of fixed costs changes.
C. variable costs per unit change.
D. fixed costs per unit stay the same.

50. A firm has revenues of $120,000, a contribution margin ratio of 30%, and fixed expenses that total $56,000. If revenues increase $20,000, then:

A. operating income will increase by $6000.
B. operating income will be 0.
C. fixed expenses will increase $8000.
D. the contribution margin ratio will increase by 1/8.

51. Each of a company's several product lines has a different contribution margin ratio. Total sales in 2007 were 20% higher than total sales in 2006. Total contribution margin for 2007 will be:

A. the same as it was in 2006, regardless of changes in sales mix.
B. 20% higher than it was in 2006, regardless of changes in sales mix.
C. more than 20% higher than it was in 2006, if the sales mix changes and proportionately more high contribution margin ratio products are sold in 2007 than in 2006.
D. less than 20% higher than it was in 2006, if the sales mix changes and proportionately more high contribution margin ratio products are sold in 2007 than in 2006.

<table>
<thead>
<tr>
<th>Selling price per unit</th>
<th>$100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable expenses per unit</td>
<td>$40</td>
</tr>
<tr>
<td>Fixed expenses per month</td>
<td>$60,000</td>
</tr>
</tbody>
</table>

52. If sales volume were to decrease 10%, from 4,000 units per month to 3,600 units per month, operating income would:

A. not change
B. decrease $10,000
C. decrease $24,000
D. decrease $40,000
53. If the selling price per unit were to drop $2, from $100 to $98, the sales volume were to increase 500 units to 4,500 units per month, and advertising expense were to increase by $1,000:

A. the break-even point would increase.
B. the break-even point would decrease.
C. the contribution margin ratio would increase.
D. operating income would decrease.

54. The cost of a single unit of production in excess of the breakeven point in units is:

A. its fixed cost and variable cost.
B. its fixed cost only.
C. its variable cost only.
D. none of the above.

<table>
<thead>
<tr>
<th>Month</th>
<th>Total Maintenance Cost</th>
<th>Production Volume (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$1,880</td>
<td>1,750 units</td>
</tr>
<tr>
<td>February</td>
<td>$1,800</td>
<td>1,500 units</td>
</tr>
<tr>
<td>March</td>
<td>$2,200</td>
<td>2,500 units</td>
</tr>
<tr>
<td>April</td>
<td>$2,120</td>
<td>2,250 units</td>
</tr>
<tr>
<td>May</td>
<td>$2,300</td>
<td>2,750 units</td>
</tr>
</tbody>
</table>

55. Using the high-low method, the variable rate for maintenance is:

A. $0.40
B. $0.80
C. $1.20
D. $2.50

56. The term "relevant range" refers to:

A. the range of activity where costs will fluctuate.
B. the range of activity where fixed costs change as activity changes.
C. the range of activity where total variable cost remains constant as activity changes.
D. the range of activity where cost relationships are valid.
57. A firm's products have an average contribution margin ratio of 40%, which will be maintained for the next month even though fixed expenses are expected to rise by $20,000. In order to keep operating income for the month from being affected, revenues will have to increase by:

A. $8,000  
B. $12,000  
C. $20,000  
D. $50,000

58. The cost formula for monthly customer order processing cost has been established as $100 + $0.15 per order. It is expected that 5,600 orders will be processed in May and 6,400 in June. Total order processing costs for May and June combined will be estimated to be:

A. $940  
B. $1,060  
C. $2,000  
D. $2,500

59. The contribution margin ratio always decreases when the:

A. breakeven point decreases.  
B. fixed expenses increase.  
C. selling price increases and the variable costs remain constant.  
D. variable cost increase and the selling price remains constant.

60. Knowledge about the behavior pattern of a cost is important to understanding the effect on net income of a change in sales volume because as sales volume changes:

A. net income will change proportionately.  
B. the effect on net income will depend on the behavior pattern of various costs.  
C. fixed costs will rise proportionately.  
D. variable costs will not change.

61. Management accounting is:

A. a highly technical subject that people in personnel or engineering should not be expected to understand.  
B. performed by individuals who seldom work with people in other functional areas of the organization.  
C. the principal activity involved in determining the goals and objectives of the entity.  
D. an activity that gets involved with virtually all of the other functional areas of the organization.
62. What percentage of the contribution margin is profit on units sold in excess of the breakeven point?

A. It's 50% to the contribution margin ratio.
B. It's equal to the variable cost ratio.
C. It's equal to the gross profit ratio.
D. It's 100%.

63. ABU Co. has several products, each with a different contribution margin ratio. If the same number of units were sold in July as in June, but the sales mix changed:

A. operating income would be the same in June and July.
B. fixed expenses in July would be in a different relevant range than in June.
C. the company's overall contribution margin ratio would be the same in June and July.
D. total contribution margin in July would be different from that in June.

64. Using the high-low method, the monthly fixed component of maintenance cost is:

A. $1,600
B. $1,200
C. $1,100
D. $1,300

65. When the cost behavior pattern has been identified as fixed at a certain volume of activity:

A. any change in volume will probably cause the cost to change.
B. it is appropriate to express the cost on a per unit of activity basis.
C. the total cost will not change even if the volume of activity changes substantially.
D. the total cost may change if the volume of activity changes substantially.

66. The break-even point volume of units is:

A. 0
B. 360
C. 720
D. 1000
67. An example of a cost likely to have a fixed behavior pattern is:

A. sales force commission.
B. production labor wages.
C. advertising cost.
D. electricity cost for packaging equipment.

68. The formula for expressing the total of a fixed, variable, or mixed cost at any level of activity is:

A. \[ \text{total cost} = \text{fixed cost} + (\text{variable rate} \times \text{volume of activity}) \]
B. \[ \text{total cost} = \text{fixed cost} \times \text{volume of activity} \]
C. \[ \text{total cost} = \text{fixed cost} \times \text{variable rate} \]
D. \[ \text{total cost} = \text{fixed cost} - \text{variable cost} \]

69. As the level of activity decreases:

A. fixed cost per unit decrease.
B. variable cost per unit decrease.
C. fixed cost remains constant in total.
D. variable cost remains constant in total.

70. The contribution margin format income statement is organized by:

A. responsibility centers.
B. functional classifications.
C. sales territories.
D. cost behavior classifications.

71. As the level of activity increases:

A. fixed cost per unit increase.
B. variable cost per unit increase.
C. variable cost per unit decrease.
D. fixed cost per unit decrease.

72. Managerial accounting supports the management process most significantly by:

A. measuring and reporting financial results after the fact.
B. determining the goals and objectives of the entity.
C. providing estimates of financial results for various plans.
D. establishing operating policies to be followed during a period of time.
73. An example of a cost that is likely to have a variable behavior pattern is:

A. sales force salaries.
B. depreciation of production equipment.
C. salaries of production supervisors.
D. production labor wages.

74. A 10% change in a firm's revenues is likely to result in a change of more than 10% in the firm's operating income because:

A. not all of the firm's costs will change in proportion to the revenue change.
B. the firm has financial leverage.
C. the contribution margin ratio will change in proportion to the revenue change.
D. only fixed expenses will change in proportion to the revenue change.

75. An example of a cost likely to have a mixed behavior pattern is:

A. sales force commission.
B. raw material cost.
C. depreciation of production equipment.
D. electricity cost for the manufacturing plant.

76. Cost behavior refers to:

A. costs that are both good and bad.
B. costs that increase at a quicker rate than others.
C. costs that decrease at a quicker rate than others.
D. costs that are variable or fixed.
E. none of the above.

77. Which of the following statements does not describe a characteristic of management accounting?

A. Management accounting must conform to GAAP.
B. Approximate amounts rather than accurate amounts or refined estimates are often used in management accounting.
C. Management accounting places a great deal of emphasis on the future.
D. Management accounting is more concerned with units of the organization rather than with the organization as a whole.
78. Simplifying assumptions made when using cost behavior pattern data include:

A. relevant range and liquidity.
B. fixed activity and linearity.
C. relevant range and linearity.
D. activity range and variability.

79. The contribution margin ratio is:

A. 40%
B. 60%
C. 62.5%
D. 70%

80. Which of the following terms do not appear on the contribution margin format income statement:

A. gross profit.
B. contribution margin.
C. operating income.
D. variable expenses.

81. A management decision that would have a long term influence on the operating leverage of a firm would be:

A. increasing the advertising budget.
B. substituting robots for hourly paid production workers.
C. increasing prices in proportion to raw material cost increases.
D. having a season-end sale of seasonal products.

82. Which of the following activities is not part of the management planning and control cycle:

A. data collection and performance feedback.
B. implementation of plans.
C. providing information to investors and creditors.
D. revisiting plans.
83. The relevant range concept refers to:

A. a firm's range of profitability.
B. a firm's range of sales.
C. a firm's range of rates of return.
D. a firm's range of activity.

84. The break-even point in terms of total revenues per month is:

A. $30,000
B. $60,000
C. $75,000
D. $100,000

85. When the high-low method of estimating a cost behavior pattern is used:

A. cost and volume data must be reviewed for outliers.
B. the direct result of the high-low calculations is the fixed expense amount.
C. the highest and lowest sales price and volume amounts are used in the calculation.
D. the resulting cost formula will explain total cost accurately for every value between the high and low volumes.

86. The shift in the amount of manufacturing overhead costs applied to the mix of products produced that occurs when using a single cost driver rate as compared to using activity-based costing rates is known as:

A. underapplied overhead
B. overapplied overhead
C. cost absorption
D. cost distortion

87. An excess of cost of goods manufactured over cost of goods sold for the period represents:

A. an increase in gross profit.
B. a decrease in work in process inventory.
C. overapplied manufacturing overhead.
D. an increase in finished goods inventory.
88. A predetermined overhead rate is used to:

A. keep track of actual overhead costs as they are incurred.
B. assign indirect costs to cost objects.
C. establish prices for manufactured products.
D. allocate selling and administrative expenses to manufactured products.

89. Which of the following will cause income determined with absorption costing to be higher than income determined with direct costing?

A. units produced equals units sold.
B. units produced is greater than units sold.
C. units produced is less than units sold.
D. income determined with absorption costing will always equal income determined with direct costing.

90. The overhead component of product cost is:

A. the sum of the actual overhead costs incurred in the manufacture of the product.
B. likely to be the same amount for every product made by the company.
C. an estimated amount based on labor hours, machine hours, or some other activity.
D. determined at the end of the year when actual costs and actual production are known.

91. For the partial value chain functions given below, which sequence is correct?

A. design, production, marketing
B. marketing, production, distribution
C. research and development, production, distribution
D. customer service, marketing, distribution

92. Total manufacturing costs for the month on the statement of costs of goods manufactured equals:

A. variable costs + fixed costs + mixed costs.
B. work in process inventory – finished goods inventory.
C. cost of goods sold – cost of goods manufactured.
D. cost of raw material used + direct labor cost incurred + manufacturing overhead applied.
93. An example of a cost likely to have an indirect relationship with products being manufactured:

A. production labor costs.
B. raw material costs.
C. electricity costs for packaging equipment.
D. none of the above.

94. Costs may be allocated to a product or activity for many purposes, but care must be exercised when using allocated costs because:

A. direct costs identified with the product or activity may not be accurately assigned.
B. fixed costs will change in total if the volume of activity changes.
C. all costs may not have been allocated to the product or activity.
D. arbitrarily allocated costs may not behave in the way assumed in the allocation method.

95. The production cost of a single unit of a manufactured product is determined by:

A. dividing total direct materials and direct labor for a production run by the number of units made.
B. dividing total direct materials, direct labor, and manufacturing overhead for a production run by the number of units made.
C. dividing total direct materials, direct labor, manufacturing overhead and selling expenses for a production run by the number of units made.
D. dividing the selling price by the gross profit ratio.

96. An example of a cost that is likely to have a direct relationship with products being manufactured:

A. sales force salaries.
B. depreciation of production equipment.
C. salaries of production supervisors.
D. production labor costs.

97. The sequence of activities that add value to the organization are:

A. the value processes.
B. the chain of production events.
C. the value chain.
D. the strategic cost initiatives.
98. Which of the following activities is not included in the organization's value chain?

A. marketing.
B. finance.
C. customer service.
D. research and development

99. Cost accounting is a subset of:

A. financial accounting.
B. process cost accounting.
C. job order cost accounting.
D. managerial accounting.

100. The three components of product costs are:

A. direct material, supervisor salaries, selling expenses.
B. direct labor, manufacturing overhead, indirect material.
C. direct material, manufacturing overhead, direct labor.
D. manufacturing overhead, indirect material, indirect labor.