

Management – Chapter 8 Key Words

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

- _____ A predetermined estimate of the cost per unit for materials, labor and manufacturing overhead.
- _____ All labor performed by personnel directly involved in production.
- _____ Book value of asset is equal to original cost of an operational asset less the accumulated depreciation related to that asset.
- _____ Contains all other costs of production that are not in direct labor or direct materials.
- _____ Cost of merchandise sold to customers.
- _____ Detailed plan showing proposed acquisitions of financial resources and uses of financial resources during a period of time.
- _____ Difference between the standard cost and the actual cost.
- _____ Equal to original cost of an operational asset less the accumulated depreciation related to that asset.
- _____ Expenses that a business may incur that do not result from normal operations of the business.
- _____ Explains the difference between the beginning and ending balances of cash.
- _____ Summarizes operations of business resulting in revenues, expenses, gains and losses and shows the increase/decrease in owners' equity resulting from operation of the business over a period of time.
- _____ Shows the financial position of an entity at a specific time and is formally called the statement of financial position. It lists all the assets, liabilities and owners' equity of an entity.
- _____ In managerial accounting, it equals sales minus variable costs.
- _____ Includes all changes in owners' equity during a period except those that result from investments by or distributions to owners.
- _____ Prediction of a variable value in the future may be based on past values of variable, values of related variables or expert judgment. Needed in business to plan for future development of the company.
- _____ Raw material that are readily indentified with an individual product.
- _____ Remain constant in total despite changes in volume of output. Per unit amount varies as level of activity changes.
- _____ 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.
- _____ Revenues that a business may earn that are not part of the normal operations of the business.
- _____ Sales of goods minus cost of goods sold.
- _____ Shown as a deduction from its related asset account on the balance sheet.
- _____ Shows the changes in retained earnings from one period to another.
- _____ Shows the changes from one period to another in a sole proprietorship or a partnership.
- _____ Revenue is usually recognized only after exchange has taken place or service has been rendered.
- _____ Systematic and rational allocation of the original cost of an asset over its expected useful life.
- _____ Used by firms with production that is easily divided into separate projects or batches.
- _____ Used to cost products in companies that employ a continuous manufacturing process to produce a homogeneous product.
- _____ 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.
- _____ Vary with level of activity but by less than a proportionate amount.
- _____ Where total revenues are equal to total expenses and net income is equal to zero.