Test Bank for Managerial Accounting-Tools for Business Decision Making Canadian 7th Edition by Weygandt, Kimmel

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Managerial Accounting, 7Ce **(Weygandt)**
Chapter 1   Managerial Accounting

TRUE-FALSE STATEMENTS

1) Management accounting and financial accounting, while in the same field, are mutually exclusive disciplines.
Answer: FALSE
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Comprehension
AACSB: Analytic
CPA: Management Accounting

2) Given the decision to employ straight-line amortization or a usage-based amortization method, the management accountant's need to report the most relevant economic information to external users will determine which method is used.
Answer: FALSE
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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3) Decision making is an integral part of the planning, directing, and motivating functions, but not of the controlling function.
Answer: FALSE
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
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4) Employees with staff positions serve other employees, while those with line positions work directly in line with the company's revenue generating goals.
Answer: TRUE
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
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5) Activity-based costing is a method of allocating overhead costs to products.
Answer: TRUE
Diff: 1
Learning Objective: 1.4 Identify changes and trends in managerial accounting.
Bloom's Taxonomy: Knowledge
AACSB: Analytic
CPA: Management Accounting

MULTIPLE CHOICE QUESTIONS

6) Managerial accounting ________.
A) information generally pertains to an entity as a whole and is very detailed
B) applies only to manufacturing companies
C) focuses primarily on reports for both internal and external users
D) provides tools that help management make decisions and evaluate the effectiveness of those decisions
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Knowledge
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7) Reports scrutinized by managerial accountants ________.
A) do not include those focused on business subunits
B) do not include non-financial data relevant to business decision making
C) are highly aggregated
D) are special purpose for specific decisions
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Knowledge
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8) Managerial accounting ________.
A) is concerned with costing products
B) is governed by generally accepted accounting principles
C) pertains to the entity as a whole and is highly aggregated
D) places emphasis on special-purpose information
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Knowledge
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9) Managerial accounting information is generally prepared for ________.
A) shareholders
B) managers
C) regulatory agencies
D) investors
Answer: B
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Comprehension
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10) Managerial accounting information ________.
A) pertains to the entity as a whole and is highly aggregated
B) must be prepared according to generally accepted accounting principles
C) pertains to subunits of the entity and may be detailed
D) is prepared only once a year
Answer: C
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Knowledge
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11) The major reporting standard for management accounting is ________.
A) the Standards of Ethical Conduct for Practitioners of Management Accounting and Financial Management
B) the Sarbanes-Oxley Act of 2002
C) relevance to decisions
D) generally accepted accounting principles
Answer: A
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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12) Managerial accounting applies to which of the following forms of business organizations?
A) sole proprietorship
B) partnership
C) corporation
D) all forms of business organizations
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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13) Which of the following is **false** in terms of the reason companies replace a CEO with a management committee?
A) to enhance decision-making
B) to improve collaboration
C) to avoid disruption associated with replacing a CEO
D) to reduce management continuity
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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14) Managerial accounting is also called ________.
A) inside reporting
B) cost accounting
C) management accounting
D) strategic management
Answer: C
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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15) Which of the following is **not** an internal user?
A) corporate officers
B) staff employees
C) stockholders
D) department manager
Answer: C
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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16) Which of the following is **not** part of managerial accounting?
A) determining whether planned goals are being met
B) reporting financial information to the shareholders
C) calculating product costs
D) controlling costs
Answer: B
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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17) Which of the following uses managerial accounting?
A) manufacturing and service entities, but not merchandising
B) profit-oriented businesses only
C) service, manufacturing, and merchandising entities
D) only manufacturing entities
Answer: C
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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18) Which one of the following tasks would **not** be performed by a management accountant?
A) being concerned with the impact of cost and volume on profits
B) strategic cost management
C) assisting in budget planning
D) preparing reports primarily for external users
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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19) How often are internal managerial reports communicated?
A) as frequently as needed
B) annually
C) during every audit by the company's CPA
D) monthly
Answer: A
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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20) Which description identifies financial statements that are prepared for external users?
A) external reports
B) special purpose
C) user-specific
D) general-purpose
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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21) Which term describes managerial accounting reports?
A) GAAP reports
B) special purpose
C) general-purpose
D) regulatory reports
Answer: B
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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22) Which of the following statements about internal reports is true?
A) Most internal reports are summarized rather than detailed.
B) Internal reports focus on general-purpose needs of users.
C) The content of internal reports extends beyond the double-entry accounting system.
D) Internal reports are often very general.
Answer: C
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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23) Which one of the following describes internal reports?
A) They are often audited by CPAs.
B) They must be prepared according to GAAP.
C) They are aggregated.
D) They are detailed.
Answer: D
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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24) Which of the following reports would management find useful in decision making?
A) monthly reports on activities to the Board of Directors
B) quarterly reporting to the Toronto Stock Exchange
C) specific purpose statements on services delivered
D) audited financial information in the annual report to shareholders
Answer: C
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
Bloom's Taxonomy: Knowledge
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25) How often should management receive or prepare reports on its *internal* process activities?
A) on a fixed time basis
B) as often as is necessary
C) never more than monthly
D) weekly
Answer: B
Diff: 1
Learning Objective: 1.1 Explain the distinguishing features of managerial accounting.
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26) How often should management receive or prepare reports on its *external* business process activities?
A) as they correspond to external financial reporting
B) never more than monthly
C) according to the company's business cycle
D) as often as is necessary
Answer: D
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
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27) A company must inform readers of its annual report of ________.
A) all changes in financial accounting policies
B) results of any overseas activities
C) all changes in internal accounting information
D) changes to management's bonus system
Answer: A
Diff: 1
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28) How could management information assist in motivating its employees?
A) by keeping track of quality improvements
B) by highlighting the company's percent of market share
C) by presenting the statistics on plant safety
D) All areas would benefit from providing internal management information.
Answer: D
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
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29) In establishing a good internal reporting system, a company should ________.
A) ensure that these reports agree to generally accepted accounting principles
B) have the Board of Directors agree to the information provided
C) establish clearly understood standards of performance
D) All of the above are valid reasons
Answer: C
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
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30) What broad functions do the management of an organization perform?
A) directing, manufacturing, and controlling
B) planning, directing, and controlling
C) planning, directing, and selling
D) planning, manufacturing and controlling
Answer: B
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
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31) Which one of the following involves coordinating a company's activities to produce a smooth-running operation?
A) auditing
B) controlling
C) planning
D) directing
Answer: B
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
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32) Which one of the following does the planning function involve?
A) analyzing financial statements
B) setting goals and objectives for an entity
C) hiring the right people for a particular job
D) coordinating the accounting information system
Answer: B
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
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33) Which one of the following is true concerning the managerial function of controlling?
A) It includes performance evaluation by management.
B) It is concerned mainly with operating a manufacturing segment.
C) It is performed only by the controller of a company.
D) It includes hiring and training employees.
Answer: A
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Comprehension
AACSB: Analytic
CPA: Management Accounting

34) Which of the following represents two management functions?
A) regulating and directing
B) controlling and directing
C) controlling and auditing
D) auditing and planning
Answer: B
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
AACSB: Analytic
CPA: Management Accounting

35) Which management function is a manager performing when objectives are being established?
A) regulating
B) planning
C) motivating
D) directing
Answer: B
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Comprehension
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CPA: Management Accounting

36) The organizational chart of a company shows ________.
A) the interrelationships of activities within a company
B) the delegation of authority within a company
C) the delegation of responsibility within a company
D) all of the above
Answer: D
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
AACSB: Analytic
CPA: Management Accounting

37) Which function is achieved when a manager is determining whether planned goals are being met?
A) controlling
B) motivating
C) planning
D) directing
Answer: A
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Comprehension
AACSB: Analytic
CPA: Management Accounting

38) What activities and responsibilities are **not** associated with management's functions?
A) planning
B) accountability
C) controlling
D) directing
Answer: B
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
AACSB: Analytic
CPA: Management Accounting

39) Directing includes ________.
A) providing a criteria framework for management when needed, to assist in terminating employees
B) running a department under quality control standards that are universally accepted
C) coordinating a company's diverse activities and human resources to produce a smooth-running operation
D) developing a performance ranking system to give certain high performers substantial raises
Answer: C
Diff: 1
Learning Objective: 1.2 Identify the three broad functions of management and the role of management accountants in an organizational structure.
Bloom's Taxonomy: Knowledge
AACSB: Analytic
CPA: Management Accounting

40) Which of the following is true?
A) Generally Accepted Accounting Principles (GAAP) form the backbone of managerial accounting conventions, and local and/or regional standards and professional judgment allow for variations among practitioners.
B) Each province in Canada has its own code of ethics and rules and guidelines of professional conduct.
C) The Sarbanes-Oxley Act in the U.S. and similar legislation in Canada aims to guide ethical standards used in management accounting practices.
D) Chartered Professional Accountants of Canada plays an important role in promoting high standards of ethics in the accounting profession, excluding managerial accounting.
Answer: B
Diff: 1
Learning Objective: 1.3 Explain the importance of business ethics.
Bloom's Taxonomy: Comprehension
AACSB: Ethics
CPA: Management Accounting