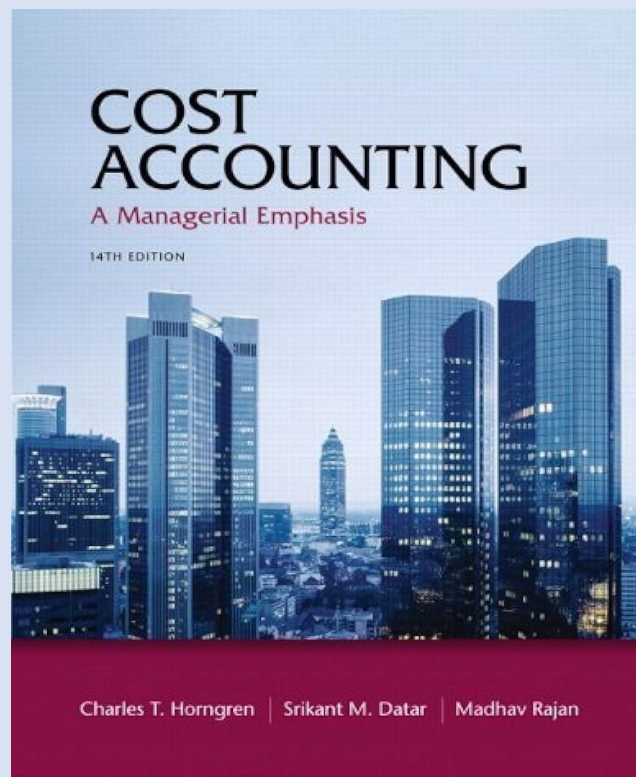


TEST BANK

*Cost Accounting: A Managerial Emphasis,
14th Edition by Horngren, Charles T., Datar,
Srikant M., Rajan, Madhav*



TEST BANK

Cost Accounting, 14e (Horngren/Datar/Rajan)
Chapter 1 The Accountant's Role in the Organization

Objective 1.1

1) Management accounting:

- A) focuses on estimating future revenues, costs, and other measures to forecast activities and their results
- B) provides information about the company as a whole
- C) reports information that has occurred in the past that is verifiable and reliable
- D) provides information that is generally available only on a quarterly or annual basis

Answer: A

Diff: 2

Terms: treasury

Objective: 1

AACSB: Reflective thinking

2) Managers use management accounting information to _____ strategy.

- A) choose
- B) communicate
- C) implement
- D) All of these answers are correct.

Answer: D

Diff: 1

Terms: total quality management (TQM)

Objective: 1

AACSB: Analytical skills

3) Financial accounting:

- A) focuses on the future and includes activities such as preparing next year's operating budget
- B) must comply with GAAP (generally accepted accounting principles)
- C) reports include detailed information on the various operating segments of the business such as product lines or departments
- D) is prepared for the use of department heads and other employees

Answer: B

Diff: 2

Terms: financial accounting

Objective: 1

AACSB: Reflective thinking

4) The person most likely to use ONLY financial accounting information is a:

- A) factory shift supervisor
- B) vice president of operations
- C) current shareholder
- D) department manager

Answer: C

Diff: 1

Terms: financial accounting

Objective: 1

AACSB: Analytical skills

5) Which of the following people is LEAST likely to use management accounting information?

- A) the controller
- B) a shareholder evaluating a stock investment
- C) the treasurer
- D) an assembly department supervisor

Answer: B

Diff: 1

Terms: treasury

Objective: 1

AACSB: Analytical skills

6) Financial accounting provides the primary source of information for:

- A) decision making in the finishing department
- B) improving customer service
- C) preparing the income statement for shareholders
- D) planning next year's operating budget

Answer: C

Diff: 2

Terms: financial accounting

Objective: 1

AACSB: Reflective thinking

7) Which of the following descriptors refers to management accounting information?

- A) It is verifiable and reliable.
- B) It is driven by rules.
- C) It is prepared for shareholders.
- D) It provides reasonable and timely estimates.

Answer: D

Diff: 2

Terms: treasury

Objective: 1

AACSB: Reflective thinking

8) Which of the following statements refers to management accounting information?

- A) There are no regulations governing the reports.
- B) The reports are generally delayed and historical.
- C) The audience tends to be stockholders, creditors, and tax authorities.
- D) It primarily measures and records business transactions.

Answer: A

Diff: 2

Terms: treasury

Objective: 1

AACSB: Reflective thinking

9) Which of the following groups would be LEAST likely to receive detailed management accounting reports?

- A) stockholders
- B) sales representatives
- C) production supervisors
- D) managers

Answer: A

Diff: 1

Terms: treasury

Objective: 1

AACSB: Analytical skills

10) Management accounting information includes:

- A) tabulated results of customer satisfaction surveys
- B) the cost of producing a product
- C) the percentage of units produced that are defective
- D) All of these answers are correct.

Answer: D

Diff: 1

Terms: treasury

Objective: 1

AACSB: Reflective thinking

11) Cost accounting:

- A) provides information on the efficiency of factory labor
- B) provides information on the cost of servicing commercial customers
- C) provides information on the performance of an operating division
- D) All of these answers are correct.

Answer: D

Diff: 1

Terms: cost accounting

Objective: 1

AACSB: Reflective thinking

12) Which of the following types of information are used in management accounting?

- A) financial information
- B) nonfinancial information
- C) information focused on the long term
- D) All of these answers are correct.

Answer: D

Diff: 2

Terms: treasury

Objective: 1

AACSB: Reflective thinking

13) Modern cost accounting plays a role in:

- A) planning new products
- B) evaluating operational processes
- C) controlling costs
- D) All of these answers are correct.

Answer: D

Diff: 1

Terms: cost accounting

Objective: 1

AACSB: Reflective thinking

14) A data warehouse or infobarn:

- A) is reserved for exclusive use by the CFO
- B) is primarily used for financial reporting purposes
- C) stores information used by different managers for multiple purposes
- D) gathers only nonfinancial information

Answer: C

Diff: 1

Terms: cost accounting

Objective: 1

AACSB: Reflective thinking

15) Cost accounting provides all of the following EXCEPT:

- A) information for management accounting and financial accounting
- B) pricing information from marketing studies
- C) financial information regarding the cost of acquiring resources
- D) nonfinancial information regarding the cost of operational efficiencies

Answer: B

Diff: 2

Terms: cost accounting

Objective: 1

AACSB: Reflective thinking

16) Management accounting includes all of the following EXCEPT

- A) implementing strategies
- B) developing budgets
- C) preparing special studies and forecasts
- D) preparing the statement of cash flows

Answer: D

Diff: 1

Terms: treasury

Objective: 1

AACSB: Reflective thinking

17) Financial accounting is concerned primarily with:

- A) external reporting to investors, creditors, and government authorities
- B) cost planning and cost controls
- C) profitability analysis
- D) providing information for strategic and tactical decisions

Answer: A

Diff: 2

Terms: financial accounting

Objective: 1

AACSB: Reflective thinking

18) Financial accounting provides a historical perspective, whereas management accounting emphasizes:

- A) the future
- B) past transactions
- C) a current perspective
- D) reports to shareholders

Answer: A

Diff: 1

Terms: financial accounting

Objective: 1

AACSB: Reflective thinking

19) An Enterprise Resource Planning System can best be described as:

- A) a collection of programs that use a variety of unconnected databases
- B) a single database that collects data and feeds it into applications that support each of the company's business activities, such as purchases, production, distribution, and sales
- C) a database that is primarily used by a purchasing department to determine the correct amount of a particular supply item to purchase
- D) a sophisticated means of linking two or more companies to facilitate their planning processes

Answer: B

Diff: 1

Terms: cost accounting

Objective: 1

AACSB: Use of Information Technology

20) The approaches and activities of managers in short-run and long-run planning and control decisions that increase value for customers and lower costs of products and services are known as:

- A) value chain management
- B) enterprise resource planning
- C) cost management
- D) customer value management

Answer: C

Diff: 1

Terms: cost management

Objective: 1

AACSB: Analytical skills

21) Management accounting information focuses on external reporting.

Answer: FALSE

Explanation: Management accounting information focuses on *internal* reporting.

Diff: 1

Terms: treasury

Objective: 1

AACSB: Reflective thinking

22) Cost management is narrowly focused on a continuous reduction of costs.

Answer: FALSE

Explanation: Cost management is broadly focused to provide information that helps managers at all levels implement, monitor, and evaluate company strategies.

Diff: 2

Terms: cost management

Objective: 1

AACSB: Analytical skills

23) Managers always require the information in an accounting system to be presented in the same format.

Answer: FALSE

Explanation: Individual managers often require the information in an accounting system to be presented or reported differently.

Diff: 1

Terms: treasury

Objective: 1

AACSB: Analytical skills

24) Modern cost accounting takes the perspective that collecting cost information is a function of the management decisions being made.

Answer: TRUE

Diff: 1

Terms: cost accounting

Objective: 1

AACSB: Analytical skills