

One of Professor Kelly's students recently turned in the following paper. The paper included answers to ten quiz questions. Each question was worth 10 points (sorry, no partial credit). Grade the student's paper, and comment on the incorrect questions.

- (1) Billboard advertising space would be a period cost, not a product cost.
- (2) Beginning work in process, plus conversion costs, minus ending work in process, equals cost of goods manufactured.
- (3) Conversion costs are always the same, no matter the level of output.
- (4) Production costs generally consist of prime costs plus manufacturing overhead.
- (5) "Product costs attach" can also be described as "inventoriable."
- (6) The cost of air filters used in the paint shop of a manufacturing facility is a period cost because they are replaced monthly.
- (7) Nonmanufacturing costs for selling and general/administrative purposes are not part of factory overhead.
- (8) Manufacturers may have three inventory categories: raw materials, finished goods, and cost of goods sold.
- (9) The cost of carbon fiber incorporated into the frame of a bicycle built by TecTrack Bikes is a product cost.
- (10) Prime costs include direct labor and manufacturing overhead.