Student name:\_\_\_\_\_\_\_\_\_\_

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

1) \_\_\_\_\_\_

A) Strategy formulation.   
 B) Directing and motivating.  
 C) Planning.  
 D) Budgeting.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Topic : 01-02 The Work of Managers and their Need for Managerial Accounting Information  
Bloom's : Understand  
Difficulty : Medium

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

2) \_\_\_\_\_\_

A) Controlling.   
 B) Directing.  
 C) Decision making.  
 D) Motivating.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Difficulty : Medium  
Topic : 01-06 Decision Making

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

3) \_\_\_\_\_\_

A) Controlling.   
 B) Directing.  
 C) Planning.  
 D) Motivating.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Topic : 01-03 Planning  
Difficulty : Easy

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

4) \_\_\_\_\_\_

A) Planning.   
 B) Directing and motivating.  
 C) Controlling.  
 D) Decision making.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Difficulty : Easy  
Topic : 01-05 Controlling

**5)** Unstructured forms of big data include all of the following except:

5) \_\_\_\_\_\_

A) videos.   
 B) memos.  
 C) pictures.  
 D) audios.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Topic : 01-07 Big Data  
Bloom's : Remember

**6)** Five V's of big data include all of the following except:

6) \_\_\_\_\_\_

A) variety.   
 B) value.  
 C) volume.  
 D) variable.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Topic : 01-07 Big Data  
Bloom's : Remember

**7)** Which is the most common risk management tactic?

7) \_\_\_\_\_\_

A) Accept the risk.   
 B) Avoid the risk.  
 C) Reduce the risk.  
 D) Share the risk.

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management

**8)** Which of the following best describes the function of managerial accounting within an organization?

8) \_\_\_\_\_\_

A) It has its primary emphasis on the future.   
 B) It is required by regulatory bodies such as the Ontario Securities Commission.  
 C) It focuses on the organization as a whole, rather than on the organization's segments.  
 D) It places more emphasis on precision of data than financial accounting does.

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-10 Comparison of Financial and Managerial Accounting

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

9) \_\_\_\_\_\_

A) Generally accepted accounting principles.   
 B) The financial history of the entity.  
 C) Ensuring that all transactions are properly recorded.  
 D) Detailed segment reports about departments, products, and customers.

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Easy  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-13 Less Emphasis on Precision

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

10) \_\_\_\_\_\_

A) Completely objective and verifiable.   
 B) Completely accurate and precise.  
 C) Relevant, flexible, and timely.  
 D) Relevant, completely accurate, and precise.

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Easy  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-11 Emphasis on the Future

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

11) \_\_\_\_\_\_

A) An income statement reporting actual results for the past month.   
 B) An income statement showing the amounts budgeted for the past month.  
 C) A balance sheet showing the actual financial position at the end of the past month.  
 D) A production report showing budgeted and actual production for the past month.

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Topic : 01-05 Controlling  
Difficulty : Hard

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

12) \_\_\_\_\_\_

A) Customer intimacy   
 B) Discount pricing  
 C) Operational excellence  
 D) Innovation

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Difficulty : Medium  
Topic : 01-09 Strategic Management

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

13) \_\_\_\_\_\_

A) Safe, high- quality products that are fairly priced.   
 B) Full disclosure of product related risks.  
 C) Opportunities for training, promotion, and personal development.  
 D) Easy-to-use information systems for shopping and tracking orders.

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-05 Explain the elements of corporate social responsibility.  
Topic : 01-20 Corporate Social Responsibility

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

14) \_\_\_\_\_\_

A) Comparing actual to planned performance.   
 B) Preparing an estimate for raw materials are released to production.  
 C) Preparing performance reports  
 D) Measuring performance

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Difficulty : Medium  
Topic : 01-06 Decision Making  
Topic : 01-03 Planning  
Topic : 01-05 Controlling

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

15) \_\_\_\_\_\_

A) Products harming customers.   
 B) A website malfunctioning.  
 C) A customer value proposition.  
 D) An employee accessing unauthorized information.

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management

**16)** Professional accounting body in Canada (CPA) require their members to undertake professional development and/or continuing education. This practice is intended to directly satisfy which of these rules of ethical conduct in line with other code of ethics?

16) \_\_\_\_\_\_

A) Integrity.   
 B) Objectivity.  
 C) Competence.  
 D) Confidentiality.

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-04 Explain the nature and importance of ethics for accountants.  
Topic : 01-19 Ethics

**17)** 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?

17) \_\_\_\_\_\_

A) Notify the controller.   
 B) Notify the marketing managers involved.  
 C) Notify the president of the corporation.  
 D) Ignore the evidence because she is not part of the Marketing Department.

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Hard  
Learning Objective : 01-04 Explain the nature and importance of ethics for accountants.  
Topic : 01-19 Ethics  
Bloom's : Apply

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

18) \_\_\_\_\_\_

A) emphasizes financial consequences of past activities.   
 B) emphasizes precision.  
 C) emphasizes relevance.  
 D) must follow IFRS.

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-10 Comparison of Financial and Managerial Accounting  
Topic : 01-11 Emphasis on the Future  
Topic : 01-12 Relevance of Data

**19)** 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:

19) \_\_\_\_\_\_

A) Risk avoiding   
 B) Risk accepting  
 C) Risk sharing  
 D) Risk taking

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management  
Difficulty : Hard  
Bloom's : Analyze

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

20) \_\_\_\_\_\_

A) Business cycle.   
 B) Business activity.  
 C) Business process.  
 D) Business strategy.

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management

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

21) \_\_\_\_\_\_

A) Employees   
 B) Board of directors  
 C) Shareholders  
 D) Target customers

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Difficulty : Hard  
Topic : 01-08 The Planning and Control Cycle

**22)** The purpose of IFRS is:

22) \_\_\_\_\_\_

A) To encourage Strategic planning.   
 B) To enhance the comparability and clarity of financial information on a global basis.  
 C) To encourage disclosure of Non-Financial data.  
 D) To change how management accountants prepare reports.

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Bloom's : Remember  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-14 Segments of an Organization

**23)** In Canada, CPA Code of Ethics is an instrument for enforcing professional conduct for its members and comprise the following:

23) \_\_\_\_\_\_

A) Level of competence, confidentiality, integrity, due care and objectivity   
 B) Level of competence, confidentiality and integrity  
 C) Level of competence, confidentiality and objectivity  
 D) Level of competence, integrity and objectivity

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Topic : 01-20 Corporate Social Responsibility  
Learning Objective : 01-04 Explain the nature and importance of ethics for accountants.

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

24) \_\_\_\_\_\_

A) Customers   
 B) Creditors  
 C) All Stakeholders  
 D) Suppliers

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Bloom's : Remember  
Learning Objective : 01-05 Explain the elements of corporate social responsibility.  
Topic : 01-21 Leadership

**25)** Compare financial and managerial accounting with respect to the following:  
  
a. Audience  
b. Format and data presentation  
c. Data accuracy and precision

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-10 Comparison of Financial and Managerial Accounting  
Bloom's : Apply

**26)** 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?

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Topic : 01-07 Big Data  
Topic : 01-11 Emphasis on the Future  
Difficulty : Hard  
Bloom's : Analyze

**27)** Provide three examples of common business risks faced by companies.

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management  
Bloom's : Apply

**28)** 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.

28) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Medium  
Topic : 01-03 Planning  
Bloom's : Remember

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

29) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Topic : 01-07 Big Data  
Bloom's : Remember

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

30) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Bloom's : Remember  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management

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

31) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-16 Managerial Accounting—Not Mandatory

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

32) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Bloom's : Remember  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-12 Relevance of Data

**33)** Managerial accounting is**NOT** governed by generally accepted accounting principles (GAAP).

33) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-14 Segments of an Organization  
Topic : 01-15 Generally Accepted Accounting Principles

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

34) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Easy  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-10 Comparison of Financial and Managerial Accounting  
Topic : 01-11 Emphasis on the Future  
Topic : 01-12 Relevance of Data

**35)** Product harming customers is NOT a business risk.

35) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management

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

36) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Bloom's : Remember  
Topic : 01-08 The Planning and Control Cycle

**37)** 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.

37) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Topic : 01-20 Corporate Social Responsibility  
Learning Objective : 01-04 Explain the nature and importance of ethics for accountants.

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

38) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-10 Comparison of Financial and Managerial Accounting

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

39) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Bloom's : Remember  
Topic : 01-08 The Planning and Control Cycle

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

40) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-03 Explain the basic concept of enterprise risk management.  
Topic : 01-18 Enterprise Risk Management

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

41) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Bloom's : Understand  
Difficulty : Medium  
Topic : 01-08 The Planning and Control Cycle

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

42) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Bloom's : Remember  
Topic : 01-08 The Planning and Control Cycle

**43)** 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."

43) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Easy  
Bloom's : Remember  
Topic : 01-08 The Planning and Control Cycle

**44)** 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."

44) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Learning Objective : 01-01 Describe the functions performed by managers.  
Difficulty : Medium  
Bloom's : Remember  
Topic : 01-08 The Planning and Control Cycle

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

45) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-06 Explain how intrinsic motivation, extrinsic incentives, and cognitive bias  
Topic : 01-22 Intrinsic Motivation

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

46) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Bloom's : Understand  
Difficulty : Medium  
Learning Objective : 01-06 Explain how intrinsic motivation, extrinsic incentives, and cognitive bias  
Topic : 01-23 Extrinsic Incentives

**47)** Managerial accounting is not mandatory.

47) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-02 Identify the major differences and similarities between financial and mana  
Topic : 01-15 Generally Accepted Accounting Principles

**48)** Many customers seek to purchase products and services from socially responsible companies.

48) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Easy  
Bloom's : Remember  
Learning Objective : 01-05 Explain the elements of corporate social responsibility.  
Topic : 01-20 Corporate Social Responsibility

**49)** Professional organizations like CPA Canada can punish companies if they violate the code of ethics.

49) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Difficulty : Medium  
Learning Objective : 01-04 Explain the nature and importance of ethics for accountants.  
Topic : 01-19 Ethics  
Bloom's : Apply

**Answer Key**Test name: chapter 1

1) B

2) C

3) C

4) C

5) B

6) D

7) C

8) A

9) D

10) C

11) D

12) B

13) C

14) B

15) C

16) C

17) A

18) C

19) A

20) C

21) D

22) B

23) A

24) C

25) 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 snot 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)

26) 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).

27) 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.

28) TRUE

29) FALSE

30) TRUE

31) TRUE

32) TRUE

33) TRUE

34) TRUE

35) FALSE

36) TRUE

37) TRUE

38) FALSE

39) TRUE

40) TRUE

41) TRUE

42) TRUE

43) TRUE

44) FALSE

45) TRUE

46) TRUE

47) TRUE

48) TRUE

49) FALSE