Pool Canvas

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Name Chapter 01 - The Changing Business Environment - A Manager's Perspective
Description
Instructions

Modify

Add Question Here

Question 1 **True/False** **0 points** Modify Remove

Question Management accounting is not a subordinate activity to financial accounting.
Answer
✓ True
False

Add Question Here

Question 2 **True/False** **0 points** Modify Remove

Question Management accounting is the process of identifying, measuring, accumulating, analyzing, preparing, and communicating financial information used by management.
Answer
✓ True
False

Add Question Here

Question 3 **True/False** **0 points** Modify Remove

Question Financial accounting is defined as the use of management information to plan, evaluate, and control within the organization and to ensure appropriate use and accountability for its resources.
Answer
True
✓ False

Add Question Here

Question 4 **True/False** **0 points** Modify Remove

Question Management accounting provides reports that are future oriented.
Answer
✓ True
False

Add Question Here

Question 5 **True/False** **0 points** Modify Remove

Question Rules applicable to accounting information created and prepared for management use are the same as those for information reported to the general public.
Answer
True
✓ False

Add Question Here

Question 6 **True/False** **0 points** Modify Remove

Question Management accounting exists primarily for the benefit of people outside the company.
Answer
True
✓ False

Add Question Here

Question 7 **True/False** **0 points** Modify Remove

Question Management accounting must observe both financial accounting standards and cost accounting standards if it is to be useful to the organization's management.
Answer
True
✓ False

Add Question Here

Question 8 **True/False** **0 points** Modify Remove

Question Management accounting information is more subjective than financial accounting information.
Answer
✓ True
False

Add Question Here

Question 9 **True/False** **0 points** Modify Remove

Question Internal accounting reports should be prepared when they are needed, without regard to calendar dates or regularity of issue.
Answer
✓ True
False

Add Question Here

Question 10 **True/False** **0 points** Modify Remove

Question The overall guideline or limit for management accounting information is that the report or analysis must be meaningful and must answer the questions or issues under review.

Answer

✓ True

False

Add Question Here

Question 11 **True/False** **0 points** Modify Remove

Question Financial accounting comprises all rules governing the accounting for and reporting of financial information that must be disclosed to people outside the company.

Answer

✓ True

False

Add Question Here

Question 12 **True/False** **0 points** Modify Remove

Question The analyses and flow of accounting data inside a company need not depend on the double-entry format.

Answer

✓ True

False

Add Question Here

Question 13 **True/False** **0 points** Modify Remove

Question Management accounting data may be gathered for small segments or large divisions and may be expressed in units of measurement other than historical dollars.

Answer

✓ True

False

Add Question Here

Question 14 **True/False** **0 points** Modify Remove

Question Most management decisions are based on analyses using expected future dollars.

Answer

✓ True

False

Add Question Here

Question 15 **True/False** **0 points** Modify Remove

Question Financial accounting usually involves analyses of various segments of a business, such as cost centers, profit centers, or departments, or of some specific aspect of its operations.

Answer

True

✓ False

Add Question Here

Question 16 **True/False** **0 points** Modify Remove

Question Financial information included in financial statements prepared for external use is past data, summarized for the user as of a particular date.

Answer

✓ True

False

Add Question Here

Question 17 **True/False** **0 points** Modify Remove

Question Financial accounting is concerned primarily with planning and control of internal operations.

Answer

True

✓ False

Add Question Here

Question 18 **True/False** **0 points** Modify Remove

Question Financial accounting information is determined objectively and is verifiable, whereas management accounting usually represents subjective estimates of future events.

Answer

✓ True

False

Add Question Here

Question 19 **True/False** **0 points** Modify Remove

Question Financial accounting's main emphasis is on full and accurate accounting for and disclosure of a company's operating results.

Answer

✓ True

False

Add Question Here

Question 20 **True/False** **0 points** Modify Remove

Question Similar to financial accounting reports, management accounting reports are standardized in format.

Answer

True

✓ False

Add Question Here

Question 21 **True/False** **0 points** Modify Remove

Question The four stages of the management process are plan, perform, evaluate, and communicate.

Answer

✓ True

False

Add Question Here

Question 22 **True/False** **0 points** Modify Remove

Question The keys to successful report writing include identifying the who, what, when, and why of the report.

Answer

✓ True

False

Add Question Here

Question 23 **True/False** **0 points** Modify Remove

Question Management executes a plan by overseeing the daily operations of an organization.

Answer

✓ True

False

Add Question Here

Question 24 **True/False** **0 points** Modify Remove

Question Comparing actual performance with expected performance levels is an evaluation activity.

Answer

✓ True

False

Add Question Here

Question 25 **True/False** **0 points** Modify Remove

Question Management accounting accumulates, maintains, and processes an organization's financial and nonfinancial information.

Answer

✓ True

False

Add Question Here

Question 26 **True/False** **0 points** Modify Remove

Question Management accounting complements each stage in the management process.

Answer

✓ True

False

Add Question Here

Question 27 **True/False** **0 points** Modify Remove

Question The management process and management accounting are identical.

Answer

True

✓ False

Add Question Here

Question 28 **True/False** **0 points** Modify Remove

Question Neither the amount of detail nor the format of a management accounting report is affected by those to whom the report is sent.

Answer

True

✓ False

Add Question Here

Question 29 **True/False** **0 points** Modify Remove

Question Like balance sheets and income statements, management accounting formats are much the same from company to company.

Answer

True

✓ False

Add Question Here

Question 30 **True/False** **0 points** Modify Remove

Question A business plan is a comprehensive statement of how a company will achieve its objectives, but does not include budgets or performance goals.

Answer

True

✓ False

Add Question Here

Question 31 **True/False** **0 points** Modify Remove

Question A manager should write the purpose of a report before preparing it.

Answer

✓ True

False

Add Question Here

Question 32 **True/False** **0 points** Modify Remove

Question If a report is urgently needed, some accuracy may have to be sacrificed in the interest of timeliness.

Answer

✓ True

False

Add Question Here

Question 33 **True/False** **0 points** Modify Remove

Question A value chain includes only processes and services that add value to the final product or service.
Answer
True
✓ False

Add Question Here

Question 34 **True/False** **0 points** Modify Remove

Question Support services, such as legal services, are critical to making an efficient and effective value chain.
Answer
✓ True
False

Add Question Here

Question 35 **True/False** **0 points** Modify Remove

Question An advantage of value chain analysis is that it allows a company to focus on what a company does best.
Answer
✓ True
False

Add Question Here

Question 36 **True/False** **0 points** Modify Remove

Question Hiring a janitorial service firm rather than employing full-time employees is an example of outsourcing.
Answer
✓ True
False

Add Question Here

Question 37 **True/False** **0 points** Modify Remove

Question Each of the management tools can be used individually, or parts of them can be combined to create a new operating environment.
Answer
✓ True
False

Add Question Here

Question 38 **True/False** **0 points** Modify Remove

Question In a JIT system, workers are trained to specialize in one specific task.
Answer
True
✓ False

Add Question Here

Question 39 **True/False** **0 points** Modify Remove

Question In a JIT system, materials and parts are not stockpiled.
Answer
✓ True
False

Add Question Here

Question 40 **True/False** **0 points** Modify Remove

Question Total quality management has many of the same characteristics as the JIT philosophy.
Answer
✓ True
False

Add Question Here

Question 41 **True/False** **0 points** Modify Remove

Question Total quality management focuses on reducing waste.
Answer
✓ True
False

Add Question Here

Question 42 **True/False** **0 points** Modify Remove

Question The main goal of total quality management is to reduce product costs.
Answer
True
✓ False

Add Question Here

Question 43 **True/False** **0 points** Modify Remove

Question The costs of quality consist entirely of rework costs and customer complaint costs.
Answer
True
✓ False

Add Question Here

Question 44 **True/False** **0 points** Modify Remove

Question Activity-based costing (ABC) is used most often to improve the assignment of overhead costs to products.
Answer
✓ True
False

Add Question Here

Question 45 **True/False** **0 points** Modify Remove

Question Activity-based management is an extension of activity-based costing.

Answer

✓ True

False

Add Question Here

Question 46 **True/False** **0 points** Modify Remove

Question Activity-based management focuses on enhancing activities that add value to the product and reducing those that do not.

Answer

✓ True

False

Add Question Here

Question 47 **True/False** **0 points** Modify Remove

Question JIT, TQM, and ABM all seek continuous improvement in operations.

Answer

✓ True

False

Add Question Here

Question 48 **True/False** **0 points** Modify Remove

Question JIT, TQM, ABM, and TOC all make a contribution to continuous improvement and are applicable in service businesses as well as in manufacturing and retail businesses.

Answer

✓ True

False

Add Question Here

Question 49 **True/False** **0 points** Modify Remove

Question TQM seeks to improve the quality of both the product and the work environment.

Answer

✓ True

False

Add Question Here

Question 50 **True/False** **0 points** Modify Remove

Question The balanced scorecard has gained little acceptance as an approach to establish effective performance measurement.

Answer

True

✓ False

Add Question Here

Question 51 **True/False** **0 points** Modify Remove

Question In making the transition from financial accounting to management accounting, you must become accustomed to using the historical dollar as the primary unit of measurement.

Answer

True

✓ False

Add Question Here

Question 52 **True/False** **0 points** Modify Remove

Question Benchmarking enables a company to determine whether it is making continuous improvement in its operations without regard to competition.

Answer

True

✓ False

Add Question Here

Question 53 **True/False** **0 points** Modify Remove

Question Performance measures are limited to financial data.

Answer

True

✓ False

Add Question Here

Question 54 **True/False** **0 points** Modify Remove

Question “Hours of inspection” is an example of a nonfinancial performance measure.

Answer

✓ True

False

Add Question Here

Question 55 **True/False** **0 points** Modify Remove

Question Financial performance measures are useful in reducing waste and inefficiencies in operating activities.

Answer

True

✓ False

Add Question Here

Question 56 **True/False** **0 points** Modify Remove

Question Performance measures are used only in the evaluation stage of the management process.

Answer

True

✓ False

Add Question Here

Question 57 **True/False** **0 points** Modify Remove

Question In order to obtain information about benchmarks, a manager might join a trade association for the company's particular industry.

Answer

✓ True

False

Add Question Here

Question 58 **True/False** **0 points** Modify Remove

Question In analyzing nonfinancial data, it is important to link the performance measures to the four perspectives of the balanced scorecard and to the objectives that are to be achieved.

Answer

✓ True

False

Add Question Here

Question 59 **True/False** **0 points** Modify Remove

Question Evaluating employees based upon their performance is an example of developing benchmarks.

Answer

True

✓ False

Add Question Here

Question 60 **True/False** **0 points** Modify Remove

Question Comparing the number of bytes processed per nanosecond by each computer is an example of using nonfinancial data analysis.

Answer

✓ True

False

Add Question Here

Question 61 **True/False** **0 points** Modify Remove

Question When there is an ethical conflict, the management accountant should resign if the immediate supervisor is involved with the conflict.

Answer

True

✓ False

Add Question Here

Question 62 **True/False** **0 points** Modify Remove

Question Practitioners of management accounting and financial management have a responsibility to communicate information fairly and objectively.

Answer

✓ True

False

Add Question Here

Question 63 **True/False** **0 points** Modify Remove

Question When unable to resolve an ethical conflict, the accountant should consider consulting with an attorney as to the legal obligations and rights concerning the ethical conflict.

Answer

✓ True

False

Add Question Here

Question 64 **True/False** **0 points** Modify Remove

Question Although some management accountants strive to update their knowledge and skills, such updating is not within the realm of management accountants' ethical standards.

Answer

True

✓ False

Add Question Here

Question 65 **True/False** **0 points** Modify Remove

Question The management accountant must be knowledgeable about all relevant laws, regulations, and technical standards that pertain to his or her duties.

Answer

✓ True

False

Add Question Here

Question 66 **True/False** **0 points** Modify Remove

Question If a management accountant gives information about a future merger of his or her company to a relative, the accountant has acted unethically.

Answer

✓ True

False

Add Question Here

Question 67 **True/False** **0 points** Modify Remove

Question Management accountants working in purchasing must decline gifts from company vendors, because acceptance of a gift might influence or be perceived as influencing their performance or decision analyses.

Answer

✓ True

False

Add Question Here

Question 68 **True/False** **0 points** Modify Remove

Question Although management accountants should try not to engage in activities that would prejudice their ability to carry out their duties, they are not obligated to refrain from such activities after business hours, as long as these activities take place off company premises.

Answer

True
✓ False

Add Question Here

Question 69 **True/False** **0 points** Modify Remove

Question Management accountants who alter reports to meet targeted levels of performance are not acting unethically, because their job is to provide information that will aid in communicating the goals of the business.

Answer

True
✓ False

Add Question Here

Question 70 **True/False** **0 points** Modify Remove

Question Although the purpose of the confidentiality standard is to encourage management accountants to remain loyal to their company, failure to disclose knowledge of internal illegal acts to outside authorities can result in the accountants being charged as an accessory to the crime.

Answer

✓ True
False

Add Question Here

Question 71 **True/False** **0 points** Modify Remove

Question The management accountant who is responsible only for nonfinancial reports to management does not have to remain objective, using the doctrine of fairness, when preparing all reports and analyses.

Answer

True
✓ False

Add Question Here

Question 72 **Multiple Choice** **0 points** Modify Remove

Question Management accounting

Answer

deals primarily with people and organizations outside of the business entity.
requires only periodic reporting on a regular basis.
✓ uses any type of useful measurement unit, including physical as well as monetary measures.
deals only with the double-entry recording system.

Add Question Here

Question 73 **Multiple Choice** **0 points** Modify Remove

Question Which of the following types of information is *not* essential for a manager to run a business effectively?

Answer

Product or service costing information
Data for planning and controlling of operations
Special reports and analyses to support decisions
✓ Quote of the current price of the company's stock

Add Question Here

Question 74 **Multiple Choice** **0 points** Modify Remove

Question Accumulating, interpreting, and reporting financial information is important for

Answer

service-related firms only.
manufacturing firms only.
✓ virtually all types of organizations.
not-for-profit organizations only.

Add Question Here

Question 75 **Multiple Choice** **0 points** Modify Remove

Question Which of the following is a characteristic of management accounting?

Answer

It must follow generally accepted accounting principles.
✓ It is used primarily by internal users.
It is concerned primarily with reporting past performance.
It uses historical costs as the sole measurement unit.

Add Question Here

Question 76 **Multiple Choice** **0 points** Modify Remove

Question Management accounting reports can

Answer

use a flexible format.
use financial and nonfinancial data.
be prepared for any time period.
✓ include all of these.

Add Question Here

Question 77 **Multiple Choice** **0 points** Modify Remove

Question In comparing management accounting with financial accounting, which of the following statements is *true*?

Answer

Both use historical costs as their primary unit of measurement.
Both depend on the double-entry system of accounting.
Both require adherence to GAAP.
✓ Financial accounting reports are more objective, whereas management accounting reports are more subjective.

Add Question Here

Question 78 **Multiple Choice** **0 points** Modify Remove

Question Management accounting and financial accounting are similar in which of the following respects?

Answer
- Both use the same unit of measurement.
- Both rely heavily on the double-entry system.
- Both produce almost all of their respective informational reports on a routine monthly basis.
- ✓ Both provide relevant and useful information to management.

Add Question Here

Question 79 **Multiple Choice** **0 points** Modify Remove

Question The unit of measurement used in management accounting is

Answer
- primarily the historical dollar.
- usually current replacement cost.
- ✓ any measurement unit that is useful in a particular situation.
- the measurement unit used by competing companies.

Add Question Here

Question 80 **Multiple Choice** **0 points** Modify Remove

Question The management process includes all of the following stages *except*

Answer
- evaluate.
- communicate.
- plan.
- ✓ record.

Add Question Here

Question 81 **Multiple Choice** **0 points** Modify Remove

Question Planning involves which of the following?

Answer
- Identifying operating tasks that minimize waste
- Comparing actual performance to expected performance
- Issuing periodic reports
- ✓ Formulating long-term strategies

Add Question Here

Question 82 **Multiple Choice** **0 points** Modify Remove

Question Which of the following is *not* part of the "perform" stage in the management process?

Answer
- Matching human resources to the task to be performed
- Hiring and training personnel
- Identifying operating activities that minimize waste
- ✓ Controlling operations

Add Question Here

Question 83 **Multiple Choice** **0 points** Modify Remove

Question Management accounting activities

Answer
- are synonymous with financial accounting activities.
- substitute for the management cycle.
- ✓ complement the management cycle.
- have nothing to do with the management cycle.

Add Question Here

Question 84 **Multiple Choice** **0 points** Modify Remove

Question Which of the following is *not* a key question to be addressed when preparing a report?

Answer
- Who?
- What?
- When?
- ✓ Where?

Add Question Here

Question 85 **Multiple Choice** **0 points** Modify Remove

Question All of the following are “Who” questions that dictate a managerial report's format *except*

Answer
- ✓ who should write the report?
- to whom should the report be distributed?
- who will read the report?
- for whom is the report being prepared?

Add Question Here

Question 86 **Multiple Choice** **0 points** Modify Remove

Question If the report is urgently needed, it is sometimes necessary to sacrifice accuracy for

Answer
- ✓ timeliness.
- personal feelings.
- profits.
- expectations.

Add Question Here

Question 87 **Multiple Choice** **0 points** Modify Remove

Question Primary processes

Answer
- apply only to a just-in-time environment.
- include information systems and human resources.
- ✓ add value to a product or service.
- limit bottlenecks during production.

Add Question Here

Question 88 **Multiple Choice** **0 points** Modify Remove

Question In today's competitive business environment, managers

Answer
- need only be concerned with quality.
- must provide the highest value at the highest cost to customers.
- ✓ must provide the highest value at the lowest cost to customers.
- need not be concerned with the cost to the customers.

Add Question Here

Question 89 **Multiple Choice** **0 points** Modify Remove

Question Primary processes in the value chain are comprised of

Answer
- marketing, legal and accounting services.
- research and development, marketing, supply, design, production, distribution, and information systems.
- ✓ research and development, design, supply, production, marketing, distribution and customer service.
- human resources, legal services, information systems and management accounting.

Add Question Here

Question 90 **Multiple Choice** **0 points** Modify Remove

Question Services that support the primary processes in the value chain are

Answer
- ✓ human resources, legal services, information systems, and management accounting.
- research and development, design, supply, production, marketing, distribution, and customer service.
- research and development, marketing, supply, design, production, distribution, and information systems.
- marketing, legal, and accounting services.

Add Question Here

Question 91 **Multiple Choice** **0 points** Modify Remove

Question An advantage of value chain analysis is that it allows a company to

Answer
- evaluate ethical conduct.
- ✓ focus on its core competencies.
- use the four “w's.”
- increase sales to customers.

Add Question Here

Question 92 **Multiple Choice** **0 points** Modify Remove

Question The just-in-time philosophy emphasizes

Answer
- completing products on schedule.
- increasing production.
- finishing all products before starting new ones.
- ✓ eliminating waste.

Add Question Here

Question 93 **Multiple Choice** **0 points** Modify Remove

Question Which of the following is *not* a result of adopting a just-in-time operating environment?

Answer
- Reduced materials waste
- Reduced production time
- ✓ Reduced total labor hours
- Reduced production costs

Add Question Here

Question 94 **Multiple Choice** **0 points** Modify Remove

Question TQM can be used in

Answer
- merchandising firms.
- service firms.
- manufacturing firms.
- ✓ all of these.

Add Question Here

Question 95 **Multiple Choice** **0 points** Modify Remove

Question Which of the following is *not* included in the cost of quality?

Answer
- Inspection costs
- Costs of handling customer complaints
- Rework costs
- ✓ Inventory ordering costs

Add Question Here

Question 96 **Multiple Choice** **0 points** Modify Remove

Question Activity-based management's primary goal is to reduce

Answer

✓ nonvalue-adding costs.
defects.
inventory size.
machine setup time.

Add Question Here

Question 97 **Multiple Choice** **0 points** Modify Remove

Question Activity-based costing traces costs to a company's activities related to

Answer

purchasing and setup.
✓ production and nonproduction.
production only.
nonproduction only.

Add Question Here

Question 98 **Multiple Choice** **0 points** Modify Remove

Question JIT, TQM, ABM, and TOC all make a contribution to

Answer

encourage competition.
eliminate all costs.
✓ continuous improvement.
assign costs differently than before.

Add Question Here

Question 99 **Multiple Choice** **0 points** Modify Remove

Question Performance measures are used in

Answer

the "perform" stage of the management process.
the "evaluate" stage of the management process.
the "communicate" stage of the management process.
✓ all stages of the management cycle.

Add Question Here

Question 100 **Multiple Choice** **0 points** Modify Remove

Question Which of the following is a nonfinancial performance measure?

Answer

Return on investment
Net income as a percentage of sales
Cost of poor quality as a percentage of sales
✓ Average number of customers served per hour

Add Question Here

Question 101 **Multiple Choice** **0 points** Modify Remove

Question Which of the following would be used to measure the performance of a segment in a profit-generating company?

Answer

Nonfinancial performance measures
✓ Financial performance measures
Both financial and nonfinancial measures
Neither financial nor nonfinancial measures

Add Question Here

Question 102 **Multiple Choice** **0 points** Modify Remove

Question The balance scorecard

Answer

is rarely used.
produces formal reports.
only applies to manufacturing companies.
✓ links the organization's perspectives with stakeholders.

Add Question Here

Question 103 **Multiple Choice** **0 points** Modify Remove

Question Jillian Harmon supervises 5 cashiers at Jack's Market. In the past, each cashier served an average of 25 customers per hour. Two months ago, management remodeled the store and installed a new cash register system. Customers no longer need to take their groceries out of the basket. Last month the number of customers served was 5,185 and each cashier worked an average of 170 hours for the month. Based on this information, the service rate has

Answer

increased 19 percent.
decreased 21 percent.
✓ increased 22 percent.
decreased 20 percent.

Add Question Here

Question 104 **Multiple Choice** **0 points** Modify Remove

Question Analysis of nonfinancial data is important to the management accountant because

Answer

financial data are usually irrelevant.
nonfinancial data lend themselves more to computer analysis than do financial data.
✓ managers make many decisions based solely on nonfinancial data.
nonfinancial data are easier to work with than financial data.

Add Question Here

Question 105 **Multiple Choice** **0 points** Modify Remove

Question Sinopole's Pharmaceutical Delivery Company is a high-volume business that features home delivery services to elderly shut-ins. Located in Bakersfield, California, the company currently uses six delivery trucks to service the area within a 100-mile radius of the city. Each delivery truck can make a maximum of 600 deliveries per month. In June, the demand for these deliveries totaled 3,200, and the company has been experiencing a 2 percent increase in demand, compounded monthly. In which month must the company add a seventh delivery truck, given these estimates?

Answer

August
October
February of next year
✓ December

Add Question Here

Question 106 **Multiple Choice** **0 points** Modify Remove

Question If a management accountant confides to a relative that his or her company has a confidential plan to merge with another company in the near future, the accountant has

Answer

not violated ethical standards.
violated ethical standards only if the relative owns stock in the company.
✓ violated ethical standards because the accountant and relative could stand to gain personally from that information.
not violated ethical standards because the information was relayed to a family member.

Add Question Here

Question 107 **Multiple Choice** **0 points** Modify Remove

Question Suppose a management accountant becomes aware that a poor judgment he or she made has resulted in the loss of one of the company's clients. Is the accountant bound to share this information with the company? (The accountant doubts that the company will ever find out about it directly.)

Answer

The management accountant is bound to honestly respond to inquiries regarding the adequacy of professional judgments but is not bound to communicate them if not directly asked.
The management accountant is bound to communicate this error in judgment only if another client cannot be found.
The management accountant is not bound to communicate this error.
✓ The management accountant is bound to communicate unfavorable and favorable judgments made even if not directly asked.

Add Question Here

Question 108 **Multiple Choice** **0 points** Modify Remove

Question Integrity standards of management accountants include

Answer

refraining from accepting hospitality gifts from coworkers.
refraining from activities that the company does not actively endorse.
✓ avoiding actual or apparent conflicts of interest.
avoiding only those conflicts of interest that occur between coworkers.

Add Question Here

Question 109 **Multiple Choice** **0 points** Modify Remove

Question Which of the following statements is *true* regarding the ethical standards of management accountants?

Answer

Management accountants are not obligated to develop their knowledge and skills beyond the level they had when they sought employment with the company.
Management accountants are not responsible for monitoring their subordinates to ensure maintenance of confidentiality within the company.
Management accountants are allowed privacy and are not bound to refrain from supporting activities of personal interest even when they could discredit the profession.
✓ Management accountants should refrain from relationships with individuals that could cause possible conflicts of interest.

Add Question Here

Question 110 **Multiple Choice** **0 points** Modify Remove

Question The ethical standards for management accountants state that accountants are obligated to maintain professional competence at all times when dealing with

Answer

people outside the company.
regulatory bodies.
the world marketplace.
✓ people and resources of one's own company, outside entities, and the world marketplace.

Add Question Here

Question 111 **Multiple Choice** **0 points** Modify Remove

Question The objectivity standards of management accountants state that management accountants must communicate information fairly and objectively. This means essentially that accountants must perform each task

Answer

as professionals, possessing the degree of skill of those management accountants who held the position before them.
✓ to provide relevant information, both positive and negative, to the recipients of their reports.
in conformity with generally accepted accounting principles.
to the satisfaction of government regulators.

Add Question Here

Question 112 **Essay** **0 points** Modify Remove

Question Management accounting differs from financial accounting in many ways. Indicate with an “X” in the appropriate column whether each of the following characteristics relates to financial accounting, management accounting, or neither.

	Financial Accounting	Management Accounting	Neither
Primary Users:			
Owners, stockholders, lenders, customers, governmental agencies			
Managers, lenders			
Managers, employees			
Report Format and Frequency:			
In conformance with GAAP whenever needed			

Flexible, driven by user's needs			
In conformance with GAAP on a periodic basis			
Nature and Purpose of Reports:			
Objective and verifiable; reports on past performance			
Objective and verifiable for decision making; subjective for planning			
Subjective and verifiable; reports on past performance			
Units of Measure:			
Dollars at historical, market, or projected values; physical measures of time or number of objects			
Dollars at historical values only			
Dollars at historical and market values			

Answer

	Financial Accounting	Management Accounting	Neither
Primary Users:			
Owners, stockholders, lenders, customers, governmental agencies	X		
Managers, lenders			X
Managers, employees		X	
Report Format and Frequency:			
In conformance with GAAP whenever needed			X
Flexible, driven by user's needs		X	
In conformance with GAAP on a periodic basis	X		
Nature and Purpose of Reports:			
Objective and verifiable; reports on past performance	X		
Objective and verifiable for decision making; subjective for planning		X	
Subjective and verifiable; reports on past performance			X
Units of Measure:			
Dollars at historical, market, or projected values; physical measures of time or number of objects		X	
Dollars at historical values only			X
Dollars at historical and market values	X		

Add Question Here

Question 113 **Essay** **0 points** Modify Remove

Question Identify and explain the important questions a manager must address before preparing a managerial report. (*Hint:* Think "w's.")

Answer *Why:* To establish the purpose of the report
What: To determine the content and style of the report
Who: To determine who the report is targeting, who will receive it, and who will read it; dictates the level of detail necessary for the report
When: To determine when the report should be completed and distributed at a time when it will be most valuable to those who use it

Add Question Here

Question 114 **Essay** **0 points** Modify Remove

Question Give two examples of each stage in the management process.

Answer *Plan:* Determining the mission statement (strategic objectives and operating objectives); developing a business plan
Perform: Hiring and training personnel; properly matching human and technical resources to the work that must be done; purchasing/leasing facilities; maintaining inventories for sale; identifying operating activities that can minimize waste; improving the quality of products or services
Evaluate: Comparing actual to expected performance; correcting problems; revising original plans
Communicate: Preparing external and internal reports

Add Question Here

Question 115 **Essay** **0 points** Modify Remove

Question Chris Tyler owns and operates Surf's Up, a shop in Florida that sells surfboards and beachwear. The shop has been very successful, and now Chris is thinking of manufacturing his own brand of surfboards. Chris discussed the following with you:
1. He plans to add value by making boards that are easier to maneuver and faster in the water.
2. Chris wants to purchase high-quality materials.
3. He wants a logo that will be distinctive and recognizable.
4. He would like to implement efficient manufacturing processes that will enable him to quickly produce the boards when an order is placed.
5. He feels advertising is important.
6. Chris believes in customer satisfaction and wants to have courteous and efficient service for his customers. He also would like to develop a website to establish Internet customers.
7. Because Chris believes in customer service, he would like to provide a warranty service offering a free replacement if the customer is not satisfied.
8. Chris will need to hire and train employees to make the boards.
9. He will need legal advice when applying for a trademark and signing contracts.
10. He wants a computerized accounting system that also provides customer information and the ability to develop management reports.

a. Identify from the value chain the primary processes that add value to the surfboards.

b. Identify the support services that are part of the same value chain.

Answer

a. Research and development (Discussion item 1)
Supply (2)
Design (3)
Production (4)
Marketing (5)
Distribution (6)
Customer service (7)

b. Human resources (8)
Legal services (9)
Information systems (10)
Management accounting (10)

Add Question Here

Question 116 **Essay** **0 points** Modify Remove

Question What are the results of the successful implementation of a JIT operating environment?

Answer Successful implementation of a just-in-time operating environment results in reduced production time, reduced materials waste, higher-quality products, and reduced production costs.

Add Question Here

Question 117 **Essay** **0 points** Modify Remove

Question What steps would a company using TQM take to improve product or service quality?

Answer The company would focus on improving quality by identifying and reducing or eliminating the waste of resources caused by poor quality. Emphasis would be placed on using resources efficiently and effectively to prevent poor quality and on examining current operations to spot possible causes of poor quality.

Add Question Here

Question 118 **Essay** **0 points** Modify Remove

Question Identify three uses of the costs of quality information.

Answer Uses of the cost of quality information include connecting strategic goals of an organization with daily operating activities, stimulating improvement by involving everyone, identifying opportunities for reducing customer dissatisfaction, identifying major opportunities for cost reduction, and determining the costs of quality relative to net income.

Add Question Here

Question 119 **Essay** **0 points** Modify Remove

Question What would a company using an activity-based management approach attempt to do in regard to activities that add value to the product and those that do not?

Answer Companies employing the activity-based management approach would identify all major activities in the company as either value-adding activities or nonvalue-adding activities. Activities that add value would be enhanced to improve product quality. Activities that do not add value would be reduced or eliminated.

Add Question Here

Question 120 **Essay** **0 points** Modify Remove

Question List three characteristics of a JIT operating environment.

Answer The just-in-time operating environment is characterized by the acquisition and use of raw materials only when needed, thus reducing inventories significantly. The elimination of wasted time and materials is emphasized. Workers are taught to be multiskilled. Products are produced continually, resulting in lower work in process inventories. Finished goods inventories are also reduced because production occurs only when orders have been received. Orders are shipped when completed.

Add Question Here

Question 121 **Essay** **0 points** Modify Remove

Question A Taste of Italy is a pizza business that delivers only. A Taste of Italy's business objectives are as follows:

1. To be profitable and grow
2. To manage its food inventory carefully (especially the cheese!)
3. To provide fast and courteous service
4. To have repeat customers

The following performance measures were developed:

5. Average unsold food at the end of the business day as a percentage of the total purchased that day
6. Growth in revenues per quarter and profit margin
7. Average customer wait time between order and delivery
8. Percentage of customers who have ordered before (All customers are identified by phone number.)

Match each of the above business objectives and performance measures with the four perspectives of the balanced scorecard. (Identify by placing the number or numbers next to the perspective; each number can be used only once.)

a. Financial Perspective _____
b. Learning and Growth Perspective _____
c. Internal Business Processes Perspective _____
d. Customer Perspective _____

Answer

a. 1, 6
b. 4, 8
c. 2, 5
d. 3, 7

Add Question Here

Question 122 **Essay** **0 points** Modify Remove

Question Give two examples of nonfinancial performance measures.

Answer Examples include number of customer complaints, number of orders shipped the same day, hours of inspections, and time to fill an order.

Add Question Here

Question 123 **Essay** **0 points** Modify Remove

Question Mi Casa is a housekeeping company in Brownsville, Texas. The corporation is owned 100 percent by Jean Kline. Jean plans to develop the company into a multimillion-dollar company as the demand for housekeeping services in Brownsville is increasing at a rapid pace as the community grows.

Currently, Jean has three housekeepers who each work a 40-hour week. Over the past four weeks, the actual hours worked were as follows:

	Week 1	Week 2	Week 3	Week 4	Total
Housekeepers	136	140	145	145	566

Jean is concerned with the hours worked. Analyze the activity for the four weeks by preparing a table showing the estimated hours, actual hours, and the hours under (or over) estimate. Based on the information in your table, does Jean have reason for concern? If so, what could some of the possible reasons be for the hours spent?

Answer

Week	Estimated Hours	Actual Hours	Hours Under (or Over) Estimate
1	120	136	**(16)**
2	120	140	**(20)**

3	120	145	**(25)**
4	120	145	**(25)**
Totals	480	566	**(86)**

Yes, Jean has reason for concern as the hours increased each week, amounting to a total of 86 hours over the estimated amount. Possible reasons could include the following:

The employees are new and still learning.
Jean underestimated how much time is really required to clean the houses.
The employees are doing more work than Jean contracted with the homeowner for.
One employee may be spending more time than the others due to illness or some other reason.

Add Question Here

Question 124 **Essay** **0 points** Modify Remove

Question Accountants have ranked among the highest in ethics among business professions and other occupations. List and briefly describe five ethical standards that management accountants subscribe to that, in your opinion, help maintain the impression that accountants are highly ethical.

Answer The student should list any five of the following ethical standards:

Competence Standards:

Management accountants have a responsibility to
1. maintain an appropriate level of professional competence by participating in the ongoing development of their knowledge and skills.
2. perform their professional duties in accordance with relevant laws, regulations, and technical standards.
3. prepare complete and clear reports and recommendations after appropriate analysis of relevant and reliable information.

Confidentiality Standards:

Management accountants have a responsibility to
1. refrain from disclosing confidential information acquired in the course of their work except when authorized, unless legally obligated to do so.
2. inform subordinates as appropriate regarding the confidentiality of information acquired and to monitor their adherence to this standard.
3. refrain from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantage personally or through third parties.

Integrity Standards:

Management accountants have a responsibility to
1. avoid actual or apparent conflicts of interest and advise all appropriate parties of any potential conflict.
2. refrain from engaging in any activity that would prejudice their ability to carry out their duties ethically.
3. refuse any gift, favor, or hospitality that would influence or would appear to influence their actions.
4. refrain from either actively or passively subverting the attainment of the organization's legitimate and ethical objectives.
5. recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.
6. communicate unfavorable as well as favorable information and professional judgments or opinions.
7. refrain from engaging in or supporting any activity that would discredit the profession.

Objectivity Standards:

Management accountants have a responsibility to
1. communicate information fairly and objectively.
2. disclose fully all relevant information that could reasonably be expected to influence an intended user's understanding of the reports, comments, and recommendations presented.

Add Question Here

Question 125 **Essay** **0 points** Modify Remove

Question Suppose a management accountant becomes aware of a confidential but illegal act that has occurred within her company. The management accountant must consider what she is ethically bound to do about this situation. Three alternative responses to this situation are given below. State whether you agree or disagree with each, and briefly detail your reasons.

a. The accountant must remain loyal to the company at all times and should report the occurrence only to appropriate officials within the company.

b. The accountant is bound to inform officials only if she stands to personally gain (make money) from knowledge of the illegal act.

c. The accountant must exercise personal judgment; a clear-cut answer does not exist given the limited information provided.

Answer a. The confidentiality standards state that management accountants must refrain from disclosing confidential information acquired in the course of their work except when authorized, unless legally obligated to do so. As such, the student should recognize that illegal acts can be an exception to the confidentiality standard. The severity and nature of the illegal act may dictate the accountant's obligation to disclose knowledge of this act to outside officials. An example would be an act involving a felony. Although the thrust of the confidentiality standard encourages accountants to remain loyal to their company in refraining from communicating confidential information, failure to disclose knowledge of illegal acts to outside authorities may result in their being charged as an accessory to the crime. Discussing the illegal act with officials inside the company would likely be the minimum amount of communication required.

b. The confidentiality standards specifically state that management accountants should refrain from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantage either personally or through third parties. As such, if an accountant could stand to personal gain from knowledge of the illegal act, then refraining from communicating this information may give the appearance that the accountant is obtaining illegal profits from this information. Depending on the severity of the illegal act, the accountant should communicate knowledge of this act to officials inside or outside the company to avoid even the appearance of unethical behavior.

c. As noted in parts a and b, the appropriate action dictated by this situation involves consideration of the severity and consequences of the illegal act. The severity and nature of the illegal act may dictate the accountant's obligation to disclose knowledge of this act to outside officials. In all likelihood, the required procedure should at a minimum include discussing the knowledge of this act with company officials.

Add Question Here

Question 126 **Essay** **0 points** Modify Remove

Question Assume you are the president of the business club at your school. You are thinking about creating a fundraising project to generate money for next year's operations. Develop an outline of your ideas using the various stages of the management process.

Answer Note: Student answers will vary considerably; however, they should adequately cover the four stages of the management process. An example answer is given below.

Plan: Under strategic planning you need to define the objective, i.e., how much needs to be raised. In addition, the target market needs to be identified—for example, students, faculty, businesses, or the community at large. The operating plan would then specify how to approach the target markets.

Perform: This would involve explaining the plan to the membership, getting volunteers to help, and performing the actual work, such as coordinating the mailings, staffing the donation booths, making phone calls, and visiting potential donors.

Evaluate: This would involve comparing actual performance to expected performance on a daily basis and making adjustments as needed.

Communicate: This would involve preparing and presenting a report on the results achieved to the membership.

Add Question Here

Question 127 **Essay** **0 points** Modify Remove

Question The Chief Financial Officer (CFO) of your company has asked you to help her develop a cost control report to be distributed within the company. She wants your input concerning what she should think about before developing such a report. Discuss the significant points, in detail, the CFO should consider before the cost control report is prepared.

Answer In addition to identifying the Why, Who, What, and When of the report, students should address the specific points that need to be considered under each topic.

Why: What is the purpose of the report? Is the intent to report on total costs or is the report going to be concerned with specific costs? Are the costs being considered for the entire company or for specific segments of the company?

Who: Who is going to receive the report? Is it going to specific line managers or to someone higher up in the company or to both groups? In other words, is it going to individuals actually incurring the costs or to individuals that are just familiar with the costs being reported?

What: Can the information needed to prepare the report be obtained from existing source documents and other sources or not? How will the information be presented? As columnar data, as charts and graphs, as dollar amounts, as percentages, as year-to-date costs, as actual compared to budget, as actual this year compared to actual last year, or some other way?

When: How often will the report be prepared? Daily, weekly, monthly, quarterly, annually? Is the report going to be used to influence current operations or future operations?

Add Question Here

Question 128 **Essay** **0 points** Modify Remove

Question Assume your club makes and sells boxes of chocolate every year as a fundraising project for Valentine's Day. As the current director of projects, you are interested in improving the quality of the service and the product your club offers. You have just learned about continuous improvement. Discuss how your club could use JIT, TQM, and ABM to achieve improved quality.

Answer *Note:* Student answers will vary considerably depending on their approach. However, each answer should indicate that the student has a grasp of what JIT, TQM, and ABM mean and how each would impact an organization's attempt to achieve continuous improvement. A sample answer is given below.

JIT could be used to reduce unused inventories of chocolate, by preparing the candy only when an order is received. Wasted raw materials could be reduced by keeping them in coolers until used.
TQM could be used to ensure that the best product/service combination is offered. This could include deciding whether it is better to take special orders and deliver the boxes or to have them picked up by the customer.
ABM would include identifying what activities add value to your product/service package—for example, ordering, production, and delivery. Is it more valuable if customers can order the boxes of candy decorated for gift-giving or let them do the wrapping?

Add Question Here

Question 129 **Essay** **0 points** Modify Remove

Question The fathers of the balanced scorecard, Drs. Kaplan & Norton, introduced four generic perspectives from which to view a business. Consider the following four questions and briefly describe the generic perspective that relates to the question and why.

1. How should we present ourselves to our investors and owners to be considered by them as a financial success and an attractive investment?

2. What do we have to offer our customers related to our product, customer intimacy, and operational excellence?

3. In what activities must we excel to be able to accomplish our financial and customer-oriented objectives?

4. What do we need to change in our infrastructure to achieve number 3?

Answer 1. Financial Perspective: Investors and owners need and want to know how the company is doing financially to affirm their decision to invest in the company. Revenue growth and productivity increases both assist in profit maximizing which increases shareholder (owner) value.

2. Customer Perspective: This perspective is the most important because it facilitates the funding of all other perspectives, unless your funding is from other sources (taxpayers, grants, etc.). If you don't keep your customers happy, you won't be able to sell your products or services and will not make money. Without money, you will not be able to satisfy the wants and needs of your owners, investors, creditors, employees, or anyone else.

3. Internal Business Processes Perspective: This represents the activities a company must focus on in order to satisfy the customer perspective and financial perspective. Delivering promptly and keeping complaints to a minimum are examples.

4. Learning and Growth Perspective: You must determine how to use your assets wisely and train your employees to enable the company to grow. This perspective is essential in order to meet the demands of the other three perspectives.

Add Question Here

Question 130 **Essay** **0 points** Modify Remove

Question The Assembly Department of KEIA employs three direct laborers and two supervisory personnel. For the past several months, the employees have been assembling desks from pieces prepared in the Cutting Department. Three desks are expected to be produced for every labor hour incurred in the department. The hours worked in April, May, and June appear below.

	April		May		June	
Employee	**Direct Labor**	**Supervisory**	**Direct Labor**	**Supervisory**	**Direct Labor**	**Supervisory**
M. Jackson		178		180		185
J. Taylor	172		182		178	
C. Dion	182		178		190	

B. Dylan	188		176		184	
J. Baez		167		188		195

Actual production of desks for April was 2,501; May, 2,532; and June, 2,601.

a. Calculate the number of desks expected to be produced each month.

b. By what percentage did production fall short of expectations each month?

c. Comment on your calculations, and recommend what actions should be taken by the plant manager.

Answer a. Calculation of expected production:

	April		May		June	
Employee	**Direct Labor**	**Supervisory**	**Direct Labor**	**Supervisory**	**Direct Labor**	**Supervisory**
M. Jackson		178		180		185
J. Taylor	172		182		178	
C. Dion	182		178		190	
B. Dylan	188		176		184	
J. Baez	___	167	___	188	___	195
Total	542	+ 345	536	+ 368	552	+ 380
Total Hours	887		904		932	
Desks/Hour	´ 3		´ 3		´ 3	
Units Expected	2,661		2,712		2,796	

b. Calculation of percentage actual production fell short of expectation:

Units Expected	2,661	2,712	2,796
Units Produced	2,501	2,532	2,601
Shortfall	160	180	195
	$\frac{160}{2,661} = 6.01\%$	$\frac{180}{2,712} = 6.64\%$	$\frac{195}{2,796} = 6.97\%$

c. As the data reveal, production efficiency has fallen off by an increasing amount for each of the past three months. The plant manager must take actions to halt or reverse this trend. Recommendations may be to discuss the data with the department supervisor. An analysis should be done to determine if it is the direct laborers or the supervisory personnel who cause most of the inefficiency. The manager also must keep in mind that the Assembly Department workers may be receiving materials that are not prepared by the Cutting Department as precisely as necessary, causing a slowdown in the assembly process.

Add Question Here

Question 131 **Essay** **0 points** Modify Remove

Question Carlson Manufacturing is a producer of plastic bottles for bottled water companies. In July of this year, the plant manager switched to a new supplier of raw materials. The materials have a lower cost, and because of their chemical composition, more bottles can be made per hour. The downside of this faster production is that more bad, unusable bottles result. Below are the production data for the two months before and after the switch of suppliers.

	May		June		July		August	
	Good	**Bad**	**Good**	**Bad**	**Good**	**Bad**	**Good**	**Bad**
Machine 1	21,014	1,116	20,560	1,182	22,584	1,564	23,651	1,622
Machine 2	19,876	1,220	19,614	1,202	22,108	1,605	23,615	1,638
Machine 3	19,912	1,204	20,811	951	22,916	1,477	23,918	1,714

a. Compute bad units as a percentage of total production for each month. Round answers to two decimal places.

b. What does the plant manager need to consider in determining whether or not to continue buying raw material from the new supplier?

Answer a. Computation of bad bottles as a percentage of total output:

	May		June		July		August	
	Good	**Bad**	**Good**	**Bad**	**Good**	**Bad**	**Good**	**Bad**
Machine 1	21,014	1,116	20,560	1,182	22,584	1,564	23,651	1,622
Machine 2	19,876	1,220	19,614	1,202	22,108	1,605	23,615	1,638
Machine 3	19,912	1,204	20,811	951	22,916	1,477	23,918	1,714
	60,802	3,540	60,985	3,335	67,608	4,646	71,184	4,974
Percentages	3,540		3,335		4,646		4,974	
	60,802 + 3,540		60,985 + 3,335		67,608 + 4,646		71,184 + 4,974	
	= 5.50%		= 5.19%		= 6.43%		= 6.53%	

b. The plant manager must decide if the increase in bad output is worth the increase in production of good bottles. Analysis must be performed on the increase in good output and what it adds to profit each month. These amounts will be offset by the added costs of using more time and materials in the production of unusable bottles. Even though bad output has increased, it still may be cost-effective to go with the new raw materials.

Add Question Here

OK