|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Question Type | Difficulty | What is management accounting | Strategic roles of management accounting | Governance, risk and sustainability management | Ethics | Professional |
| 1 | T/F | E | x |  |  |  |  |
| 2 | T/F | M | x |  |  |  |  |
| 3 | T/F | M |  | x |  |  |  |
| 4 | T/F | E |  | x |  |  |  |
| 5 | T/F | E |  | x |  |  |  |
| 6 | T/F | M |  | x |  |  |  |
| 7 | T/F | M |  |  | x |  |  |
| 8 | T/F | M |  |  | x |  |  |
| 9 | T/F | E |  |  | x |  |  |
| 10 | T/F | M |  |  |  | x |  |
| 11 | T/F | M |  |  |  | x |  |
| 12 | Conceptual M/C | E | x |  |  |  |  |
| 13 | Conceptual M/C | E | x |  |  |  |  |
| 14 | Conceptual M/C | E | x |  |  |  |  |
| 15 | Conceptual M/C | E |  | x |  |  |  |
| 16 | Conceptual M/C | M |  |  |  |  | x |
| 17 | Conceptual M/C | M |  |  | x |  |  |
| 18 | Conceptual M/C | H |  |  |  | x |  |

**True / False Questions**

 1. Managerial accounting is primarily concerned with the organization as a whole rather than with segments of the organization.   
True    False

2. Managerial accounting places less emphasis on nonmonetary data than financial accounting.   
True    False

3. A strategy is a game plan that enables a company to attract customers by mimicking what successful competitors do.   
True    False

4. Customer value propositions tend to fall into three broad categories–theory of constraints, six sigma, and enterprise risk management. (to modify the question)  
True    False

5. Companies that choose an operational excellence strategy are in essence saying to their customers, "Choose us because we can deliver products and services faster, more conveniently, and at a lower price than our competitors."   
True    False

6. A value chain consists of the major subassemblies that add value to a product.   
True    False

7. The Sarbanes-Oxley Act of 2002 was intended to protect the interests of those who invest in publicly traded companies by ensuring that their original investments could be recovered in case of fraud.   
True    False

8. Enterprise risk management involves replacing risky investments with investments in low-risk government securities.   
True    False

9. Corporate social responsibility refers to the moral obligation of all corporations to make substantial monetary contributions to charitable causes.   
True    False

10. The Statement of Ethical Professional Practice promulgated by the Institute of Management Accountants specifically states, among other things, that management accountants have a responsibility to inform responsible journalists of any wrongdoing they uncover in the organization.   
True    False

11. The Institute of Management Accountants' Statement of Ethical Professional Practice specifically states, among other things, that management accountants have a responsibility to keep information confidential except when disclosure is authorized or legally required.   
True    False

**Multiple Choice Questions**

12. Managerial accounting:   
A. has its primary emphasis on the future.  
B. is required by regulatory bodies such as the SEC.  
C. focuses on the organization as a whole, rather than on the organization's segments.  
D. Responses a, b, and c are all correct.

13. The plans of management are expressed formally in:   
A. the annual report to shareholders.  
B. Form 10-Q submitted to the Securities and Exchange Commission.  
C. performance reports.  
D. budgets.

14. Which of the following IS a characteristic of financial accounting?   
A. not mandatory  
B. must follow GAAP  
C. emphasis on relevance of data, rather than precision  
D. both A and C above

15. Which of the following is NOT one of the three major customer value propositions discussed in the text?   
A. customer intimacy  
B. operational excellence  
C. zero defects  
D. product leadership

16. Which of the following statements is TRUE concerning the CMA?   
A. To earn the CMA, an examination must be passed.  
B. Experience in the accounting field is not necessary to earn the CMA.  
C. Compliance with the Institute of Management Accountants' Statement of Ethical Professional Practice is not necessary to earn the CMA.  
D. Both B and C above.

17. The Sarbanes-Oxley Act of 2002 contains all of the following provisions EXCEPT:   
A. A CFO must be a CPA or CMA.  
B. The audit committee of the board of directors of a company must hire, compensate, and terminate the public accounting firm that audits the company's financial reports.  
C. Severe penalties are established for altering or destroying documents that may eventually be used in an official proceeding.  
D. Both the CEO and CFO must certify in writing that their company's financial statements and accompanying disclosures fairly represent the results of operations.

18. The Institute of Management Accountants' Statement of Ethical Professional Practice states that when faced with significant ethical issues, management accountants should first:   
A. discuss such problems with the immediate superior except when it appears that the superior is involved.  
B. clarify relevant concepts by confidential discussion with an objective advisor to obtain an understanding of possible courses of action.  
C. follow the established policies of the organization bearing on the resolution of such conflict.  
D. submit an informative memorandum describing the ethical issue to an appropriate representative of the organization and resign if no action is taken as a result of the memorandum.

**True / False Questions**

1. Managerial accounting is primarily concerned with the organization as a whole rather than with segments of the organization.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Reporting  
Objective: What is management accounting  
Level: Easy*

2. Managerial accounting places less emphasis on nonmonetary data than financial accounting.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Reporting  
Objective: What is management accounting  
Level: Medium*

3. A strategy is a game plan that enables a company to attract customers by mimicking what successful competitors do.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Strategic roles of management accounting  
Level: Medium*

4. Customer value propositions tend to fall into three broad categories–theory of constraints, six sigma, and enterprise risk management.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Strategic roles of management accounting  
Level: Easy*

5. Companies that choose an operational excellence strategy are in essence saying to their customers, "Choose us because we can deliver products and services faster, more conveniently, and at a lower price than our competitors."   
**TRUE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Strategic roles of management accounting*

*Level: Easy*

6. A value chain consists of the major subassemblies that add value to a product.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Strategic roles of management accounting  
Level: Medium*

7. The Sarbanes-Oxley Act of 2002 was intended to protect the interests of those who invest in publicly traded companies by ensuring that their original investments could be recovered in case of fraud.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Governance, risk and sustainability management*

*Level: Medium*

8. Enterprise risk management involves replacing risky investments with investments in low-risk government securities.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Governance, risk and sustainability management  
Level: Medium*

9. Corporate social responsibility refers to the moral obligation of all corporations to make substantial monetary contributions to charitable causes.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Governance, risk and sustainability management  
Level: Easy*

10. The Statement of Ethical Professional Practice promulgated by the Institute of Management Accountants specifically states, among other things, that management accountants have a responsibility to inform responsible journalists of any wrongdoing they uncover in the organization.   
**FALSE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Ethics  
Level: Medium*

11. The Institute of Management Accountants' Statement of Ethical Professional Practice specifically states, among other things, that management accountants have a responsibility to keep information confidential except when disclosure is authorized or legally required.   
**TRUE**

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Ethics  
Level: Medium*

**Multiple Choice Questions**

12. Managerial accounting:   
**A.** has its primary emphasis on the future.  
B. is required by regulatory bodies such as the SEC.  
C. focuses on the organization as a whole, rather than on the organization's segments.  
D. Responses a, b, and c are all correct.

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Reporting  
Objective: What is management accounting  
Level: Easy*

13. The plans of management are expressed formally in:   
A. the annual report to shareholders.  
B. Form 10-Q submitted to the Securities and Exchange Commission.  
C. performance reports.  
**D.** budgets.

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Reporting  
Objective: What is management accounting  
Level: Easy*

14. Which of the following IS a characteristic of financial accounting?   
A. not mandatory  
**B.** must follow GAAP  
C. emphasis on relevance of data, rather than precision  
D. both A and C above

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Reporting  
Objective: What is management accounting  
Level: Easy*

15. Which of the following is NOT one of the three major customer value propositions discussed in the text?   
A. customer intimacy  
B. operational excellence  
**C.** zero defects  
D. product leadership

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Strategic roles of management accounting  
Level: Easy*

16. Which of the following statements is TRUE concerning the CMA?   
**A.** To earn the CMA, an examination must be passed.  
B. Experience in the accounting field is not necessary to earn the CMA.  
C. Compliance with the Institute of Management Accountants' Statement of Ethical Professional Practice is not necessary to earn the CMA.  
D. Both B and C above.

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Professional  
Level: Medium*

17. The Sarbanes-Oxley Act of 2002 contains all of the following provisions EXCEPT:   
**A.** A CFO must be a CPA or CMA.  
B. The audit committee of the board of directors of a company must hire, compensate, and terminate the public accounting firm that audits the company's financial reports.  
C. Severe penalties are established for altering or destroying documents that may eventually be used in an official proceeding.  
D. Both the CEO and CFO must certify in writing that their company's financial statements and accompanying disclosures fairly represent the results of operations.

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Governance, risk and sustainability management  
Level: Medium*

18. The Institute of Management Accountants' Statement of Ethical Professional Practice states that when faced with significant ethical issues, management accountants should first:   
A. discuss such problems with the immediate superior except when it appears that the superior is involved.  
B. clarify relevant concepts by confidential discussion with an objective advisor to obtain an understanding of possible courses of action.  
**C.** follow the established policies of the organization bearing on the resolution of such conflict.  
D. submit an informative memorandum describing the ethical issue to an appropriate representative of the organization and resign if no action is taken as a result of the memorandum.

*AACSB: Reflective Thinking  
AICPA BB: Critical Thinking  
AICPA FN: Measurement  
Objective: Ethics  
Level: Hard*