

c1

Student: _____

1. Managers everywhere carry out three major activities: planning, implementation, and control.

True False

2. The theory of constraint (TOC) framework focuses on effectively managing constraints as the key to success.

True False

3. Managerial Accounting reports are prepared for external users while Financial Accounting reports are prepared for internal users.

True False

4. Merchandising firms largely refer to retail and wholesale outlets that buy goods from suppliers and resell them to customers.

True False

5. Merchandising and manufacturing firms generate revenue by selling products (e.g., hockey sticks).

True False

6. Service firms do not sell any products but generate revenues by offering one or more types of services (e.g., legal counseling).

True False

7. Managers assign tasks to employees, arbitrate disputes, answer questions, solve on the spot problems, and make many decisions that affect customers and employees, which in turn, will likely influence future financial and nonfinancial performance.

True False

8. Planning involves selecting a course of action and specifying how the action will be implemented.

True False

9. Control involves the process of instituting procedures and then obtaining feedback to ensure that all parts of the organization are functioning effectively and moving toward overall company goals.

True False

10. Strategy pertains to the general direction in which an organization plans to move to achieve its goals and objectives.

True False

11. Management accountants are not required to follow the generally accepted accounting principles that are used for external financial reporting when preparing reports for internal users.

True False

12. Management accounting information is primarily concerned with reports on the organization as a whole while financial accounting focuses more on the individual segments of the organization.

True False

13. Accountants are required to follow only those ethical requirements as prescribed by the professional organization they belong to such as the society of Chartered Accountants of Canada.

True False

14. Performance reports suggest where operations are not proceeding as planned and where some parts of the organization may require additional attention.

True False

15. Planning includes identifying alternatives and then selecting the one that does the best job of furthering the organization's objectives.

True False

16. Reduction in tariffs, quotas, and other barriers to free trade; improvements in global transportation system; and increasing sophistication in international trade markets, are several factors that have led to an increase in worldwide competition in many industries.

True False

17. One major implication of globalization for many organizations is that they must find new ways of conducting business.

True False

18. The main idea underlying the lean business model is the elimination of waste.

True False

19. Companies that use the just-in-time (JIT) approach purchase materials and produce units only as needed to meet actual customer demand.

True False

20. Among other things, companies using the just-in-time (JIT) approach, produce only in response to a customer order meaning that workers will not be idle whenever demand falls below the company's production capacity.

True False

21. Defects can be tolerated in a just-in-time (JIT) system.

True False

22. There are four major characteristics of total quality management.

True False

23. Many Canadian organizations have successfully implemented quality management principles and have received recognition from the National Institute (NQA) whose mission is to inspire excellence in Canada.

True False

24. Financial accounting is primarily concerned with?
- A. reporting to external investors and creditors, such as government agencies.
 - B. long term decision making.
 - C. feasibility analysis.
 - D. reporting exclusively to internal users.
25. Managerial accounting emphasizes the future in addition to historical reports, whereas Financial accounting?
- A. emphasizes a future perspective.
 - B. emphasizes individual organizational units.
 - C. emphasizes timeliness.
 - D. emphasizes a historical perspective.
26. In order to eliminate waste, companies must adopt and implement one or more management practices that individually focus on different aspects of the lean business model such as?
- A. Just-in-Time.
 - B. maintaining inventories large enough to shield against all unanticipated disruptions.
 - C. Activity base costing.
 - D. multi-dimensional performance measurement systems.

27. Companies such as Ford and General Motors using the just-in-time (JIT) approach hope to achieve?

- A. the hiring of specialized workers to increase production.
- B. gains in production flexibility.
- C. reduction of costs associated with setup by producing in large batches.
- D. reduced defect rates, resulting in less waste and greater customer satisfaction.

28. Which of the following is NOT a benefit of a just-in-time (JIT) system?

- A. funds that have been tied up in inventories can be used elsewhere.
- B. areas previously use to store inventories are made available for other more productive uses.
- C. the time required to fill an order is reduced, resulting in quicker response to customers and consequentially greater potential sales.
- D. production workers are always busy.

29. In using total quality management (TQM), the key focus is?

- A. employee focus.
- B. management focus.
- C. customer focus.
- D. executive focus.

30. What is the professional designation for management accountants in Canada?

- A. Certified General Accountants.
- B. Chartered Management Accountants.
- C. Certified Management Accountants.
- D. Chartered Accountants.

31. Which of the following is NOT included in Codes of Ethics for professional accountants?

- A. competence.
- B. objectivity.
- C. compensation.
- D. independence.

32. Corporate governance?

- A. is a department within Canada Revenue with a mandate to ensure all corporations file annual tax returns.
- B. if effective, should enhance stakeholders' confidence that the organization is being managed in their best interests.
- C. ensures the personal interests of top management are fully achieved.
- D. is only important to non publicly traded companies.

33. Benchmarking begins with?

- A. completely redesigning a business process to improve it.
- B. determining the constraints within a given manufacturing process.
- C. studying organizations that are the best at a particular task.
- D. a determination to only build products to meet specific customer orders.

34. Activities that consumes resources or take time resulting in costs that customers are not willing to pay for are considered to be?

- A. normal business activities.
- B. non-value-added activities.
- C. part of the overhead costs of a business.
- D. a constraint.

35. A manufacturing business which operates five days per week, has four different departments involved in producing each unit of its product. Maximum daily production capacities of each are: Department A - 100 units; Department B - 135 units; Department C - 95 units, and Department D - 110 units. Maximum weekly output of completed units is?

- A. 440.
- B. 475.
- C. 550.
- D. 675.

36. List four major potential benefits of successfully implementing a just-in-time(JIT) system in a manufacturing company.
37. List seven key differences between Managerial Accounting and Financial Accounting.
38. Describe factors that have led to an increase in worldwide competitiveness as part of the globalization on business.

39. Explain the lean business model, its corresponding management practices and potential benefits.

40. Explain the importance of ethical responsibility and explain the need for ethical codes of conduct.

c1 Key

1. Managers everywhere carry out three major activities: planning, implementation, and control.

TRUE

Brewer - Chapter 01 #1

Learning Objective: 1

Level: Easy

2. The theory of constraint (TOC) framework focuses on effectively managing constraints as the key to success.

TRUE

Brewer - Chapter 01 #2

Learning Objective: 4

Level: Medium

3. Managerial Accounting reports are prepared for external users while Financial Accounting reports are prepared for internal users.

FALSE

Brewer - Chapter 01 #3

Learning Objective: 2

Level: Easy

4. Merchandising firms largely refer to retail and wholesale outlets that buy goods from suppliers and resell them to customers.

TRUE

Brewer - Chapter 01 #4

Learning Objective: 1

5. Merchandising and manufacturing firms generate revenue by selling products (e.g., hockey sticks).

TRUE

Brewer - Chapter 01 #5

Learning Objective: 1

Level: Easy

6. Service firms do not sell any products but generate revenues by offering one or more types of services (e.g., legal counseling).

TRUE

Brewer - Chapter 01 #6

Learning Objective: 1

Level: Easy

7. Managers assign tasks to employees, arbitrate disputes, answer questions, solve on the spot problems, and make many decisions that affect customers and employees, which in turn, will likely influence future financial and nonfinancial performance.

TRUE

Brewer - Chapter 01 #7

Learning Objective: 1

Level: Medium

8. Planning involves selecting a course of action and specifying how the action will be implemented.

TRUE

Brewer - Chapter 01 #8

Learning Objective: 1

Level: Easy

9. Control involves the process of instituting procedures and then obtaining feedback to ensure that all parts of the organization are functioning effectively and moving toward overall company goals.

TRUE

Brewer - Chapter 01 #9

Learning Objective: 1

Level: Easy

10. Strategy pertains to the general direction in which an organization plans to move to achieve its goals and objectives.

TRUE

Brewer - Chapter 01 #10

Learning Objective: 1

Level: Easy

11. Management accountants are not required to follow the generally accepted accounting principles that are used for external financial reporting when preparing reports for internal users.

TRUE

Brewer - Chapter 01 #11

Learning Objective: 2

Level: Easy

12. Management accounting information is primarily concerned with reports on the organization as a whole while financial accounting focuses more on the individual segments of the organization.

FALSE

Brewer - Chapter 01 #12

13. Accountants are required to follow only those ethical requirements as prescribed by the professional organization they belong to such as the society of Chartered Accountants of Canada.

FALSE

Brewer - Chapter 01 #13

Learning Objective: 2

Learning Objective: 5

Level: Medium

14. Performance reports suggest where operations are not proceeding as planned and where some parts of the organization may require additional attention.

TRUE

Brewer - Chapter 01 #14

Learning Objective: 1

Level: Medium

15. Planning includes identifying alternatives and then selecting the one that does the best job of furthering the organization's objectives.

TRUE

Brewer - Chapter 01 #15

Learning Objective: 1

Level: Medium

16. Reduction in tariffs, quotas, and other barriers to free trade; improvements in global transportation system; and increasing sophistication in international trade markets, are several factors that have led to an increase in worldwide competition in many industries.

TRUE

Brewer - Chapter 01 #16

Learning Objective: 3

Level: Medium

17. One major implication of globalization for many organizations is that they must find new ways of conducting business.

TRUE

Brewer - Chapter 01 #17

Learning Objective: 3

Level: Medium

18. The main idea underlying the lean business model is the elimination of waste.

TRUE

Brewer - Chapter 01 #18

Learning Objective: 4

Level: Easy

19. Companies that use the just-in-time (JIT) approach purchase materials and produce units only as needed to meet actual customer demand.

TRUE

Brewer - Chapter 01 #19

Learning Objective: 4

Level: Easy

20. Among other things, companies using the just-in-time (JIT) approach, produce only in response to a customer order meaning that workers will not be idle whenever demand falls below the company's production capacity.

FALSE

Brewer - Chapter 01 #20

Learning Objective: 4

Level: Medium

21. Defects can be tolerated in a just-in-time (JIT) system.

FALSE

Brewer - Chapter 01 #21

Learning Objective: 4

Level: Easy

22. There are four major characteristics of total quality management.

FALSE

Brewer - Chapter 01 #22

Learning Objective: 4

Level: Easy

23. Many Canadian organizations have successfully implemented quality management principles and have received recognition from the National Institute (NQi) whose mission is to inspire excellence in Canada.

TRUE

Brewer - Chapter 01 #23

Learning Objective: 4

Level: Easy

24. Financial accounting is primarily concerned with?

- A. reporting to external investors and creditors, such as government agencies.
- B. long term decision making.
- C. feasibility analysis.
- D. reporting exclusively to internal users.

Brewer - Chapter 01 #24

Learning Objective: 2

Level: Easy

25. Managerial accounting emphasizes the future in addition to historical reports, whereas Financial accounting?

- A. emphasizes a future perspective.
- B. emphasizes individual organizational units.
- C. emphasizes timeliness.
- D. emphasizes a historical perspective.

Brewer - Chapter 01 #25

Learning Objective: 2

Level: Medium

26. In order to eliminate waste, companies must adopt and implement one or more management practices that individually focus on different aspects of the lean business model such as?

- A. Just-in-Time.
- B. maintaining inventories large enough to shield against all unanticipated disruptions.
- C. Activity base costing.
- D. multi-dimensional performance measurement systems.

Brewer - Chapter 01 #26

Learning Objective: 4

27. Companies such as Ford and General Motors using the just-in-time (JIT) approach hope to achieve?

- A. the hiring of specialized workers to increase production.
- B. gains in production flexibility.
- C. reduction of costs associated with setup by producing in large batches.
- D. reduced defect rates, resulting in less waste and greater customer satisfaction.

Brewer - Chapter 01 #27

Learning Objective: 4

Level: Medium

28. Which of the following is NOT a benefit of a just-in-time (JIT) system?

- A. funds that have been tied up in inventories can be used elsewhere.
- B. areas previously use to store inventories are made available for other more productive uses.
- C. the time required to fill an order is reduced, resulting in quicker response to customers and consequentially greater potential sales.
- D. production workers are always busy.

Brewer - Chapter 01 #28

Learning Objective: 4

Level: Medium

29. In using total quality management (TQM), the key focus is?

- A. employee focus.
- B. management focus.
- C. customer focus.
- D. executive focus.

Brewer - Chapter 01 #29

Learning Objective: 4

Level: Medium

30. What is the professional designation for management accountants in Canada?

- A. Certified General Accountants.
- B. Chartered Management Accountants.
- C. Certified Management Accountants.
- D. Chartered Accountants.

Brewer - Chapter 01 #30

Learning Objective: 5

Level: Medium

31. Which of the following is NOT included in Codes of Ethics for professional accountants?

- A. competence.
- B. objectivity.
- C. compensation.
- D. independence.

Brewer - Chapter 01 #31

Learning Objective: 5

Level: Medium

32. Corporate governance?

- A. is a department within Canada Revenue with a mandate to ensure all corporations file annual tax returns.
- B. if effective, should enhance stakeholders' confidence that the organization is being managed in their best interests.
- C. ensures the personal interests of top management are fully achieved.
- D. is only important to non publicly traded companies.

Brewer - Chapter 01 #32

Learning Objective: 5

Level: Medium

33. Benchmarking begins with?

- A. completely redesigning a business process to improve it.
- B. determining the constraints within a given manufacturing process.
- C. studying organizations that are the best at a particular task.
- D. a determination to only build products to meet specific customer orders.

Brewer - Chapter 01 #33

Learning Objective: 4

Level: Medium

34. Activities that consumes resources or take time resulting in costs that customers are not willing to pay for are considered to be?

- A. normal business activities.
- B. non-value-added activities.
- C. part of the overhead costs of a business.
- D. a constraint.

Brewer - Chapter 01 #34

35. A manufacturing business which operates five days per week, has four different departments involved in producing each unit of its product. Maximum daily production capacities of each are: Department A - 100 units; Department B - 135 units; Department C - 95 units, and Department D - 110 units. Maximum weekly output of completed units is?

A. 440.

B. 475.

C. 550.

D. 675.

36. List four major potential benefits of successfully implementing a just-in-time(JIT) system in a manufacturing company.

1. substantial reduction in inventory ordering and warehousing costs.

2. reduction in waste due to inventory obsolescence and pilferage.

3. a commitment to zero defects.

4. a reduction in time to complete a product.

37. List seven key differences between Managerial Accounting and Financial Accounting.

1. managerial accounting reports are prepared for managers inside the organization, whereas financial accounting reports are prepared for the use of external parties, such as shareholders, creditors and government authorities.
2. managerial accounting is not a mandatory requirement for businesses while financial accounting is.
3. managerial accounting is not regulated by prescribed standards or formats while financial accounting must follow prescribed accounting standards.
4. managerial accounting usually focuses on the parts or segments of an organization while financial accounting is primarily concerned with reporting the activities of the organization as a whole.
5. managerial accounting usually has a strong future orientation while financial accounting has a historical perspective.
6. managerial accounting emphasizes obtaining data relevance to decision making while financial accounting emphasizes the verifiability of data.
7. managerial accounting requires information to be available on a timely basis while financial accounting, with its historical perspective, focuses on precision.

Brewer - Chapter 01 #37

Learning Objective: 2

Level: Easy

38. Describe factors that have led to an increase in worldwide competitiveness as part of the globalization on business.

Reduction of tariffs, quotas, and other barriers to free trade, and increasing sophistication in international trade markets. These factors help to reduce the costs of conducting international trade and make it possible for foreign companies to compete on a more equal footing with domestic firms.

Brewer - Chapter 01 #38

Learning Objective: 3

Level: Medium

39. Explain the lean business model, its corresponding management practices and potential benefits.

Many businesses in order to remain competitive in the global market place, have adopted the lean business model which focuses on the elimination of waste. This consists of implementing management practices, such as just-in-time and total quality management, which if properly implemented can enhance quality, increase effectiveness, eliminate delays and reduce costs.

Brewer - Chapter 01 #39

Learning Objective: 4

Level: Medium

40. Explain the importance of ethical responsibility and explain the need for ethical codes of conduct.

Unethical behaviour is often the result of top executives focusing exclusively on short-term profits at any cost. As businesses interact more and more, being ethically responsible is extremely important. Many organizations have implemented ethical codes of conduct to guide behaviour within organization.

Brewer - Chapter 01 #40

Learning Objective: 5

Level: Medium

c1 Summary

<i>Category</i>	<i># of Questions</i>
Brewer - Chapter 01	40
Learning Objective: 1	10
Learning Objective: 2	7
Learning Objective: 3	3
Learning Objective: 4	16
Learning Objective: 5	5
Level: Easy	17
Level: Medium	23