Chapter 8
Office Management
Key Terms

1. Balance sheet
2. Book value
3. Breakeven point
4. Budget
5. Carrying value
6. Comprehensive income
7. Contra-asset account
8. Contribution margin
9. Cost of goods sold
10. Depreciation
11. Direct labor
12. Direct materials
13. Earnings per share
14. Fixed costs
15. Forecasting
16. Gains
17. Gross margin (gross profit)
18. Income statement
19. Job order costing
20. Losses
21. Manufacturing overhead
22. Mixed costs
23. Process costing
24. Revenue realization principle
25. Standard cost
26. Statement of cash flows
27. Statement of changes in capital
28. Statement of retained earnings
29. Variable costs
30. Variance

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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.

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).

C. The difference between the standard cost and the actual cost.

D. Raw materials that are readily identified with an individual product.

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.

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.

G. Used to cost products in companies that employ a continuous manufacturing process to produce a homogeneous product.

H. A detailed plan that shows proposed acquisitions of financial resources and uses of financial resources during a period of time.

I. All labor performed by personnel directly involved in production.

J. Expenses that a business may incur that do not result from normal operations of the business.

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.

L. Shows the changes in the capital account from one period to another in a sole proprietorship or a partnership.

M. States that revenue is usually recognized only after exchange has taken place or a service has been rendered

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.

O. Revenues that a business may earn that are not part of the normal operations of a business.

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.

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.

R. The point where total revenues are equal to total expenses and net income is equal to zero.

S. Explains the differences between the beginning and ending balances of cash (including cash equivalents).

T. The systematic and rational allocation of the original cost of an asset over its expected useful life.

U. Shown as a deduction from its related asset account on the balance sheet.

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.

W. The cost of merchandise sold to customers.

X. Sales of goods minus cost of goods sold.

Y. Shows the changes in retained earnings from one period to another.

Z. In managerial accounting, it equals sales minus variable costs.

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.

BB. Used by firms with production that is easily divided into separate projects or batches.

CC. Vary with level of activity but by less than a proportionate amount.

DD. Contains all other costs of production that are not in direct labor or direct material.