Managerial Accounting (Canadian) 13th edition GARRISON Test Bank

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Chapter 01 Test Bank

CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

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

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

2) Big Data refers to the information gathered from insider sources only.
   - ⊙ true
   - ⊙ false

3) Companies should identify foreseeable risks before they occur rather than react to unfortunate events that have already happened.
   - ⊙ true
   - ⊙ false

4) A *value chain* consists of the major business functions that add value to a company's products and services.
   - ⊙ true
   - ⊙ false

5) Managerial accounting places less emphasis on precision and more emphasis on timeliness of data than financial accounting does.
   - ⊙ true
   - ⊙ false

6) Managerial accounting is governed by generally accepted accounting principles (GAAP).
   - ⊙ true
   - ⊙ false

7) In general, accounting data serve both financial accounting and managerial accounting purposes.
   - ⊙ true
   - ⊙ false

8) Product harming customers is NOT a business risk.
   - ⊙ true
   - ⊙ false

9) Managerial accounting plays a critical role in providing information to management to facilitate implementing and monitoring strategy.
   - ⊙ true
   - ⊙ false

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

11) Emphasis on the future is given equal weight by both managerial accounting and financial accounting.
- ⊙ true
- ⊙ false

12) Managerial accounting plays a critical role in providing information to management to facilitate strategy implementation and monitoring.
- ⊙ true
- ⊙ false

13) Thorough testing of a product before launching in the mass market is a risk reduction strategy.
- ⊙ true
- ⊙ false

14) A customer value proposition is essentially a reason for customers to choose a company's products over its competitors' products.
- ⊙ true
- ⊙ false

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

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

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

18) Many organizations use extrinsic incentives to highlight important goals and to motivate employees to achieve them.
- ⊙ true
- ⊙ false

19) Paying a bonus for exceeding the sales target is an example of extrinsic incentive.
- ⊚ true
- ⊚ false

20) Managerial accounting is required by IFRS.
- ⊚ true
- ⊚ false

21) In Canada, publicly traded companies must report on their CSR activities.
- ⊚ true
- ⊚ false

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

22) Day-to-day decision making is most common to which of the following activities managers are expected to carry on in organizations?
- A) Strategy formulation.
- B) Directing and motivating.
- C) Planning.
- D) Budgeting.

23) Identifying alternatives and selecting the best among them is part of which of the following activities managers carry out in organizations?
- A) Controlling.
- B) Directing.
- C) Decision making.
- D) Motivating.

24) Budgeting is part of which of the following activities managers perform in organizations?
- A) Controlling.
- B) Directing.
- C) Planning.
- D) Motivating.

25) Obtaining feedback is generally identified most directly with which of these functions of management?
- A) Planning.
- B) Directing and motivating.
- C) Controlling.
- D) Decision making.

26) Unstructured forms of big data include all of the following EXCEPT:
- A) Videos.
- B) Memos.
- C) Pictures.
- D) Audios.

27) Five V's of big data include all of the following EXCEPT:
   - A) Variety.
   - B) Value.
   - C) Volume.
   - D) Variable.

28) What is suggested as the most common risk management tactic?
   - A) Accept the risk.
   - B) Avoid the risk.
   - C) Reduce the risk.
   - D) Share the risk.

29) Which of the following BEST describes the function of managerial accounting within an organization?
   - 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.

30) Upon which of the following does managerial accounting place considerable weight?
   - 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.

31) For internal uses, managers are more concerned with receiving information that achieves which of the following standards?
   - A) Completely objective and verifiable.
   - B) Completely accurate and precise.
   - C) Relevant, flexible, and timely.
   - D) Relevant, completely accurate, and precise.

32) Which of the following would be an example of a performance report?
   - 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.

33) Which of the following is **NOT** a value propositions discussed in the text?
   A) Customer intimacy
   B) Discount pricing
   C) Operational excellence
   D) Innovation

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

35) Which one of the following is **NOT** an activity in the controlling stage?
   A) Comparing actual to planned performance.
   B) Preparing an estimate for raw materials are released to production.
   C) Preparing performance reports
   D) Measuring performance

36) Which of the following is **NOT** an example of a business risk?
   A) Products harming customers.
   B) A website malfunctioning.
   C) A customer value proposition.
   D) An employee accessing unauthorized information.

37) 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?
   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.

38) Both financial and managerial accounting rely on the same underlying financial data but there are major differences. Managerial Accounting:
   A) emphasizes financial consequences of past activities.
   B) emphasizes precision.
   C) emphasizes relevance.
   D) must follow IFRS.

39) 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:

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

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

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

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

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

42) The purpose of IFRS is:

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.

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

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

44) Credible leaders need to possess all these attributes EXCEPT:

A) Technical competence
B) Personal integrity
C) Strong communication skills
D) Charisma

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

A) Mentoring skills
B) Listening skills
C) Personal humility
D) Self-promotion

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

A) Anchoring
B) Optimism
C) Confirmation
D) Cultural

47) Believing that a new product will sell extremely well is an example of what type of bias?
   A) Cultural
   B) Anchoring
   C) Optimism
   D) Confirmation

48) Choosing to ignore negative reports that contradict your beliefs is an example of what type of bias?
   A) Confirmation
   B) Cultural
   C) Anchoring
   D) Optimism

49) Identifying correlations in data is an example of which type of data analysis?
   A) Descriptive
   B) Diagnostic
   C) Predictive
   D) Prescriptive

50) Calculating the mean or the mode in data is an example of which type of data analysis?
   A) Descriptive
   B) Diagnostic
   C) Predictive
   D) Prescriptive

51) Using trends in data to determine likely future outcomes is an example of which type of data analysis?
   A) Descriptive
   B) Diagnostic
   C) Predictive
   D) Prescriptive

52) The series of broad activities undertaken by an organization is called?
   A) Business Chain
   B) Value Chain
   C) IFRS
   D) Accounting Cycle

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

53) Compare financial and managerial accounting with respect to the following:

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

54) 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?

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

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

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

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

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Answer Key

Test name: Chapter 01 Test Bank

1) TRUE
2) FALSE
3) TRUE
4) TRUE
5) TRUE
6) FALSE
7) TRUE
8) FALSE
9) TRUE
10) TRUE
11) FALSE
12) TRUE
13) TRUE
14) TRUE
15) TRUE
16) TRUE
17) FALSE
18) TRUE
19) TRUE
20) FALSE
21) FALSE
22) B
23) C
24) C
25) C
26) B
27) D
28) B
29) A
30) D
31) C
32) D
33) B
34) C
35) B
36) C
37) A
38) C
39) A
40) C
41) D
42) B
43) C
44) D
45) D
46) D
47) C
48) A
49) B
50) A
51) C
52) B
53) Short Answer
54) Short Answer
55) Short Answer
56) Short Answer
57) Short Answer
58) Short Answer