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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. An accounting information system collects, records, summarizes, analyzes, and manages data to transform inputs into information that is provided to users.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 2. The two major subsystems of the accounting information system are the financial accounting information system and the cost management accounting information system.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 3. The cost management information system is primarily concerned with producing outputs for external users.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 4. The three broad objectives of financial accounting information systems are to provide information for costing out services and products, planning and control, and decision making.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 5. Preparing reports for division managers is an activity associated with the cost management information system.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 6. The cost management information system has two major subsystems: the cost accounting information system and the operational control information system.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 7. Changes in the way business is conducted worldwide have broadened the focus of cost management accounting systems.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 8. One of the major advances in information technology that affects firms is the emergence of electronic commerce.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 9. The service sector of the U.S. economy has decreased in importance as traditional industries have declined in importance.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 10. Enterprise resource planning (ERP) software has the objective of providing an integrated system capability and is able to run all the operations of a company.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 11. In just-in-time (JIT) manufacturing, each operation produces only what is necessary for the succeeding operations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 12. JIT is a critical part of a more comprehensive approach referred to as lean manufacturing.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 13. The focus of lean manufacturing is to eliminate waste, which is anything that does not add value to the end user (customer).   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 14. The role of cost and management accountants is one of support and teamwork and assistance of those who are responsible for achieving a company's basic objectives.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 15. Positions that have direct responsibility for basic objectives are referred to as staff positions, and those indirectly responsible are called line positions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 16. The controller of a company supervises all the accounting departments and is often viewed as a member of the top management team.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 17. The treasurer of a company is responsible for all taxation activities, including dealing with the IRS.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 18. Evaluating the performance of a segment of the company is an example of planning.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 19. The process of choosing among competing alternatives is called decision making.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 20. Business ethics is learning what is right or wrong in the work environment and choosing what is right.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 21. Employee and customer loyalty are NOT a result of a strong code of ethics.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 22. Firms subject to the Sarbanes-Oxley Act do not have to disclose whether they have a code of ethics for senior financial officers, nor why.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 23. The Institute of Management Accountants has established ethical standards for management accountants.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 24. In resolving an ethical conflict, it would be appropriate to take the matter to the press where there's no legal requirement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 25. Divulging company information when NOT legally obligated to do so violates the confidentiality part of the IMA code of ethics.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 26. Three of the major certifications available to management accountants are a Certificate in Management Accounting, a Certificate in Public Accounting, and a Certificate in Internal Auditing.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 27. For each certification, all an applicant has to do is meet specific educational and experience requirements.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 28. The examination for obtaining the Certificate in Management Accounting consists of two parts: (1) Technology and Analytics and (2) Strategic Financial Management.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 29. The Certificate of Public Accounting does NOT include the right to serve as external auditors.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 30. The Certified Internal Auditor must pass a comprehensive examination designed to ensure technical competence and have two years' work experience.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 31. The \_\_\_\_\_\_\_\_\_ information system is primarily concerned with producing outputs for internal users using inputs and processes needed to satisfy management objectives.   |  |  | | --- | --- | | *ANSWER:* | cost management | |

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| 32. The cost management subsystem designed to assign costs to individual products and services is called the \_\_\_\_\_\_\_\_\_ information system.   |  |  | | --- | --- | | *ANSWER:* | cost accounting | |

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| 33. \_\_\_\_\_\_\_\_\_ is the persistent pursuit and elimination of waste which results in a decrease of lead time.   |  |  | | --- | --- | | *ANSWER:* | Lean manufacturing | |

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| 34. The \_\_\_\_\_\_\_\_\_ is a method used to continuously improve manufacturing and nonmanufacturing activities by focusing on the fact that resources are finite, and the most limited resources must be focused on and exploited until constraints are eliminated.   |  |  | | --- | --- | | *ANSWER:* | theory of constraints | |

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| 35. The role of \_\_\_\_\_\_\_\_\_ accountants is to assist and support those responsible for carrying out an organization's basic objectives by assisting internal decision makers.   |  |  | | --- | --- | | *ANSWER:* | cost (or management) | |

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| 36. Positions in a company that have direct responsibility for its basic objectives are called \_\_\_\_\_\_\_\_\_ positions, and the positions indirectly responsible for the company's objectives are called \_\_\_\_\_\_\_\_\_ positions.   |  |  | | --- | --- | | *ANSWER:* | line; staff | |

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| 37. The Standards of Ethical Conduct for Management Accountants include competence, confidentiality, integrity, resolution of ethical conflict, and \_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | credibility | |

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| 38. Organizations and professional associations often establish a \_\_\_\_\_\_\_\_\_ or standards of conduct for their managers and employees.   |  |  | | --- | --- | | *ANSWER:* | code of ethics | |

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| 39. The IMA's program to recognize professional competence in the field of management accounting yields a designation as a(n) \_\_\_\_\_\_\_\_\_ Accountant.   |  |  | | --- | --- | | *ANSWER:* | Certified Management | |

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| 40. Only Certified Public Accountants are permitted by law to serve as \_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | external auditors | |

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| 41. In a financial accounting information system, the inputs are usually   |  |  |  | | --- | --- | --- | |  | a. | financial statements. | |  | b. | analyses of data. | |  | c. | performance reports. | |  | d. | economic events. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 42. In an accounting information system, which of the following is NOT a process that transforms inputs into information that is provided to users?   |  |  |  | | --- | --- | --- | |  | a. | collecting data | |  | b. | analyzing data | |  | c. | performance reporting | |  | d. | summarizing data |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 43. Which of the following is NOT a process associated with an accounting information system?   |  |  |  | | --- | --- | --- | |  | a. | auditing existing data | |  | b. | collecting and recording data | |  | c. | providing information to users | |  | d. | analyzing and managing data |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 44. The \_\_\_\_\_ information system is concerned with producing outputs for external users.   |  |  |  | | --- | --- | --- | |  | a. | forensic accounting | |  | b. | financial accounting | |  | c. | operational accounting | |  | d. | lean accounting |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 45. Financial accounting information is used for   |  |  |  | | --- | --- | --- | |  | a. | investment decisions. | |  | b. | regulatory measures. | |  | c. | stewardship evaluation. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 46. Which of the following does NOT describe a cost management system?   |  |  |  | | --- | --- | --- | |  | a. | evaluation of segments or products within the firm | |  | b. | emphasis on the future | |  | c. | external focused | |  | d. | focus on effective use of resources |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 47. Which of the following is NOT part of the financial accounting information system?   |  |  |  | | --- | --- | --- | |  | a. | filing reports with the SEC | |  | b. | reporting a large contingent liability to current and potential shareholders | |  | c. | making a managerial assessment such as determining the future cash flows of a proposed flexible manufacturing system | |  | d. | preparing GAAP financial statements |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 48. Cost management information systems provide information   |  |  |  | | --- | --- | --- | |  | a. | for preparing the planning and controlling activities undertaken by managers of an organization. | |  | b. | to prepare statements of cash flows and balance sheets for external users. | |  | c. | that can be used for regulatory measures. | |  | d. | for stock analysts’ and other external users’ evaluation. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 49. Which of the following is NOT provided by cost accountants?   |  |  |  | | --- | --- | --- | |  | a. | cost information for valuing inventories in accordance with GAAP | |  | b. | cost information about processes and activities for managing a company | |  | c. | financial information for external users | |  | d. | cost information about products, customers, and services |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 50. The primary objective of the cost management information system is to provide   |  |  |  | | --- | --- | --- | |  | a. | stockholders and potential investors with useful information for decision making. | |  | b. | banks and other creditors with information useful in making credit decisions. | |  | c. | management with information useful for planning and control of operations. | |  | d. | the Internal Revenue Service with information about taxable income. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 51. The cost management information system is concerned with   |  |  |  | | --- | --- | --- | |  | a. | reporting financial information according to GAAP. | |  | b. | providing cost information that is used in planning, control, and decision making. | |  | c. | reporting to external users. | |  | d. | providing financial information to investors. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 52. Cost accounting   |  |  |  | | --- | --- | --- | |  | a. | is concerned with assigning costs to various cost objects. | |  | b. | attempts to satisfy the costing objectives of both financial accounting and management accounting. | |  | c. | provides cost information that supports planning, controlling, and decision making. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 53. Cost management is concerned with producing outputs for   |  |  |  | | --- | --- | --- | |  | a. | internal managers. | |  | b. | creditors. | |  | c. | investors. | |  | d. | regulatory authorities. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 54. The type of management that broadens the focus of accounting because it is concerned with factors that drive costs, such as cycle time and process productivity, is called   |  |  |  | | --- | --- | --- | |  | a. | cost accounting. | |  | b. | cost management. | |  | c. | financial management. | |  | d. | financial accounting. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 55. Which of the following activities is NOT associated with the cost management information system?   |  |  |  | | --- | --- | --- | |  | a. | preparing a cost of quality report | |  | b. | preparing a performance report that compares actual costs to budgeted costs | |  | c. | determining the cost of a customer | |  | d. | using future expected earnings to estimate the price of a share of common stock |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 56. Which of the following costing activities is associated with the financial accounting system and preparing information for external users?   |  |  |  | | --- | --- | --- | |  | a. | determining the cost of a department | |  | b. | determining the cost of goods sold for financial statements | |  | c. | preparing budgets | |  | d. | determining the cost of a customer |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 57. Which of the following activities is associated with the cost management information system?   |  |  |  | | --- | --- | --- | |  | a. | preparing reports for division managers | |  | b. | preparing reports for the IRS | |  | c. | preparing reports for the SEC | |  | d. | preparing financial statements that conform to GAAP |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 58. Which of the following information systems provides information that helps managers engage in a program of continuous improvement of all aspects of their businesses?   |  |  |  | | --- | --- | --- | |  | a. | financial accounting information system | |  | b. | operational control information system | |  | c. | cost management information system | |  | d. | value chain information system |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 59. Which of the following activities is NOT associated with the financial accounting information system?   |  |  |  | | --- | --- | --- | |  | a. | reporting on the cost of quality | |  | b. | reporting to the SEC | |  | c. | preparing reports for the IRS | |  | d. | preparing a statement of cash flows |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 60. Which of the following is a cost management subsystem designed to assign costs to individual products and services and other objects, as specified by management   |  |  |  | | --- | --- | --- | |  | a. | financial accounting information system | |  | b. | operational control system | |  | c. | cost accounting information system | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 61. Which of the following statements is TRUE?   |  |  |  | | --- | --- | --- | |  | a. | The service sector comprises approximately three quarters of the U.S. economy and employment. | |  | b. | The service sector comprises approximately 20 percent of the U.S. economy and employment. | |  | c. | Traditional smokestack industries have increased in importance in recent years. | |  | d. | The service sector has decreased in importance in recent years. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 62. Any form of commerce that is executed using information and communications technology is called   |  |  |  | | --- | --- | --- | |  | a. | ERP. | |  | b. | OLAP. | |  | c. | electronic commerce. | |  | d. | DSS. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 63. Factors that have led to a global market for manufacturing and service firms are   |  |  |  | | --- | --- | --- | |  | a. | improved transportation and communications systems. | |  | b. | improved telemarketing and communications. | |  | c. | improved telemarketing and transportation systems. | |  | d. | None of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 64. Which of the following cost management tools supports the firm's concentration on the delivery of value to the customer?   |  |  |  | | --- | --- | --- | |  | a. | service industry growth | |  | b. | global competition | |  | c. | preparing an earnings report for the SEC | |  | d. | value chain analysis |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 65. The \_\_\_\_\_ system is an integrated system capable of providing access to real-time data from the various functional areas of a company.   |  |  |  | | --- | --- | --- | |  | a. | financial management information | |  | b. | enterprise resource planning | |  | c. | lean accounting management | |  | d. | operational control information |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 66. Which of the following advances in information technology includes the analysis of large data sets and data visualization?   |  |  |  | | --- | --- | --- | |  | a. | decision support systems | |  | b. | integrated cost management | |  | c. | data analytics | |  | d. | online inventory system |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 67. Which of the following is NOT an advance in information technology that affects firms in a manufacturing environment?   |  |  |  | | --- | --- | --- | |  | a. | enterprise resource planning (ERP) software | |  | b. | GAAP reporting software to generate financial reports for external users | |  | c. | activity-based costing (ABC) | |  | d. | time-driven activity-based costing (TDABC) |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 68. Software that has integrated system capability using real-time data is   |  |  |  | | --- | --- | --- | |  | a. | enterprise resource planning software. | |  | b. | an online analytic program. | |  | c. | computer-assisted engineering software. | |  | d. | None of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 69. Which of the following is an advantage of analyzing big data sets using business analytics?   |  |  |  | | --- | --- | --- | |  | a. | an increased current ratio | |  | b. | a reduced arbitrage fund | |  | c. | an improved quality | |  | d. | a decreased basis risk |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 70. Which of the following is NOT significant to the advancement of digital information technology in the manufacturing environment?   |  |  |  | | --- | --- | --- | |  | a. | enterprise resource planning software | |  | b. | emergence of automated manufacturing | |  | c. | development of forensic accounting | |  | d. | ability to capture real-time data within electronic decision support systems |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 71. Manufacturing environment automation is associated with increases in   |  |  |  | | --- | --- | --- | |  | a. | inventory. | |  | b. | productive capacity. | |  | c. | processing time. | |  | d. | None of these choices |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 72. Which of the following manufacturing management approaches has a specific focus on allowing firms to increase quality, reduce inventories, eliminate waste, and reduce costs?   |  |  |  | | --- | --- | --- | |  | a. | operational manufacturing system | |  | b. | online analytic programs | |  | c. | decision support system | |  | d. | lean manufacturing |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 73. In JIT manufacturing, each operation produces   |  |  |  | | --- | --- | --- | |  | a. | only what is necessary for the succeeding operations. | |  | b. | all that it can to offset fixed costs. | |  | c. | a fixed percentage in excess of orders to ensure adequate quality stock. | |  | d. | all that it can in order to build inventories. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 74. JIT is a critical part of a more comprehensive approach referred to as   |  |  |  | | --- | --- | --- | |  | a. | supply chain management. | |  | b. | lean manufacturing. | |  | c. | just-in-time manufacturing. | |  | d. | computer-integrated manufacturing. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 75. A demand-pull system that strives to produce a product only when it is needed and only in the quantities demanded by customers is referred to as   |  |  |  | | --- | --- | --- | |  | a. | supply chain management. | |  | b. | theory of constraints. | |  | c. | lean manufacturing. | |  | d. | just-in-time manufacturing. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 76. Which of the following emerging trends in cost accounting deals with managers striving to create an environment that will enable workers to manufacture perfect (zero-defect) products?   |  |  |  | | --- | --- | --- | |  | a. | advances in information technology | |  | b. | time as a competitive element | |  | c. | global competition | |  | d. | total quality management |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 77. Competitive advantage is established by having   |  |  |  | | --- | --- | --- | |  | a. | more customer products than competitors. | |  | b. | better quality products than competitors. | |  | c. | a customer orientation providing greater customer value for less cost than competitors. | |  | d. | greater internal operational efficiencies than competitors. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 78. Total quality management emphasizes   |  |  |  | | --- | --- | --- | |  | a. | zero defects. | |  | b. | continual improvement. | |  | c. | elimination of waste. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 79. Which of the following best describes business sustainability?   |  |  |  | | --- | --- | --- | |  | a. | It is defined as a company’s ability to create value over the long term by measuring performance, managing risks, and communicating effectively to stakeholders. | |  | b. | It is defined as development that is designed to assign costs to individual products and services and other objects as specified by management. | |  | c. | It is defined as development that is designed to provide accurate and timely feedback concerning the performance of managers and others relative to their planning and control of activities. | |  | d. | It is defined as development that is primarily concerned with producing outputs for internal users using inputs and processes needed to satisfy management objectives. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 80. Staff positions are positions that are   |  |  |  | | --- | --- | --- | |  | a. | directly involved in both financial and nonfinancial measures of efficiency of an organization. | |  | b. | supportive in nature and have only indirect responsibility for an organization's basic objectives. | |  | c. | supportive in nature and indirectly assess the overall cost impact of product designs over a product's life cycle. | |  | d. | directly responsible for carrying out the basic objectives of an organization. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 81. The internal auditor performs a   |  |  |  | | --- | --- | --- | |  | a. | line function. | |  | b. | staff function. | |  | c. | production function. | |  | d. | marketing function. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 82. Which of the following is an example of a staff position in an organization?   |  |  |  | | --- | --- | --- | |  | a. | plant manager | |  | b. | accountant | |  | c. | vice president of marketing | |  | d. | vice president of manufacturing |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 83. Which of the following positions would most likely be a line manager?   |  |  |  | | --- | --- | --- | |  | a. | personnel department manager | |  | b. | production supervisor | |  | c. | treasurer | |  | d. | cost accounting department manager |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 84. Which of the following job positions is a line function?   |  |  |  | | --- | --- | --- | |  | a. | financial vice president | |  | b. | controller | |  | c. | production supervisor | |  | d. | treasurer |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 85. All of the following would be considered staff functions EXCEPT the vice president of   |  |  |  | | --- | --- | --- | |  | a. | finance. | |  | b. | corporate planning. | |  | c. | marketing. | |  | d. | research and development. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 86. Which of the following positions would most likely be a staff manager?   |  |  |  | | --- | --- | --- | |  | a. | machining foreman | |  | b. | assembly foreman | |  | c. | production supervisor | |  | d. | controller |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 87. Which of the following would be considered a line function?   |  |  |  | | --- | --- | --- | |  | a. | production employee | |  | b. | corporate headquarters housekeeping and maintenance employee | |  | c. | public relations employee | |  | d. | administrative services employee |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 88. Which of the following job positions is a staff position?   |  |  |  | | --- | --- | --- | |  | a. | controller | |  | b. | production vice president | |  | c. | production supervisor | |  | d. | assembly foreman |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 89. Accounting activities within an organization are usually under the overall supervision of the   |  |  |  | | --- | --- | --- | |  | a. | Certified Public Accountant. | |  | b. | controller. | |  | c. | Chartered Accountant. | |  | d. | treasurer. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 90. The chief accounting officer of an organization is the   |  |  |  | | --- | --- | --- | |  | a. | vice president of finance. | |  | b. | internal auditor. | |  | c. | treasurer. | |  | d. | controller. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 91. Which of the following is the officer responsible for money management and serves chiefly as the custodian of the organization's funds?   |  |  |  | | --- | --- | --- | |  | a. | Certified Public Accountant | |  | b. | controller | |  | c. | Chartered Accountant | |  | d. | treasurer |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 92. Which of the following duties is usually assigned to the controller?   |  |  |  | | --- | --- | --- | |  | a. | overseeing the finance functions of the company | |  | b. | managing investor relations of the company | |  | c. | raising capital for the company | |  | d. | overseeing the financial accounting functions of the company |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 93. The setting of objectives and the identification of methods to achieve those objectives is called   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | controlling. | |  | c. | performance evaluation. | |  | d. | decision making. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 94. Analyzing cost overruns to determine their cause is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | decision making. | |  | d. | activity-based costing. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 95. Monitoring the number of defects produced is an example of the management function of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | decision making. | |  | d. | treasury monitoring. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 96. Accounting reports that provide feedback by comparing planned (budgeted) data with actual data are called   |  |  |  | | --- | --- | --- | |  | a. | performance reports. | |  | b. | favorable reports. | |  | c. | auditing reports. | |  | d. | improvement reports. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 97. Setting the company's profit targets for the upcoming year is an example of the management function of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | variance analysis. | |  | d. | internal auditing. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 98. Developing a company strategy for responding to anticipated new markets is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | performance evaluation. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 99. The planning process includes   |  |  |  | | --- | --- | --- | |  | a. | setting objectives. | |  | b. | identifying means of achieving the objectives. | |  | c. | formulating future actions to achieve a goal. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 100. Investigating production variances and adjusting the production process to take corrective action is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | internal auditing. | |  | d. | both planning and internal auditing. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 101. In a performance report, the   |  |  |  | | --- | --- | --- | |  | a. | differences between actual costs and allowed costs are always undesirable. | |  | b. | expenditures of less than allowed amounts are undesirable. | |  | c. | expenditures of more than allowed amounts are not permitted to occur. | |  | d. | expenditures of less than allowed amounts are desirable. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 102. Evaluating the performance of a segment of the company is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | internal auditing. | |  | d. | continuous improvement. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 103. The formulation of a program for the accomplishment of a specific purpose is referred to as   |  |  |  | | --- | --- | --- | |  | a. | controlling. | |  | b. | motivating. | |  | c. | organizing. | |  | d. | planning. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 104. The manager has to decide what tasks are needed and how they should be accomplished. This statement describes   |  |  |  | | --- | --- | --- | |  | a. | the organization chart. | |  | b. | planning. | |  | c. | organizing. | |  | d. | None of these choices |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 105. The monitoring of a plan's implementation is called   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | controlling. | |  | c. | decision making. | |  | d. | budgeting. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 106. Inspecting units produced to determine if they meet specifications is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | control. | |  | c. | decision making. | |  | d. | costing. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 107. Continuous improvement is   |  |  |  | | --- | --- | --- | |  | a. | critical in a dynamic environment. | |  | b. | important to finding and maintaining a competitive advantage. | |  | c. | an effort to find ways to increase overall efficiency, improve quality, and reduce costs. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 108. Which of the following describes the managerial activity of comparing actual results with budgeted results?   |  |  |  | | --- | --- | --- | |  | a. | control | |  | b. | continuous improvement | |  | c. | planning | |  | d. | decision making |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 109. Managers are considering outsourcing subcomponents of production. Data are collected about the costs of making the subcomponent. Different bids are sought for the purchase of the subcomponents. Which of the following managerial activities is applicable in this situation?   |  |  |  | | --- | --- | --- | |  | a. | control | |  | b. | continuous improvement | |  | c. | planning | |  | d. | decision making |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 110. In a company, engineers have redesigned production processes lowering production costs, shortening production cycle time, reducing waste, and improving quality. Which of the following types of managerial activity applies to this situation?   |  |  |  | | --- | --- | --- | |  | a. | controlling | |  | b. | continuous improvement | |  | c. | planning | |  | d. | decision making |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 111. As a manager for a construction company, determining the bid your company should submit on a construction contract is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | controlling. | |  | c. | decision making. | |  | d. | eliminating constraints. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 112. Setting the selling price of a company's product is an example of   |  |  |  | | --- | --- | --- | |  | a. | planning. | |  | b. | controlling. | |  | c. | decision making. | |  | d. | costing the product. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 113. Which of the following statements is TRUE?   |  |  |  | | --- | --- | --- | |  | a. | Firms that emphasize ethics outperform firms that don't emphasize ethics. | |  | b. | Those corporations that mention ethics in their management reports have lower than average performance. | |  | c. | Companies with a strong code of ethics and sense of integrity and honor will have trouble competing over the long run. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 114. Principles of personal ethical behavior include   |  |  |  | | --- | --- | --- | |  | a. | integrity. | |  | b. | respect for others. | |  | c. | fairness. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 115. Which of the following are Standards of Ethical Conduct for Management Accountants?   |  |  |  | | --- | --- | --- | |  | a. | perseverance and creativity | |  | b. | determination and respect for others | |  | c. | discipline, confidence, competitive, and observance | |  | d. | competence, confidentiality, integrity, resolution of ethical conflict, and credibility |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 116. Extending the close of the fiscal year beyond December 31 so that some sales of next year are included in the current year would be a violation of which of the following Standards of Ethical Conduct for Management Accountants?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | confidentiality | |  | c. | conformance | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 117. When a management accountant attends training seminars on new FASB rules, which of the following parts of the IMA code of ethics is being observed?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | confidentiality | |  | c. | integrity | |  | d. | credibility |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 118. Altering dates of shipping documents of next January's sales to record them as sales in the current year would be a violation of which of the following Standards of Ethical Conduct for Management Accountants?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | integrity | |  | c. | credibility | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 119. The acceptance of a savings bond from a supplier as an enticement to do business with the supplier would be a violation of which of the following Standards of Ethical Conduct for Management Accountants?   |  |  |  | | --- | --- | --- | |  | a. | confidentiality | |  | b. | integrity | |  | c. | reliability | |  | d. | None of these choices |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 120. In resolving an ethical conflict, it is inappropriate to discuss the problem with the immediate supervisor because of a violation of which of the following Standards of Ethical Conduct for Management Accountants?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | confidentiality | |  | c. | credibility | |  | d. | This action is not in violation of the code of ethics. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 121. In resolving an ethical conflict, which of the following would NEVER be appropriate?   |  |  |  | | --- | --- | --- | |  | a. | discussing the matter with the chief executive officer | |  | b. | discussing the matter with an external member of the board of directors | |  | c. | taking the matter to the press where there is no legal requirement | |  | d. | resigning from the position because of a conflict |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 122. Which of the following relates to the credibility section of the IMA code of ethics?   |  |  |  | | --- | --- | --- | |  | a. | Prepare clear and complete reports. | |  | b. | Communicate professional limitations. | |  | c. | Avoid actual or apparent conflicts of interest. | |  | d. | Communicate information fairly and objectively. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 123. Disclosing all information, unfavorable as well as favorable, that could influence an intended user's understanding of reports would relate to which of the following sections of the IMA code of ethics?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | independence | |  | c. | integrity | |  | d. | credibility |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 124. Engaging in or supporting an activity that would discredit the profession would relate to which of the following parts of the IMA code of ethics?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | independence | |  | c. | integrity | |  | d. | credibility |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 125. When a management accountant ignores data in favor of unsupported opinion, this action would speak most directly to which of the following parts of the IMA code of ethics?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | confidentiality | |  | c. | independence | |  | d. | credibility |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 126. Disclosing company information (when not legally obligated to do so) would be a violation of which of the following parts of the IMA code of ethics?   |  |  |  | | --- | --- | --- | |  | a. | competence | |  | b. | confidentiality | |  | c. | independence | |  | d. | credibility |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 127. The Statement of Ethical Professional Practice of the Institute of Management Accountants addresses all of the following EXCEPT   |  |  |  | | --- | --- | --- | |  | a. | competence. | |  | b. | confidentiality. | |  | c. | strategic cost management. | |  | d. | integrity. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 128. Persons in the United States who provide external auditing services are designated as   |  |  |  | | --- | --- | --- | |  | a. | Certified Public Accountants. | |  | b. | Certified Financial Accountants. | |  | c. | Chartered Accountants. | |  | d. | Certified Management Accountants. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 129. An accountant certified to possess the minimum professional qualifications for an external auditor is a   |  |  |  | | --- | --- | --- | |  | a. | CPA. | |  | b. | CMA. | |  | c. | CIA. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 130. Which of the following certifications requires a candidate to pass a qualifying examination in Technology and Analytics and Strategic Financial Management?   |  |  |  | | --- | --- | --- | |  | a. | Certificate in Management Accounting | |  | b. | Certificate in Public Accounting | |  | c. | Certificate in Internal Auditing | |  | d. | Certificate in Financial Accounting |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 131. The certification sponsored by the Institute of Management Accountants that emphasizes economics, finance, management, financial accounting and reporting, management reporting, and decision analysis is the   |  |  |  | | --- | --- | --- | |  | a. | CPA. | |  | b. | CMA. | |  | c. | CIA. | |  | d. | All of these choices |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 132. Explain the relationship between a cost management system and a financial accounting system.   |  |  | | --- | --- | | *ANSWER:* | The cost management system is concerned with producing information for the company's internal users and is designed to meet management objectives. A cost management system has three broad objectives—to provide information on costing of products and services, planning and control activities, and decision-making activities.  ​  A financial accounting system is mainly concerned with producing information for the company's external users. Financial accounting information is used for investment decisions, stewardship evaluation, activity monitoring, and regulatory measures. The rules that govern a financial accounting system are defined by the Securities Exchange commission (SEC) and the Financial Accounting Standards Board (FASB). Outputs of a financial accounting system include the basic financial statements which include the income statement, balance sheet, statement of cash flows, and statement of owner's equity (or statement of retained earnings). | |

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| 133. Describe the two major subsystems of a cost management system and briefly summarize their importance.   |  |  | | --- | --- | | *ANSWER:* | A cost management system consists of two major subsystems: a cost accounting system and an operational control system. The cost accounting system is designed to assign costs to individual products or services. A cost accounting system must assign costs in order to value inventory and determine the cost of goods sold.    The operational control system is designed to provide accurate timely feedback concerning performance of managers and others. Operational control is also designed to evaluate activities that should be performed and how well they are performed. The operational control system should be designed to provide opportunities for continuous quality improvement. | |

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| 134. Briefly discuss the relationship between cost accounting, management accounting, and cost management.   |  |  | | --- | --- | | *ANSWER:* | Management accounting is concerned with using financial and nonfinancial information for planning and control, continuous improvement, and decision making. Cost accounting gathers information to satisfy the cost objectives necessary for internal and external reporting. Cost management encompasses both cost accounting and management accounting. It is concerned with assigning costs to cost objectives and using that information to make decisions that use resources effectively and maximize shareholder value. | |

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| 135. Identify and discuss the factors that are affecting the way cost accounting is currently practiced.   |  |  | | --- | --- | | *ANSWER:* | Worldwide competitive pressures, deregulation, growth in the service industry, and advances in information and manufacturing technology have changed the nature of our economy and caused many manufacturing and service industries to dramatically change the way in which they operate. These changes, in turn, have prompted the development of innovative and relevant cost management practices. | |

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| 136. What is customer orientation? Why is it important in a global environment? What role does cost management play in serving customers?   |  |  | | --- | --- | | *ANSWER:* | Organizations are concerned with the importance and value that customers have for their processes, activities, products, and services. Firms want to deliver value to customers in order to keep them and to attract new customers in an increasingly competitive global environment. Managing activities and costs is a critical component of managing the value chain. | |

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| 137. Discuss three advances in digital information technology that are changing the manufacturing environment.   |  |  | | --- | --- | | *ANSWER:* | Technology has fostered computer-integrated manufacturing, changing the way laborers work. The theory of constraints (TOC) has enabled firms to identify bottlenecks and improve the time and quality of production. Just-in-time (JIT) manufacturing has reorganized the production line to respond to customer demand, rather than sequential, efficient supply. Total quality management (TQM) has focused firms on quality and continuous improvement, reducing waste and cost. | |

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| 138. How has the nature of accounting systems shifted in response to technology?   |  |  | | --- | --- | | *ANSWER:* | Advances in the development of specialized software for cost and operations management in manufacturing firms have allowed firms to create one database that can be used for many purposes within the accounting systems. Information is more accessible and can be used to provide much more effective planning, control, feedback, decision making, and continuous improvement. Technology breakthroughs have allowed the emergence of electronic commerce and value chain management so that companies can maintain a customer focus and strive for business sustainability in the long term. | |

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| 139. What is the difference between a staff position and a line position?   |  |  | | --- | --- | | *ANSWER:* | A line position has direct responsibility for carrying out the basic objectives of an organization. A staff position has indirect responsibility for the basic objectives and provides a supportive role for line activities. | |

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| 140. Contrast the role of the financial vice president, the controller, and the treasurer.   |  |  | | --- | --- | | *ANSWER:* | The financial vice president reports to the president and supervises the treasurer and controller. The treasurer supervises the financing function, and the controller supervises the accounting information system. | |

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| 141. Describe the connection between planning, controlling, and feedback.   |  |  | | --- | --- | | *ANSWER:* | Planning establishes performance standards, feedback compares actual performance with planned performance, and control uses feedback to evaluate deviations from plans. | |

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| 142. Give some examples of reporting feedback that will assist in continuous improvement of a service industry company.   |  |  | | --- | --- | | *ANSWER:* | A service industry company will be interested in monitoring all aspects of performance. It may prepare performance reports on materials and labor usage, as well as on meeting revenue targets. It will want to keep track of things important to customers: turnaround time, customer satisfaction, types of complaints, and requests for auxiliary services (i.e., shipping). It may keep records about the characteristics of customers (i.e., geography, profession, residence, age) to better understand their market. It will be interested in efficiency and productivity of labor and equipment. It might monitor the usage of capacity. It will be interested in reporting on all aspects of performance. | |

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| 143. What is the role of the controller in an organization? Describe some of the activities over which he or she has control.   |  |  | | --- | --- | | *ANSWER:* | The controller is responsible for both internal and external accounting. These responsibilities usually include such diverse activities as taxes, SEC reports, cost accounting, budgeting, internal auditing, financial accounting, and systems accounting. | |

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| 144. You are a management accountant for the Eastern Division of Strong Enterprises. Your longtime friend, Alana Rodriguez, is the Eastern Division manager. Alana was instrumental in helping you obtain your current position. Because the manager's annual bonus is based on the amount of profit the Eastern Division reports for the year, Alana has asked you to adjust some of the reported financial information to make the Eastern Division appear more profitable.    Considering the Standards of Ethical Conduct for Management Accountants, how would you respond to Alana Rodriguez's request?   |  |  | | --- | --- | | *ANSWER:* | According to the Standards of Ethical Conduct for Management Accountants, management accountants have a responsibility to "perform their professional duties in accordance with relevant laws, regulations, and technical standards." Therefore, if "massaging the numbers" involves violating any laws, regulations, or technical standards, it would violate the Standards of Ethical Conduct for Management Accountants. In addition, the Standards of Ethical Conduct for Management Accountants indicate that management accountants have a responsibility to communicate information fairly and objectively and to disclose all relevant information that could be expected to influence a user. | |

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| 145. Discuss how the goal of profit maximization is affected by ethical considerations. What incentives are there for managers to manipulate accounting data in unethical ways in order to increase profits?   |  |  | | --- | --- | | *ANSWER:* | The objective of profit maximization should be constrained by the requirement that profits are achieved through legal and ethical means. Because performance evaluation and rewards for managers often are linked to reported profits, managers might manipulate accounting data to show increased profits in order to increase their own bonuses. The evaluation and reward system should be designed to discourage unethical behavior. | |

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| 146. What can a company do to increase the likelihood of its employees being ethical in all their undertakings?   |  |  | | --- | --- | | *ANSWER:* | Companies can establish a culture and atmosphere of ethical business practices by rewarding those employees who are honest, are fair, and act with integrity. They can establish their own code of professional conduct that sets out the organizational purpose, beliefs, values, and expectations of employees. The code of conduct should be known, visible, and enforced. Companies should hire certified professionals, when appropriate. Certified professionals have codes of conduct and standards appropriate to their duties. Companies can incorporate ethical values into the selection criteria for employee recruitment. | |

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| 147. You are a management accountant for Savage Corporation. Gabe Hopen, the sales representative for one of Savage’s suppliers, invited you to attend a professional sporting event. Because you are an avid sports fan, you accepted Gabe's invitation.  ​  At the sporting event, Gabe begins talking about Savage's upcoming contract renewals with suppliers. Because there is intense competition and because it is the first bid he will submit to Savage Corporation, he asks you to review his bid to make sure "it is good enough" before he submits it to the company. In addition, because you are knowledgeable about costs, especially regarding this contract, he asks you to tell him if his bid is "in the ballpark" or "needs improvement." He indicates that if he wins the contract, you will be provided with season tickets for the rest of the year.  ​  Considering the Standards of Ethical Conduct for Management Accountants, how would you respond to Gabe's request?   |  |  | | --- | --- | | *ANSWER:* | According to the Standards of Ethical Conduct for Management Accountants, management accountants have a responsibility to "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 a third party." If you agree to review Gabe's bid and tell him if the bid needs improvement so that he will win the contract, this could be viewed as using confidential information for your personal advantage (season tickets). In addition, management accountants have a responsibility to refuse any gift, favor, or hospitality that would influence their actions. | |

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| 148. Explain what is meant by confidentiality and why it is important.   |  |  | | --- | --- | | *ANSWER:* | Management accountants are entrusted with sensitive information about their companies and their dealings with outside firms. Confidentiality standards require that accountants honor this trust. They cannot disclose confidential information without the permission of the company, unless legally required to do so. They must monitor their subordinates to make sure that they are upholding the confidentiality standard. They may not use or appear to use confidential information acquired in their work for unethical or illegal advantage. | |

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| 149. Discuss the three forms of accounting certification. Which form of certification do you believe is best for management accountants? Why?   |  |  | | --- | --- | | *ANSWER:* | The three forms of certification are the Certified Public Accountant (CPA), the Certified Management Accountant (CMA), and the Certified Internal Auditor (CIA). Although each certification can prove to be valuable for management accountants, the CMA is tailored to fit the needs of management accountants. The CPA has a public accounting orientation, and the CIA has an internal auditing orientation. Only the CMA specifically addresses the professional requirements of a management accountant. | |