

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

An important part of planning is to identify alternatives and then to select from among the alternatives the one that best meets the organization's objectives.

true

false

Big Data refers to the information gathered from insider sources only.

true

false

Companies should identify foreseeable risks before they occur rather than react to unfortunate events that have already happened.

true

false

A *value chain* consists of the major business functions that add value to a company's products and services.

true

false

Managerial accounting places less emphasis on precision and more emphasis on timeliness of data than financial accounting does.

true

false

Managerial accounting is governed by generally accepted accounting principles (GAAP).

true

false

In general, accounting data serve both financial accounting and managerial accounting purposes.

true

false

Product harming customers is NOT a business risk.

true

false

Managerial accounting plays a critical role in providing information to management to facilitate implementing and monitoring strategy.

true

false

To reduce the likelihood that employees will engage in undesirable activities that may harm various stakeholders, many companies prepare a formal code of conduct to reflect their values and moral system.

true

false

Emphasis on the future is given equal weight by both managerial accounting and financial accounting.

true

false

Managerial accounting plays a critical role in providing information to management to facilitate strategy implementation and monitoring.

true

false

Thorough testing of a product before launching in the mass market is a risk reduction strategy.

true

false

A customer value proposition is essentially a reason for customers to choose a company's products over its competitors' products.

true

false

Customer value propositions tend to fall into three broad categories--customer intimacy, operational excellence, and product leadership.

true

false

Companies that adopt a customer intimacy strategy are in essence saying to their target customers, "The reason you should choose us is because we understand and respond to your individual needs better than our competitors."

true

false

Companies that choose an operational excellence strategy are in essence saying to their customers, "Choose us rather than our competitors because we strive for zero defects."

true

false

Many organizations use extrinsic incentives to highlight important goals and to motivate employees to achieve them.

true

false

Paying a bonus for exceeding the sales target is an example of extrinsic incentive.

true

false

Managerial accounting is required by IFRS.

true

false

In Canada, publicly traded companies must report on their CSR activities.

true

false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

Day-to-day decision making is most common to which of the following activities managers are expected to carry on in organizations?

Strategy formulation.

Directing and motivating.

Planning.

Budgeting.

Identifying alternatives and selecting the best among them is part of which of the following activities managers carry out in organizations?

Controlling.

Directing.

Decision making.

Motivating.

Budgeting is part of which of the following activities managers perform in organizations?

Controlling.

Directing.

Planning.

Motivating.

Obtaining feedback is generally identified most directly with which of these functions of management?

Planning.

Directing and motivating.

Controlling.

Decision making.

Unstructured forms of big data include all of the following EXCEPT:

Videos.

Memos.

Pictures.

Audios.

Five V's of big data include all of the following EXCEPT:

Variety.

Value.

Volume.

Variable.

What is suggested as the most common risk management tactic?

Accept the risk.

Avoid the risk.

Reduce the risk.

Share the risk.

Which of the following BEST describes the function of managerial accounting within an organization?

It has its primary emphasis on the future.

It is required by regulatory bodies such as the Ontario Securities Commission.

It focuses on the organization as a whole, rather than on the organization's segments.

It places more emphasis on precision of data than financial accounting does.

Upon which of the following does managerial accounting place considerable weight?

Generally accepted accounting principles.

The financial history of the entity.

Ensuring that all transactions are properly recorded.

Detailed segment reports about departments, products, and customers.

For internal uses, managers are more concerned with receiving information that achieves which of the following standards?

Completely objective and verifiable.

Completely accurate and precise.

Relevant, flexible, and timely.

Relevant, completely accurate, and precise.

Which of the following would be an example of a performance report?

An income statement reporting actual results for the past month.

An income statement showing the amounts budgeted for the past month.

A balance sheet showing the actual financial position at the end of the past month.

A production report showing budgeted and actual production for the past month.

Which of the following is **NOT** a value propositions discussed in the text?

Customer intimacy

Discount pricing

Operational excellence

Innovation

Which one of the following is **NOT** an example of corporate social responsibility?

Safe, high- quality products that are fairly priced.

Full disclosure of product related risks.

Opportunities for training, promotion, and personal development.

Easy-to-use information systems for shopping and tracking orders.

Which one of the following is **NOT** an activity in the controlling stage?

Comparing actual to planned performance.

Preparing an estimate for raw materials are released to production.

Preparing performance reports

Measuring performance

Which of the following is **NOT** an example of a business risk?

Products harming customers.

A website malfunctioning.

A customer value proposition.

An employee accessing unauthorized information.

Samantha Galloway is a managerial accountant in the accounting department of Mustang Industries, Inc. Samantha has just discovered evidence that some of the corporation's marketing

managers have been wrongfully inflating their expense reports to obtain higher reimbursements from the firm. What should Samantha do upon discovering this evidence?

Notify the controller.

Notify the marketing managers involved.

Notify the president of the corporation.

Ignore the evidence because she is not part of the Marketing Department.

Both financial and managerial accounting rely on the same underlying financial data but there are major differences. Managerial Accounting:

emphasizes financial consequences of past activities.

emphasizes precision.

emphasizes relevance.

must follow IFRS.

Ajit, the production manager at Guelph Manufacturing Company decided to choose a supplier with a proven track record instead of a new supplier that offers significant price incentives. This is an example of:

Risk avoiding

Risk accepting

Risk sharing

Risk taking

Series of steps that are followed to carry out some task or activity in a business is called:

Business cycle.

Business activity.

Business process.

Business strategy.

Which of the following groups should be the focal point of a company's strategy?

Employees

Board of directors

Shareholders

Target customers

The purpose of IFRS is:

To encourage Strategic planning.

To enhance the comparability and clarity of financial information on a global basis.

To encourage disclosure of Non-Financial data.

To change how management accountants prepare reports.

Which of the following is the stakeholder group whose interests are to be directly and formally protected by effective corporate social responsibility?

Customers

Creditors

All Stakeholders

Suppliers

Credible leaders need to possess all these attributes EXCEPT:

Technical competence

Personal integrity

Strong communication skills

Charisma

A leader who is respectful of their coworkers' value to the organization should possess all these attributes EXCEPT:

Mentoring skills

Listening skills

Personal humility

Self-promotion

Stating that a product has a retail value higher than its selling price is an example of what type of bias?

Anchoring

Optimism

Confirmation

Cultural

Believing that a new product will sell extremely well is an example of what type of bias?

Cultural

Anchoring

Optimism

Confirmation

Choosing to ignore negative reports that contradict your beliefs is an example of what type of bias?

Confirmation

Cultural

Anchoring

Optimism

Identifying correlations in data is an example of which type of data analysis?

Descriptive

Diagnostic

Predictive

Prescriptive

Calculating the mean or the mode in data is an example of which type of data analysis?

Descriptive

Diagnostic

Predictive

Prescriptive

Using trends in data to determine likely future outcomes is an example of which type of data analysis?

Descriptive

Diagnostic

Predictive

Prescriptive

The series of broad activities undertaken by an organization is called?

Business Chain

Value Chain

IFRS

Accounting Cycle

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

Compare financial and managerial accounting with respect to the following:

- a. Audience
- b. Format and data presentation
- c. Data accuracy and precision

How much it costs a company to manufacture a particular product is one of the many questions that reports typically provided by managerial accountants help to answer.

Required:

Comment on the usefulness of a unit product cost information in the preparation of a set of financial statements?

Provide three examples of common business risks faced by companies.

Explain and comment on the work of the International Sustainability Standards Board.

Provide three examples of business risks faced by companies and what controls might be put in place to mitigate them.

Of the four functions managers do, which is MOST important and why?

Answer Key

Test name: Ch1_Management Accounting_13ce

TRUE

FALSE

TRUE

TRUE

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B

Short Answer

- a. Financial Accounting Reports to those outside the organization: Owners Creditors Tax Authorities Regulators while Managerial Accounting Reports to those inside the organization for: Planning Directing and motivating Controlling Decision making.
- b. Financial Accounting must follow GAAP/ASPE/IFRS and summary data concerning the entire organization. Managerial Accounting need not follow GAAP/ASPE/IFRS and emphasizes detailed segment reports about departments, products, and customers.
- c. Financial Accounting emphasizes objectivity and verifiability and precision. Managerial Accounting is focused on relevance and timeliness. (answers may vary)

Short Answer

Unlike a merchandising company, a manufacturing company must calculate the average unit cost of each product it manufactures. As it will be demonstrated in subsequent chapters of the book, this number is essentially the sum of the cost of all the factors of production incurred (that is, raw materials, labour, and capital) divided by the total output. The resulting unit product cost information is not only useful but essential in calculating the cost of units of the product sold required for preparing an income statement and the cost of units of the product not sold (to be reported among the assets on the balance sheet as ending inventory).

Short Answer

Some examples of common business risks include: (1) losing market share to competitors; (2) Web site malfunctioning; (3) employees stealing assets or accessing unauthorized information; and (4) inaccurate budget estimates causing operational problems such as excessive inventory levels or inventory shortages.

Short Answer

The ISSB was established to develop disclosure standards that are not discretionary and meet the needs of world-wide investors. To date the ISSB has developed two exposure drafts, one relating to reporting on a firm's sustainability-related risks and opportunities, and on relating to reporting on climate related risks for the firm and any entities it controls.

Short Answer

Student answers will vary:

RISK: Supplier strike affecting raw materials CONTROL: Establish relationships with multiple suppliers

RISK: Theft by an employee CONTROL: Segregation of duties, security checks

RISK: Customer data being stolen CONTROL: Strong security measures on physical data and strong access controls (passwords and usernames) on electronic data.

Short Answer

Student Answers will vary:

PLANNING – this function establishes the goals that an organization wants to achieve and should identify the methods and risks associated with pursuing those goals.

DIRECTING AND MOTIVATING – this function keeps the organization on track by addressing the details on a day-to-day basis.

CONTROLLING – this function involves comparing the actual results to the plan and making adjustments to stay on track. This is important to ensure the goals are met.

DECISION MAKING – this function is arguably the most important as it comes into play in each of the other functions. Good decision making is data driven and decisions are made using intelligence and experience.