

Evaluate the following and "check off" whether the comment applies to variable costing, absorption costing, or both.

	<i>Variable Costing</i>	<i>Absorption Costing</i>
Generally accepted accounting principles require this method for external reporting.		✓
Includes fixed manufacturing costs as a product cost.		
Variable SG&A is treated as a period cost.		
The cost assigned to ending inventory would be less under which method?		
Increases in inventory will cause income to be higher under which method?		
Results in a measurable value known as "gross profit."		
Results in a measurable value known as "contribution margin."		
Factory depreciation is allocated to inventory.		
Variable factory overhead is allocated to inventory.		