


Pool Canvas

Add, modify, and remove questions. Select a question type from the Add Question drop-down list and click **Go** to add questions. Use Creation Settings to establish which default options, such as feedback and images, are available for question creation.

Add [Creation Settings](#)

Name Chapter 1--Introduction to Managerial Accounting

Description

Instructions

[Modify](#)

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Management accounting information is only used by manufacturing organizations.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question The managerial activity of monitoring a plan's implementation and taking corrective action as needed is referred to as decision making.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question The process of choosing among competing alternatives is decision making.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Managerial accounting information is *not* important for not-for-profit organizations.

Answer

True
 False

Correct Feedback Managerial accounting information is important for all types of organizations.

Incorrect Feedback Managerial accounting information is important for all types of organizations.

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Managerial Accounting is designed primarily for internal users.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Managerial accounting has its emphasis on the future.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Financial accounting is governed by GAAP.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question The value chain is the set of activities required to design, develop, produce, market, and deliver products and service to customers.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Time is *not* a crucial element in all phases of the value chain.

Answer

True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Activity-based costing is a *less* detailed approach to determining the cost of goods and services than traditional cost accounting.

Answer

True
 False

Correct Feedback ABC costing is a *more* detailed approach to determining the cost of goods and services.

Incorrect Feedback ABC costing is a *more* detailed approach to determining the cost of goods and services.

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Excellent customer service is an example of a value-added activity.

Answer True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question A cost accountant would normally occupy a staff position within an organization.

Answer True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Positions that have direct responsibility for the basic objectives of an organization are referred to as line positions.

Answer True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question Virtually all managerial accounting practices were developed to assist managers in maximizing profits.

Answer True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question The belief that each member of a group bears *no* responsibility for the well-being of other members is a common principle underlying all ethical systems.

Answer True
 False

Correct Feedback The belief that each member of a group bears *some* responsibility for the well-being of other members is a common principle underlying all ethical systems.

Incorrect Feedback The belief that each member of a group bears *some* responsibility for the well-being of other members is a common principle underlying all ethical systems.

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question The four emphasized areas of the CMA examination reflect the needs of managerial accounting and highlights that managerial accounting has more of an interdisciplinary flavor than other areas of accounting.

Answer True
 False

[◀ Add Question Here](#)

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

[Modify](#) [Remove](#)

Question The purpose of the Certificate in Public Accounting is to provide minimal professional qualification for external auditors.

Answer True
 False

[◀ Add Question Here](#)

Question 18 **Fill in the Blank** **0 points**

[Modify](#) [Remove](#)

Question The detailed formulation of action to achieve a particular end is the management activity called_____.

Answer planning.

[◀ Add Question Here](#)

Question 19 **Fill in the Blank** **0 points**

[Modify](#) [Remove](#)

Question _____ is the provision of accounting information for a company's internal users.

Answer Managerial accounting

[◀ Add Question Here](#)

Question 20 **Fill in the Blank** **0 points**

[Modify](#) [Remove](#)

Question The process of choosing among competing alternatives is called _____.

Answer decision making

[◀ Add Question Here](#)

Question 21 **Fill in the Blank** **0 points**

[Modify](#) [Remove](#)

Question The managerial activity of monitoring a plan's implementation and taking corrective action as needed is referred to as _____.

Answer controlling

[◀ Add Question Here](#)

Question 22 **Fill in the Blank** **0 points**

[Modify](#) [Remove](#)

Question The managerial accounting system produces information for _____ users.

Answer internal

[◀ Add Question Here](#)

- Question 23 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** _____ is primarily concerned with producing information for external users.
Answer Financial accounting
- [Add Question Here](#)
- Question 24 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** Managerial accounting strongly emphasizes providing information about _____.
Answer future events
- [Add Question Here](#)
- Question 25 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** The _____ is the set of activities required to design, develop, produce, market and deliver products and services as well as provide support services to customers.
Answer value chain
- [Add Question Here](#)
- Question 26 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** _____ organizes costs according to the value chain and collects both financial and nonfinancial information.
Answer Lean accounting
- [Add Question Here](#)
- Question 27 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** _____ is a management philosophy in which manufacturers strive to create an environment that will enable workers to manufacture perfect (zero-defect) products.
Answer Total quality management
- [Add Question Here](#)
- Question 28 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** _____ is the continual search for ways to increase the overall efficiency and productivity of activities by reducing waste, increasing quality and managing costs.
Answer Continuous improvement
- [Add Question Here](#)
- Question 29 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** _____ is a crucial element in all phases of the value chain.
Answer Time
- [Add Question Here](#)
- Question 30 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** The _____ supervises all accounting functions and reports directly to the general manager and chief operating officer (COO).
Answer controller
- [Add Question Here](#)
- Question 31 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** Positions that are supportive in nature and have only indirect responsibility for an organization's basic objectives are called _____.
Answer staff positions
- [Add Question Here](#)
- Question 32 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** The _____ is responsible for the finance function.
Answer treasurer
- [Add Question Here](#)
- Question 33 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** In June 2002, Congress passed the _____ in response to financial scandals such as Enron.
Answer Sarbanes-Oxley Act (SOX)
SOX
- [Add Question Here](#)
- Question 34 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** _____ involves choosing actions that are right, proper, and just.
Answer Ethical behavior
- [Add Question Here](#)
- Question 35 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** To promote ethical behavior by managers and employees, organizations commonly establish a _____.
Answer code of conduct
- [Add Question Here](#)
- Question 36 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)
- Question** Only a _____ is permitted to serve as an external auditor.
Answer Certified Public Accountant (CPA)
CPA
- [Add Question Here](#)
- Question 37 **Fill in the Blank** **0 points** [Modify](#) [Remove](#)

Question A _____ has passed a comprehensive examination designed to ensure technical competence and has two years of experience.

Answer Certified Internal Auditor
(CIA)
CIA

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 38 Multiple Choice 0 points

Question Which of the following is *not* an objective of managerial accounting?

Answer ✓ To prepare external reports for investors, creditors, government agencies, and other outside users.
To provide information for costing of services, products, and other objects of interest to management.
To provide information for planning, controlling, evaluating and continuous improvement.
To provide information for decision making.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 39 Multiple Choice 0 points

Question Which of the following is an example of the management activity referred to as planning?

Answer ✓ Developing a strategy for disposing of hazardous waste.
The decision to eliminate an unprofitable segment of an organization.
The decision to outsource an organization's payroll processing.
All of these are correct

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 40 Multiple Choice 0 points

Question Developing a company strategy for responding to anticipated new markets is an example of

Answer ✓ planning.
controlling.
decision making.
all of these are correct.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 41 Multiple Choice 0 points

Question Investigating production variances and adjusting the production process is an example of

Answer ✓ planning.
controlling.
decision making.
all of these.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 42 Multiple Choice 0 points

Question The primary objective of managerial accounting is

Answer to provide stockholders and potential investors with useful information for decision making.
to provide banks and other creditors with information useful in making credit decisions.
✓ to provide management with information useful for planning and control of operations.
to provide the Internal Revenue Service with information about taxable income.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 43 Multiple Choice 0 points

Question Managerial accounting

Answer is primarily for external users.
✓ has no mandatory rules.
provides information based on historical information.
must adhere to GAAP.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 44 Multiple Choice 0 points

Question Managerial accounting reports are prepared

Answer according to GAAP guidelines.
✓ to meet the needs of decision makers within the firm.
for external users.
all of these are correct

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 45 Multiple Choice 0 points

Question Financial accounting

Answer is concerned with the information about the firm as a whole.
has to adhere to GAAP policies.
focuses on external users.
✓ all of these are correct

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 46 Multiple Choice 0 points

Question Which of the following would *not* be an example of a value-added activity?

- Answer**
- timely delivery of products
 - offering the customer a variety of products
 - ✓ storage of finished products
 - excellent customer service

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 47 **Multiple Choice** **0 points**

Question Total quality management emphasizes

- Answer**
- zero defects.
 - continuous improvement.
 - elimination of waste.
 - ✓ all of these are correct.

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 48 **Multiple Choice** **0 points**

Question Activity-based costing

- Answer**
- strives to create an environment that will enable works to manufacture zero-defect products.
 - is the process of choosing among competing alternatives.
 - was established in response to financial scandals.
 - ✓ encourages process-value analysis.

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 49 **Multiple Choice** **0 points**

Question Which of the following would normally occupy a line position?

- Answer**
- staff accountant
 - accounting manager
 - ✓ vice-president of marketing
 - treasurer

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 50 **Multiple Choice** **0 points**

Question Which of the following would normally occupy a staff position?

- Answer**
- assembly worker
 - ✓ cost accounting manager
 - factory manager
 - all of these

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 51 **Multiple Choice** **0 points**

Question Which of the following would occupy a line position in a hospital?

- Answer**
- manager of the cafeteria
 - hospital administrator
 - ✓ chief of surgery
 - none of these

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 52 **Multiple Choice** **0 points**

Question The controller of an organization participates in

- Answer**
- planning.
 - controlling.
 - decision making.
 - ✓ all of these are correct

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 53 **Multiple Choice** **0 points**

Question The objective of profit maximization

- Answer**
- should be the only goal of an organization.
 - is an objective of financial accounting but not managerial accounting.
 - ✓ should be achieved through legal and ethical means.
 - should outweigh the goal of product quality.

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 54 **Multiple Choice** **0 points**

Question The standards of ethical conduct for managerial accountants include

- Answer**
- competence and performance.
 - integrity and respect for others.
 - confidentiality, confidence, integrity, and observance.
 - ✓ competence, confidentiality, integrity, and credibility.

◀ [Add Question Here](#)

[Modify](#) | [Remove](#)

Question 55 **Multiple Choice** **0 points**

Question Which of the following areas is *not* emphasized on the CMA examination?

Answer ✓ external auditing and business law
economics, finance, and management
decision analysis and information systems
financial accounting and reporting

[◀ Add Question Here](#)

Question 56 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

Question Accountants that have a Certificate in Public Accounting (CPA):

Answer are the only accountants permitted to serve as external auditors.
must pass a national examination and be licensed by the state in which they practice.
may be held responsible to provide assurance concerning the reliability of a firm's financial statements.
✓ all of these statements are true.

[◀ Add Question Here](#)

Question 57 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

Question Persons in the United States who provide assurance service are designated as

Answer ✓ Certified Public Accountants.
Certified Financial Accountants.
Chartered Accountants.
Certified Management Accountants.

[◀ Add Question Here](#)

Question 58 **Essay** **0 points**

[Modify](#) [Remove](#)

Question Describe the major differences between managerial accounting and financial accounting.

Answer Managerial accounting:
Internally focused
No mandatory rules
Financial and nonfinancial information; subjective information possible
Emphasis on the future
Internal evaluation and decisions based on very detailed information
Broad, multidisciplinary

Financial accounting:
Externally focused
Must follow externally imposed rules
Objective financial information
Historical orientation
Information about the firm as a whole
More self-contained

[◀ Add Question Here](#)

Question 59 **Essay** **0 points**

[Modify](#) [Remove](#)

Question Discuss in detail the three uses of managerial accounting information.

Answer The three uses of managerial accounting information are planning, controlling and decision making. Planning is the detailed formulation of action to achieve a particular end in the management activity. Planning requires setting objectives and identifying methods to achieve those objectives. Controlling is a way of monitoring a plan's implementation and taking corrective action as needed. A manager exerts control by comparing actual performance with expected performance. This information can be used to evaluate or to correct the steps being taken to implement a plan. The final use of managerial accounting information is decision making. This is the process of choosing among competing alternatives.

[◀ Add Question Here](#)

Question 60 **Essay** **0 points**

[Modify](#) [Remove](#)

Question The Institute of Management Accountants (IMA) established ethical standards for accountants known as the Statement of Ethical Professional Practice. Briefly describe the four standards.

Answer 1. Competence- maintain an appropriate level of professional expertise by continually developing knowledge and skills; perform professional duties in accordance with relevant laws, regulations, and technical standards; provide decision support information and recommendations that are accurate, clear, concise and timely; recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.
2.) Confidentiality- keep information confidential except when disclosure is authorized or legally required; inform all relevant parties regarding appropriate use of confidential information; monitor subordinates' activities to ensure compliance.
3.) Integrity- mitigate actual conflicts of interest, regularly communicate with business associates to avoid apparent conflicts of interest; advise all parties of any potential conflicts; refrain from engaging in any conduct that would prejudice carrying out duties ethically; abstain from engaging in or supporting any activity that might discredit the profession.
4.) Credibility-communicate information fairly and objectively; disclose all relevant information that could reasonably be expected to influence an intended user's understanding of the reports, analyses or recommendations; disclose delays or deficiencies in information, timeliness, processing, or internal controls in conformance with organization policy and/or applicable law.

[◀ Add Question Here](#)

Question 61 **Essay** **0 points**

[Modify](#) [Remove](#)

Question Briefly describe activity-based costing (ABC), value chain, lean accounting and enterprise risk management (ERM).

Answer ABC-is a more detailed approach, than traditional cost accounting, to determining the cost of goods and services. It improves costing accuracy by emphasizing the cost of the many activities or tasks that must be done to produce a product or offer a service. The objective is to find ways to perform necessary activities more efficiently and to eliminate those that do not create customer value.

Value chain-is the set of activities required to design, develop, produce, market or deliver products and services as well as provide support services to customers. A managerial accounting system should track information about a wide variety of activities that span the value chain.

Lean Accounting-organizes costs according to the value chain and collects both financial and nonfinancial information. The objective is to provide information to managers that supports their waste reduction efforts and to provide financial statements that better reflect overall performance, using both financial and nonfinancial information.

ERM-managerial accountants help carry out the company's ERM approach. ERM is a formal way for managerial accountants to identify

and respond to the most important threats and business opportunities facing the organization.

[◀ Add Question Here](#)

Question 62 **Essay**

0 points

[Modify](#) [Remove](#)

Question List the different types of certifications that can be obtained by an accountant.

Answer Certified Management Accountant (CMA)
Certified Public Accountant (CPA)
Certified Internal Auditor (CIA)

[◀ Add Question Here](#)

Question 63 **Essay**

0 points

[Modify](#) [Remove](#)

Question Describe the provisions of the Sarbanes-Oxley Act of 2002.

Answer SOX was passed by Congress in 2002 due to the various financial scandals. The act established stronger government control and regulation of public companies in the U.S. in hopes to limit future securities fraud and accounting misconduct scandals. A great emphasis of SOX is on corporate ethics.

[◀ Add Question Here](#)

Question 64 **Essay**

0 points

[Modify](#) [Remove](#)

Question You have been working as a staff accountant at Sanborn Industries for three months. Mr. Jones, the accounting manager as well as your boss, has informed you that he has decided to change vendors for the company's office supplies. He notifies you that your company will now be utilizing the store owned by his best friend. Mr. Jones is hopeful that this will bring in a significant profit for his friend's business possibly preventing the closing of his store. You receive the first invoice from that store and realize that the prices are nearly double the amount that the company was paying when using a large retail chain.

What should you do about the situation?

Answer Mr. Jones may not be acting ethically. Therefore, the first step is to show the bill to Mr. Jones. He may be unaware that the prices are that much higher than they were previously. If he tells you to not mention the price difference to anyone and just pay the invoice, then you would want to discuss the matter with another member of upper management, potentially the controller or CFO. If another supervisor is not available then you would have the option of contacting an IMA Ethics Counselor to discuss your options. The decision to use a higher priced vendor would also affect external users. The increasing costs of supplies will have a negative effect on the financial statements.

[◀ Add Question Here](#)

OK