

<p style="text-align: center;">ACCT 102 – Review Exam #3 Chapters 19 – 21 Variable Costing, Budgets, Flexible Budgets & Standard Costing</p>
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Format of exam: 30 true/false and multiple choice questions @ 2 points each = 60 points. Then choose 4 out of 6 problems worth 10 points each = 40 points.

Chapter 19 – Variable Costing

- Understand differences between Traditional Absorption Costing (Mandated by GAAP) and Variable Costing, a useful management tool.
- Be able to calculate unit costs in finished goods and how to calculate COGS
- Understand the effect on the income statement and balance sheet using both methods when units made=units sold, and when they do not.
- Understand and be able to apply computations for relevant decisions

Chapter 20 – Budgets

- Understand the budgeting process and how the budget can be used as a management tool.
- Lots of terms and definitions
- Variance reporting
- Be familiar with and be able to compute any component of a master budget
 - Sales
 - Production
 - Direct Materials Purchases
 - Direct Labor
 - FOH
 - Cash Budgets and Supporting Schedules

Chapter 21 – Flexible Budgets and Standard Costing

- Understand why flexible budgets are necessary and their usefulness
- Be familiar with standards and how standard costs are applied in the accounting process
- Describe and compute variances
- Determine results and how to take corrective action
- Compute all variances and be able to interpret.

Problems (10 Points Each) – Choose 4

1. Determination of individual costs as product or period cost under variable costing and absorption costing
2. Components of a Master Budget – Preparation of two components
3. Computation of DM and DL Variances (total of 6)
4. Schedule of Cash Receipts
5. Income Statements using Absorption costing and Variable Costing
6. Flexible Budget