

Chapter 8
Office Management
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- A. Includes all changes in owners' equity during a period except those that result from investments by or distributions to owners. **(6) Comprehensive income**
- B. A financial report that summarizes the operations of the business resulting in revenues, expenses, gains, and losses, and shows the increase or decrease in owners' equity resulting from the operation of the business over a period of time (accounting period). **(18) Income statement**
- C. The difference between the standard cost and the actual cost. **(30) Variance**
- D. Raw materials that are readily identified with an individual product. **(12) Direct materials**
- E. A financial statement that shows the financial position of an entity at a specific time and is formally called the statement of financial position (condition). It lists all the assets, liabilities, and owners' equity of an entity. **(1) Balance sheet**
- F. The prediction of a value of a variable in the future that may be based on past values of the variable, values of related variables, or expert judgment. Forecasts are needed in business to plan for the future development of the company. **(15) Forecasting**
- G. Used to cost products in companies that employ a continuous manufacturing process to produce a homogeneous product. **(23) Process costing**
- H. A detailed plan that shows proposed acquisitions of financial resources and uses of financial resources during a period of time. **(4) Budget**
- I. All labor performed by personnel directly involved in production. **(11) Direct labor**
- J. Expenses that a business may incur that do not result from normal operations of the business. **(20) Losses**
- K. Vary in total directly with the level of output. As production increases, the total amount of a variable cost will increase proportionately while the per unit cost will remain the same. **(29) Variable costs**
- L. Shows the changes in the capital account from one period to another in a sole proprietorship or a partnership. **(27) Statement of changes in capital**
- M. States that revenue is usually recognized only after exchange has taken place or a service has been rendered. **(24) Revenue realization principle**
- N. Another name for carrying value. This states the asset is equal to the original cost of an operational asset less the accumulated depreciation related to that asset. **(2) Book value**
- O. Revenues that a business may earn that are not part of the normal operations of a business. **(16) Gains**
- P. Reported on the income statement and is determined by dividing net income after taxes by the average number of shares of common stock held by owners during the period. **(13) Earnings per share (EPS)**
- Q. Another term for Book Value – The asset is equal to the original cost of an operational asset less the accumulated depreciation related to that asset. **(5) Carrying value**
- R. The point where total revenues are equal to total expenses and net income is equal to zero. **(3) Breakeven point**
- S. Explains the differences between the beginning and ending balances of cash (including cash equivalents). **(26) Statement of cash flows**

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- T. The systematic and rational allocation of the original cost of an asset over its expected useful life. **(10) Depreciation**
- U. Shown as a deduction from its related asset account on the balance sheet. **(7) Contra-asset account**
- V. A predetermined estimate of the cost per unit for materials, labor, and manufacturing overhead; the cost that should be incurred to produce a product or perform an operation efficiently. **(25) Standard cost**
- W. The cost of merchandise sold to customers. **(9) Cost of goods sold**
- X. Sales of goods minus cost of goods sold. **(17) Gross margin (gross profit).**
- Y. Shows the changes in retained earnings from one period to another. **(28) Statement of retained earnings**
- Z. In managerial accounting, it equals sales minus variable costs. **(8) Contribution margin**
- AA. Remain constant in total despite changes in the volume of output. The per unit amount of a fixed cost varies as the level of activity changes. **(14) Fixed costs**
- BB. Used by firms with production that is easily divided into separate projects or batches. **(19) Job order costing**
- CC. Vary with level of activity but by less than a proportionate amount. **(22) Mixed costs**
- DD. Contains all other costs of production that are not in direct labor or direct material. **(21) Manufacturing overhead**