

Competency-Based Formative Assessments: Financial Management

Objective 2A-01 Define and differentiate between product and period costs in financial accounting

Bright Idea Light Bulb Company has identified the following product and period costs associated with producing a single light bulb:

Cost	Amount
Glass	\$0.35
Metal	\$0.40
Lighting Elements	\$1.20
Manufacturing Labor	\$.60
Cardboard for packaging	\$.25
Shipping to distribution centers	\$.20
Accounting labor	\$.10
Commercials	\$.05
Sales Commissions	\$.40

The company produces 10,000 bulbs a day. What are their total product costs per day?

- A. \$30,000
- B. \$25,500
- C. \$28,000
- D. \$35,500

TYPE: MC

ANSWER: C

Product Costs: Glass, Metal, Lighting, Manufacturing Labor, and Cardboard for packaging.

Period Costs: Shipping, Accounting labor, commercials, and sales commissions.

3. What does a general systems flow chart permit one to do?

- A. showcase a system's efficiency
- B. quantitatively communicate system changes
- C. analyze and redesign a system
- D. resolve conflict using images

ANS: C **REF:** 53 **DIFF:** Easy **KEY:** Bloom's: Knowledge

4. If a general system flow chart has too many needless steps, what can be done to simplify it?

- A. Place the extra steps into a new chart.
- B. Repackage some of the steps.
- C. Eliminate some of the steps.
- D. Add a written description to offer clarity.

ANS: B **REF:** 57 **DIFF:** Moderate **KEY:** Bloom's: Application

5. What are two primary methods an analyst uses to gather the needed information to construct a general system flow-chart?

- A. interviewing and observation
- B. directing and production
- C. delegating and observation
- D. interviewing and participation

ANS: A **REF:** 57 **DIFF:** Moderate **KEY:** Bloom's: Application

6. In what way could a health care manager wrongly interpret a general systems flow chart?

- A. by reading the flow chart from the bottom upward
- B. by reading the flow chart from the top downward
- C. by reading the flow chart from the left to right sides
- D. by reading the flow chart based on preset conventions

ANS: A **REF:** 55 **DIFF:** Moderate **KEY:** Bloom's: Analysis