Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

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

1) Given the following information, what is the total cost of unused capacity? Cost of material supplied is $3,500; Cost of material used is $3,100; Cost of material used per cake is $3.1; Cost of material supplied per cake is $3.50.

1) _____

A) $.40.
B) $400.
C) $4,000.
D) $2,000.
E) There is no unused capacity.

Question Details
Difficulty : 3 Hard
Bloom's : Apply
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AACSB : Analytical Thinking
AICPA : FN Measurement
AICPA : BB Industry
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

2) Given the following information, what is the cost of unused capacity? Cost of material supplied is $9,100; Cost of material used is $8,800; Cost of material used per shelf is $8.8; Cost of material supplied per shelf is $9.10.

2) _____

A) $300.
B) $3,000.
C) $.30.
D) $10,000.
E) There is no unused capacity.

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01

Question Details
Difficulty : 3 Hard
Bloom's : Apply
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AACSB : Analytical Thinking
AICPA : FN Measurement
AICPA : BB Industry
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01 Answer Key

Test name: CH01

1) B
Cost supplied − Cost used = Cost of unused capacity; $3,500 − 3,100 = $400.
2) A
Cost supplied − Cost used = Cost of unused capacity; $9,100 − 8,800 = $300.

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01B

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

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

1) Two things that all organizations have in common are a set of goals and information needed by managers.

1) _____

- ◎ true
- ◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

2) The role of managerial accounting in organizations is the same as it has been over many years.

2) _____

- ◎ true
- ◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

3) Controlling involves the coordination of daily business functions within an organization.

3) _____

- ◎ true
- ◎ false

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01B

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Critical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

4) Decision making requires managers to choose among the available alternatives.

4) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Critical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

5) The balanced scorecard is an important managerial accounting tool for short-run competitiveness.

5) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Critical Thinking
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

6) In most situations, managerial accounting reports solve decision problems.

6) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Critical Thinking
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

7) Middle-level managers would likely be considered internal users of accounting information rather than external users.

7) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Resource Management
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

8) Measuring the performance of managers and subunits is **not** an objective of managerial accounting.

8) _____

◎ true
◎ false

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01B

Question Details
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
AICPA : FN Research
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

9) The nature of managerial accounting reports is to focus on the enterprise in its entirety.

9) _____

- ◎ true
- ◎ false

Question Details
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
AICPA : FN Research
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

10) Line positions are indirectly involved in operational activities.

10) _____

- ◎ true
- ◎ false

Question Details
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
AICPA : FN Research
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

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11) The position of chief financial officer (CFO) is typically a staff position.

11) _____

◎ true
◎ false

Question Details
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
AICPA : FN Research
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

12) A controller is normally involved with preparing financial statements.

12) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
AICPA : BB Resource Management
Topic : Where Do We Find Managerial Accountants in an Organization?
Learning Objective : 01-06 Describe the roles of an organization's chief financial officer (CFO) or c
Accessibility : Keyboard Navigation

13) The treasurer typically is responsible for raising capital and safeguarding the organization’s assets.

13) _____

◎ true
◎ false

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Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
AICPA : BB Resource Management
Topic : Where Do We Find Managerial Accountants in an Organization?
Learning Objective : 01-06 Describe the roles of an organization's chief financial officer (CFO) or c
Accessibility : Keyboard Navigation

14) The value chain is a managerial accounting tool that primarily assists in the valuation of assets.

14) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Resource Management
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

15) All companies define the value chain in the same way.

15) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Resource Management
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

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16) The upper limit on the production of goods and services if everything works perfectly is known as practical capacity.

16) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

17) Non-value-added costs are the costs of activities that can be eliminated with no deterioration of product quality, performance, or perceived value.

17) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

18) If a company has poor data governance practices, managers would have to worry that the managerial accounting data they receive is not what they need for their decisions, or that it would arrive too late or be inaccurate.

18) _____

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◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

19) The process of making sense of big data is known as data practice.

19) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

20) The largest managerial accounting professional association in the U.S. is the Chartered Institute of Management Accountants.

20) _____

◎ true
◎ false

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Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-10 Discuss the professional organizations and certifications in the field of
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Managerial Accounting as a Career
Accessibility : Keyboard Navigation

21) The CMA is a professional certification that managerial accountants can earn to validate their skills and the specialized knowledge that they possess.

21) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-10 Discuss the professional organizations and certifications in the field of
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Managerial Accounting as a Career
Accessibility : Keyboard Navigation

22) All financial professionals, including managerial accountants, have an obligation to themselves, their colleagues, and their organizations to adhere to high standards of ethical conduct.

22) _____

◎ true
◎ false

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Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

23) Legitimate ethical issues rarely impact the managerial accountant.

23) _____

◎ true
◎ false

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

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

24) Which of the following statements about managerial accountants is **false**?

24) _____

A) Managerial accountants more and more are considered "business partners."
B) Managerial accountants often are part of cross-functional teams.
C) An increasing number of organizations are segregating managerial accountants in separate managerial-accounting departments.
D) In a number of companies, managerial accountants make significant business decisions and resolve operating problems.
E) The role of managerial accountants has changed considerably over the past decade.

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01B

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

25) Which of the following is **not** an action performed in combination with information to pursue the goals of managerial accounting?

25) _____

A) Identify.
B) Measure.
C) Invent.
D) Interpret.
E) Analyze.

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

26) Which of the following is correct regarding the changing role of managerial accounting?

26) _____

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A) The managerial accountant is crunching more numbers than ever before in leading-edge companies.

B) The managerial accountant has been transformed into a financial historian in progressive companies.

C) Managerial accountants are typically isolated in separate departments.

D) Forward-looking goals have transformed managerial accountants into business advisors.

E) Managerial accountants rarely have the title of analyst or take on leadership roles.

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

27) Which of the following statements best characterizes managerial accountants of the past?

27) _____

A) They carried the job title of 'analysts'.

B) They were isolated into separate departments.

C) They were located in operating departments and worked with other managers.

D) They often took on leadership roles.

E) They worked in teams.

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

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28) Transformation of the role of the managerial accountant within leading-edge companies has been

28) _____

A) from analyst to number cruncher.
B) from number cruncher to trusted advisor.
C) from team leader to support department employee.
D) from business partner to financial historian.
E) from value creator to number cruncher.

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
AICPA : BB Critical Thinking
Topic : Managerial Accounting: A Business Partnership with Management
Accessibility : Keyboard Navigation

29) The day-to-day work of management teams will typically comprise all of the following activities **except**:

29) _____

A) decision making.
B) planning.
C) cost minimizing .
D) directing operational activities.
E) controlling.

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Question Details
AACSB : Reflective Thinking
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Critical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

30) Which of the following functions is best described as choosing among available alternatives?

30) _____

A) Decision making.
B) Planning.
C) Directing operational activities.
D) Controlling.
E) Budgeting.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Critical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

31) Which of the following managerial functions involves a detailed financial and operational description of anticipated operations?

31) _____

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

A) Decision making.
B) Planning.
C) Directing operational activities.
D) Controlling.
E) Measuring.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Critical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

32) Which of the following involves the coordination of daily business functions within an organization?

32) _____

A) Decision making.
B) Planning.
C) Directing operational activities.
D) Controlling.
E) Motivating.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Critical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

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33) Wembley Company has set various goals, and management is now taking appropriate action to ensure that the firm achieves these goals. One such action is to reduce outlays for overhead, which have exceeded budgeted amounts. Which of the following functions best describes this process?

33) _____

A) Decision making.
B) Planning.
C) Coordinating.
D) Controlling.
E) Organizing.

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Resource Management
AACSB : Analytical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

34) In pursuing its goals, an organization does all of the following **except**:

34) _____

A) Acquire resources.
B) Hire personnel.
C) Engage in an organized set of activities.
D) Focus on reducing the budget.
E) Engage in management team activities to make the best use of resources and people.

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
AICPA : BB Resource Management
AACSB : Analytical Thinking
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

35) Which of the following business models considers financial, customer, internal operating, and other measures in the evaluation of performance?

35) _____

A) Deterministic simulation.
B) Balanced scorecard.
C) Payoff matrix.
D) Decision tree.
E) Chart of operating performance (COP).

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Critical Thinking
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

36) Which of the following perspectives is normally absent in a balanced scorecard?

36) _____

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

A) Financial.
B) Customer.
C) Internal operations.
D) Learning and innovation/growth.
E) None of these choices are correct.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Decision Making
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Critical Thinking
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

37) Managerial accounting activity comprises a set of tools, systems and perspectives that add value to an organization by supporting five major objectives. Which one of these is **not** a supporting objective?

37) _____

A) Provide information for decision making and planning.
B) Assist managers in directing and controlling operational activities.
C) Motivate managers and other employees toward the organization's goals.
D) Assess an organization's competitive position and long-term managerial efforts .
E) Focus on activities that occur at the top level of the organization.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Decision Making
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Critical Thinking
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

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38) Because managerial accounting reports rarely solve decision problems, what function does a managerial accountant use to assist managers in understanding issues contained within the information produced?

38) _____

A) Internal business solution function.
B) Learning and growth function.
C) Theoretical capacity function.
D) Customer function.
E) Attention directing function.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Decision Making
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
AICPA : BB Critical Thinking
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

39) Which of the following is **not** an objective of managerial accounting?

39) _____

A) Providing information for decision making and planning.
B) Assisting in directing and controlling operations.
C) Maximizing profits and minimizing costs.
D) Measuring the performance of managers and subunits.
E) Motivating managers toward the organization's goals.

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

40) The role of managerial accounting information in assisting management is a(n):

40) _____

A) financial-directing role.
B) attention-directing role.
C) planning and controlling role.
D) organizational role.
E) problem-solving role.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

41) Employee empowerment involves encouraging and authorizing workers to take initiatives to:

41) _____

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

A) improve operations.
B) reduce costs.
C) improve product quality.
D) improve customer service.
E) all of the answers are correct.

Question Details
AACSB : Reflective Thinking
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Decision Making
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

42) The process of encouraging and authorizing workers to take appropriate initiatives to improve the overall firm is commonly known as:

42) _____

A) planning and control.
B) employee empowerment.
C) personnel aggressiveness.
D) decision making.
E) problem recognition and solution.

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

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43) Managerial accounting:

43) _____

A) focuses only on historical data.
B) is governed by GAAP.
C) focuses primarily on the needs of personnel within the organization.
D) provides information for parties external to the organization.
E) focuses on financial statements and other financial reports.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Reporting
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

44) Managerial accounting:

44) _____

A) is unregulated.
B) produces information that is useful only for manufacturing organizations.
C) is based exclusively on historical data.
D) is regulated by the Securities and Exchange Commission (SEC).
E) generally focuses on reporting information about the enterprise in its entirety rather than by subunits.

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Reporting
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

45) All of the following entities would have a need for managerial accounting information **except**:

45) _____

A) the state of Michigan.
B) an Internet provider.
C) a retail clothing outlet.
D) a bookkeeping service.
E) None of these responses is correct, as all of these entities would use managerial accounting information.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Reporting
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

46) Which of the following choices correctly depicts whether Ocean Co., State University, and Enrique Inc. would have a need for managerial accounting?

	Ocean Co.	State University	Enrique Inc.
A.	Yes	Yes	No
B.	Yes	No	Yes
C.	Yes	Yes	Yes

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

D.	No	Yes	No
E.	No	Yes	Yes

46) _____

A) Choice A.
B) Choice B.
C) Choice C.
D) Choice D.
E) Choice E.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Reporting
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Industry
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

47) Which of the following would likely be considered an internal user of accounting information rather than an external user?

47) _____

A) Stockholders.
B) Consumer groups.
C) Lenders.
D) Middle-level managers.
E) Government agencies.

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

48) Financial accounting focuses primarily on reporting:

48) _____

A) to parties outside of an organization.
B) to parties within an organization.
C) to an organization's board of directors.
D) to financial institutions.
E) for financial institutions.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

49) Which of the following characteristic(s) relate(s) more to managerial accounting than to financial accounting?

49) _____

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A) A focus on reporting to personnel within an organization.
B) A focus on reporting to external parties.
C) An area of accounting that is heavily regulated.
D) A focus on providing information that is relevant for planning, decision making, directing, and control.
E) A focus on reporting to personnel within an organization and a focus on providing information that is relevant for planning, decision making, directing, and control.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

50) Which of the following statements represents a similarity between financial and managerial accounting?

50) _____

A) Both are useful in providing information for external users.
B) Both are governed by GAAP.
C) Both draw upon data from an organization's accounting system.
D) Both rely heavily on published financial statements.
E) Both are solely concerned with historical transactions.

Question Details
AACSB : Reflective Thinking
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Decision Making
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
AICPA : BB Critical Thinking
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

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51) Which of the following employees at Clear Flights would **not** be considered as holding a line position?

51) _____

A) Pilot.
B) Chief financial officer (CFO).
C) Flight attendant.
D) Ticket agent.
E) Baggage handler.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

52) Which of the following employees would be considered as holding a line position?

52) _____

A) Townhouse Corporation's vice-president for government relations.
B) The controller of Margin Motors.
C) A secretary employed by Signal Communications.
D) The manager of food and beverage services at a theme park.
E) None of the answers is correct.

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Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

53) Which of the following employees at Fresh Brew Co. would likely be considered as holding a staff position?

53) _____

A) The company's chief operating officer (COO).
B) The manager of a store located in Kansas City, Missouri.
C) The company's manager of the Midwest division.
D) The company's president of products nationwide.
E) The company's lead, in-house attorney and the company's chief financial officer (CFO).

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

54) The chief managerial and financial accountant of an organization is the:

54) _____

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A) chief executive officer (CEO).
B) treasurer.
C) vice-president of accounting.
D) internal auditor.
E) chief financial officer (CFO).

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

55) A company's leading executive is:

55) _____

A) chief financial officer (CFO).
B) treasurer.
C) vice-president of accounting.
D) internal auditor.
E) chief executive officer (CEO).

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

56) Managers directly involved in the provision of goods and services are _____.

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56) _____

A) staff positions.
B) line positions.
C) general counsel positions.
D) human resource positions.
E) None of these is correct.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

57) Managerial accountants:

57) _____

A) often work with regulators like the SEC.
B) are responsible for issuing a company's annual financial statements.
C) are found primarily at lower levels of the organizational hierarchy.
D) are found primarily at higher levels of the organizational hierarchy.
E) often work on cross-functional teams and are located throughout an organization.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

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58) All of the following are common reasons for forming cross-functional teams **except**:

58) _____

A) to make decisions.
B) to engage in planning exercises.
C) to address operational problems from many perspectives.
D) to pull together individuals from a variety of specialties.
E) to minimize physical location requirements that a company occupies.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

59) In a number of companies, managerial accountants are most likely found in cross-functional teams with personnel having a background in:

59) _____

A) commercial art.
B) real estate.
C) marketing.
D) finance.
E) communications.

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Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

60) Which of the following typically does **not** relate to the role of a controller?

60) _____

A) A controller supervises the accounting department.
B) A controller safeguards an organization's assets.
C) A controller oversees the preparation of reports required by governmental authorities.
D) A controller normally assumes a narrow role within the organization, often preventing the individual's rise to top management ranks.
E) A controller safeguards an organization's assets and a controller normally assumes a narrow role within the organization, often preventing the individual's rise to top management ranks.

Question Details
AACSB : Reflective Thinking
Difficulty : 1 Easy
Bloom's : Understand
AICPA : FN Decision Making
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Learning Objective : 01-06 Describe the roles of an organization's chief financial officer (CFO) or c
Accessibility : Keyboard Navigation

61) A controller is normally involved with:

61) _____

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A) preparing financial statements.
B) managing investments.
C) raising capital.
D) safeguarding assets.
E) managing the firm's credit policy.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
AICPA : BB Critical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Learning Objective : 01-06 Describe the roles of an organization's chief financial officer (CFO) or c
Accessibility : Keyboard Navigation

62) Which of the following is **not** a function of the treasurer?

62) _____

A) Safeguarding assets.
B) Managing investments.
C) Preparing financial statements.
D) Being responsible for an entity's credit policy.
E) Raising capital.

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Topic : Where Do We Find Managerial Accountants in an Organization?
Learning Objective : 01-06 Describe the roles of an organization's chief financial officer (CFO) or c
Accessibility : Keyboard Navigation

63) In order for a company to achieve a sustainable competitive advantage, it must:

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63) _____

A) perform one or more activities in the value chain at the same quality level as its competitors.
B) perform all activities in the value chain at the same quality level as its competitors.
C) perform its value chain activities at a higher quality level than one of its competitors.
D) perform at lower quality and higher cost than competitors.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

64) Which of the following would **not** be part of a value chain for a fast food restaurant?

64) _____

A) Buying produce.
B) Mopping the floor.
C) Refilling the napkin dispensers.
D) Hiring new cooks.
E) All of the choices are a part of the value chain.

Question Details
AACSB : Reflective Thinking
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

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65) A restaurant's value chain includes:

65) _____

A) supplier development.
B) upstream contributors.
C) downstream contributors.
D) management of inventory.
E) All of these are included in the value chain.

Question Details
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-07 Understand and explain the value chain concept.
AACSB : Technology
AICPA : BB Leveraging Technology
AICPA : FN Levering Technology
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

66) Which of the following choices correctly depicts activities that would be included in a manufacturer's value chain?

	Research and Development	Marketing	Distribution
A.	Yes	Yes	No
B.	Yes	No	Yes
C.	Yes	Yes	Yes
D.	No	Yes	No
E.	No	Yes	Yes

66) _____

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A) Choice A.
B) Choice B.
C) Choice C.
D) Choice D.
E) Choice E.

Question Details
Difficulty : 3 Hard
Bloom's : Apply
AICPA : FN Decision Making
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

67) Strategic cost management is:
1.I. the process of determining cost drivers.
2.II. the recognition of the importance of cost relationships among the activities in the value chain.
3.III. the process of managing cost relationships to the firm's advantage.
4.IV. cost-causing factors.

67) _____

A) I.
B) II.
C) III.
D) IV.
E) II. and III.

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Question Details
AACSB : Reflective Thinking
Difficulty : 2 Medium
Bloom's : Analyze
AICPA : FN Decision Making
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Legal
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

68) Which of the preceding activities would likely **not** be considered part of Forte Clothing Company's value chain?

68) _____

A) Designing a new product line.
B) Locating and then negotiating terms with a clothing manufacturer.
C) Marketing an existing product line.
D) Distributing goods from regional warehouses to local stores.
E) All of these activities would be an element in the company's value chain.

Question Details
Difficulty : 3 Hard
Bloom's : Apply
AICPA : FN Decision Making
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

69) In order for a company to achieve a sustainable competitive advantage, it must perform value chain activities:

1.I. at the same quality level as competitors, at the same cost.
2.II. at the same quality level as competitors, but at a lower cost.
3.III. at a higher quality level than competitors, at a higher cost.
4.IV. at a higher quality level than competitors, but at no greater cost.

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69) _____

A) I .
B) II.
C) III.
D) IV.
E) II and IV.

Question Details
Bloom's : Analyze
Difficulty : 3 Hard
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
AICPA : FN Risk Analysis
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

70) The process of managing the various activities in the value chain, along with the associated costs, is commonly known as:

70) _____

A) activity-based costing.
B) strategic cost management.
C) total quality management.
D) computer-integrated costing.
E) sound management practices (SMP).

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

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71) The value chain of a manufacturer would tend to include activities related to:

71) _____

A) manufacturing.
B) research and development.
C) product design.
D) marketing.
E) all of the answers are correct.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-07 Understand and explain the value chain concept.
AICPA : BB Critical Thinking
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

72) Cost management systems tend to focus on an organization's:

72) _____

A) machines.
B) employees.
C) activities.
D) customers.
E) rules and regulations.

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Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AICPA : BB Critical Thinking
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

73) The upper limit on the production of goods and services if everything works perfectly is known as:

73) _____

A) practical capacity.
B) theoretical capacity.
C) utilized capacity.
D) management capacity.
E) capacity maximization.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AICPA : BB Critical Thinking
AICPA : FN Measurement
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

74) The capacity concept that allows for normal occurrences such as machine downtime and employee fatigue is known as:

74) _____

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A) practical capacity.
B) theoretical capacity.
C) utilized capacity.
D) management capacity.
E) capacity maximization.

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AACSB : Analytical Thinking
AICPA : BB Industry
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

75) The cost of resources supplied but unused is known as:

75) _____

A) practical capacity costs.
B) the cost of theoretical capacity.
C) the cost of unused capacity.
D) the cost of resources supplied.
E) capacity cost.

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AACSB : Analytical Thinking
AICPA : BB Industry
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

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76) Given the following information, what is the total cost of unused capacity? Cost of material supplied is $3,200; Cost of material used is $3,000; Cost of material used per cake is $3; Cost of material supplied per cake is $3.20.

76) _____

A) $0.20.
B) $200.
C) $2,000.
D) $1,000.
E) There is no unused capacity.

Question Details
Difficulty : 3 Hard
Bloom's : Apply
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AACSB : Analytical Thinking
AICPA : FN Measurement
AICPA : BB Industry
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

77) Given the following information, what is the cost of unused capacity? Cost of material supplied is $8,600; Cost of material used is $8,000; Cost of material used per shelf is $8; Cost of material supplied per shelf is $8.60.

77) _____

A) $600.
B) $6,000.
C) $0.60.
D) $1,000.
E) There is no unused capacity.

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Question Details
Difficulty : 3 Hard
Bloom's : Apply
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
AACSB : Analytical Thinking
AICPA : FN Measurement
AICPA : BB Industry
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

78) What is the most important factor that has allowed companies to move from recording data to analyze it in order to gain significant insight into the entire value chain of an organization?

78) _____

A) relaxed data privacy laws.
B) the increase in cell phones.
C) powerful, low-cost technology.
D) cross-functional teams.
E) low-cost nuclear power.

Question Details
Difficulty : 3 Hard
Bloom's : Apply
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AACSB : Analytical Thinking
AICPA : FN Measurement
AICPA : BB Industry
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

79) The vast amount of data generated by an organization along with supplemental data that can provide context for the internal data is known together as:

79) _____

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A) big data.
B) data governance.
C) data analytics.
D) data science.
E) data estimation.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AICPA : FN Measurement
AICPA : BB Industry
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

80) Data science draws on what to transform large volumes of data into information?
80) _____

A) techniques from mathematics, probability, statistics, and computer science.
B) techniques from military science and management principles.
C) techniques from architecture and materials science.
D) techniques from mergers and acquisitions.
E) techniques from tax regulations and the law.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AICPA : FN Measurement
AICPA : BB Industry
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

81) Data science is often practiced by specialists, who use powerful software tools such as:

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81) _____

A) Tableau and RStudio.
B) Nintendo and Chrome.
C) Unix and Basic.
D) QuickBooks and Microsoft Word.
E) Microsoft Power Point and Quicken.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AICPA : FN Measurement
AICPA : BB Industry
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

82) Data analytics are particularly important to the managerial accountant in what two areas?

82) _____

A) budgeting and planning.
B) cost behavior and cost estimation.
C) variance analysis and planning.
D) balanced scorecard perspectives and planning.
E) direct cost and direct labor.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-09 Understand and explain big data and data analytics and how they interact w
AICPA : FN Measurement
AICPA : BB Industry
Topic : Big Data, Data Analytics, and Managerial Accounting
Accessibility : Keyboard Navigation

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83) The primary design of the CPA designation is to:

83) _____

A) focus on practices in accounting and finance within the company.
B) to ensure competence of managerial accountants throughout Europe.
C) to ensure higher wages for accountants within companies.
D) to increase membership by academics and senior financial executives.
E) assure the competence of those working outside companies and the reliability of public company reports.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-10 Discuss the professional organizations and certifications in the field of
AICPA : BB Critical Thinking
Topic : Managerial Accounting as a Career
Accessibility : Keyboard Navigation

84) The largest professional association for management accountants in the U.S. is:

84) _____

A) The American Institute of Certified Public Accountants.
B) The Institute of Management Accountants (IMA).
C) The Chartered Institute of Management Accountants.
D) The Financial Executives International (FEI).
E) The Association for Chartered Global Management Accountants.

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Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-10 Discuss the professional organizations and certifications in the field of
AICPA : BB Critical Thinking
Topic : Managerial Accounting as a Career
Accessibility : Keyboard Navigation

85) Criticisms leveled at the audit firm, Arthur Andersen, in its original conviction after the 2001 Enron scandal led Congress to pass:

85) _____

A) The 2002 Ethical Conflicts Act.
B) The Sarbanes-Oxley Act of 2002.
C) The Institute of Management Accountants' Trust and Confidence Act.
D) The Restitution and Penalties Act.
E) The Institute of Management Accountants' Statement of Ethical Professional Practice.

Question Details
AACSB : Reflective Thinking
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
AICPA : BB Critical Thinking
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

86) Which of the following can be linked to a wave of corporate scandals that took place in recent past?

86) _____

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A) Greedy corporate executives.
B) Managers who made over-reaching business deals.
C) Lack of oversight by companies' audit boards and boards of directors.
D) Shoddy work by external auditors.
E) All of these choices are correct.

Question Details
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : BB Legal
AACSB : Ethics
AICPA : FN Risk Analysis
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

87) Which of the following acts strives to improve corporate governance and the quality of corporate accounting/reporting?

87) _____

A) Robinson-Patman.
B) Taft-Hartley.
C) Sarbanes-Oxley.
D) Bush-Cheney.
E) Arthur-Andersen.

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Reporting
AICPA : BB Legal
AACSB : Ethics
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

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88) When ethical lapses such as the 2015 incident with Volkswagen happen, what is lost?

88) _____

A) trust of society.
B) confidence of shareholders, employees, suppliers, and customers.
C) market valuation.
D) reputation of the ethically challenged company.
E) All of these choices are correct.

Question Details
Difficulty : 2 Medium
AICPA : FN Reporting
Bloom's : Evaluate
AICPA : BB Legal
AACSB : Ethics
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

89) Which of the following is **not** an ethical standard of managerial accounting?

89) _____

A) Competence.
B) Confidentiality.
C) Efficiency.
D) Integrity.
E) Credibility.

Question Details
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Reporting
AICPA : BB Legal
AACSB : Ethics
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

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90) Which of the following is **not** an element of competency?

90) _____

A) To develop appropriate knowledge about a particular subject.
B) To perform duties in accordance with relevant laws.
C) To perform duties in accordance with relevant technical standards.
D) To refrain from engaging in an activity that would discredit the accounting profession.
E) To prepare clear reports after an analysis of relevant and reliable information.

Question Details
Bloom's : Analyze
Difficulty : 3 Hard
AICPA : FN Reporting
AICPA : BB Legal
AACSB : Ethics
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

91) Assume that a managerial accountant regularly communicates with business associates to avoid conflicts of interest and advises relevant parties of potential conflicts. In so doing, the accountant will have applied the ethical standard of:

91) _____

A) objectivity.
B) confidentiality.
C) integrity.
D) credibility.
E) unified behavior.

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01B

Question Details
Bloom's : Remember
Difficulty : 1 Easy
AICPA : BB Legal
AACSB : Ethics
AICPA : FN Risk Analysis
Topic : Managerial Accounting and the Ethical Climate of Business
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Accessibility : Keyboard Navigation

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01B Answer Key

Test name: CH01B

1) TRUE
2) FALSE
3) FALSE
4) TRUE
5) FALSE
6) FALSE
7) TRUE
8) FALSE
9) FALSE
10) FALSE
11) TRUE
12) TRUE
13) TRUE
14) FALSE
15) FALSE
16) FALSE
17) TRUE
18) TRUE
19) FALSE
20) FALSE
21) TRUE
22) TRUE
23) FALSE
24) C

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Managerial accountants are increasingly integrated into all aspects of an organization.

25) C

The inaccurate action in this list is invent.

26) D

The role of managerial accountants is to become more like business advisors and incorporate forward-looking goals.

27) B

Managerial accountants of the past were isolated into separate departments.

28) B

Managerial accountants in leading-edge companies have been transformed from number cruncher to trusted advisor.

29) C

Cost minimizing is not a typical activity for operational management teams.

30) A

This is a definition of decision making.

31) B

This is a definition for planning.

32) C

This is a definition for directing operational activities.

33) D

This function is controlling.

34) D

A focus on reducing the budget is typically not part of pursuing organizational goals.

35) B

A balanced scorecard is a business model that considers multiple measures for performance.

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36) E
All of these perspectives are included in the balanced scorecard.
37) E
A focus on activities that occur at the top organizational level is not a supporting objective.

38) E
Attention directing is a function used to assist managers.
39) C
Maximizing profits and minimizing costs is not an objective of managerial accounting.
40) B
The role of managerial accounting information in assisting management is an attention-directing role.
41) E
Employee empowerment includes all of the initiatives listed.
42) B
This is the definition for employee empowerment.
43) C
Managerial accounting focuses primarily on the needs of personnel within the organization.
44) A
Managerial accounting is unregulated.
45) E
All of these entities use managerial accounting information, so none of these responses is correct.
46) C
All three of these organizations have a need for managerial accounting.
47) D

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Middle-level managers would likely be considered an internal user of accounting information.

48) A

Financial accounting focuses primarily on reporting to parties outside of an organization.

49) E

Managerial accounting is more related than financial accounting to a focus on reporting to personnel within an organization, as well as providing information for planning, decision making, directing, and control.

50) C

Both financial and managerial accounting draw upon data from an organization's accounting system.

51) B

A CFO would not be considered a line position.

52) D

The manager of food and beverage services at a theme park would be considered a line position.

53) E

The company's lead, in-house attorney and the company's chief financial officer (CFO) are both staff positions.

54) E

The CFO is the chief managerial and financial accountant of an organization.

55) E

The CEO is a company's leading executive.

56) B

Managers directly involved in the provision of goods and services are line positions.

57) E

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Managerial accountants often work on cross-functional teams and are located throughout an organization.

58) E

Cross-functional teams typically are not formed to minimize physical location requirements.

59) D

Within cross-functional teams, managerial accountants are most often found with finance personnel.

60) E

A controller safeguards an organization's assets and a controller normally assumes a narrow role within the organization, often preventing the individual's rise to top management ranks both typically do not relate to the role of a controller.

61) A

A controller is normally involved with preparing financial statements.

62) C

Preparing financial statements is not a typical treasurer’s function.

63) A

In order for a company to achieve a sustainable competitive advantage it must perform one or more activities in the value chain at the same quality level as its competitors.

64) E

All of these activities would be part of a value chain for a fast food restaurant.

65) E

All of these are included in the value chain.

66) C

All of these activities would be included in the value chain.

67) E

Strategic cost management is defined by both II. and III.

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68) E
All of the activities listed are included in the Forte's value chain.
69) E
Both II. and IV. are correct.
70) B
This is a correct definition for strategic cost management.
71) E
The value chain of a manufacturer would include all of the activities listed.
72) C
Cost management systems focus on activities.
73) B
Theoretical capacity is the upper limit of production, if everything works perfectly.
74) A
Practical capacity allows for normal occurrences such as downtime and fatigue.
75) C
This is the definition of the cost of unused capacity.
76) B
Cost supplied − Cost used = Cost of unused capacity; $3,200 − 3,000 = $200.
77) A
Cost supplied − Cost used = Cost of unused capacity; $8,600 − 8,000 = $600.
78) C
Powerful and relatively low-cost technology has allowed companies to put their data to work in understanding the value chain.
79) A
This is the definition of big data.

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80) A

Data science draws on techniques from mathematics, probability, statistics and computer science to transform large volumes of data into information.

81) A

Tableau and RStudio are commonly used by data science specialists.

82) B

Data analytics are particularly important to the managerial accountant in the areas of cost estimation and cost behavior.

83) E

CPA designation allows assurance of competence outside companies, as well as the reliability of public company reports.

84) B

The IMA is the largest professional organization for management accountants in the U.S.

85) B

The Enron scandal spawned the creation of the Sarbanes-Oxley Act of 2002.

86) E

All of these factors are linked to the corporate scandals.

87) C

Corporate governance and the quality of corporate accounting and reporting are the focus of the Sarbanes-Oxley Act.

88) E

Not only is unethical behavior in business wrong in a moral sense, and damaging to individual organizations, but it also can be disastrous from the standpoint of the economy.

89) C

Efficiency is not an ethical standard of managerial accounting.

90) D

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Refraining from activity that would discredit the accounting profession is not an element of competency.

91) C

The accountant applied the ethical standard of integrity.

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01C

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

1) A. What is managerial accounting?

B. Explain why managerial accountants are such important strategic partners in an organization's management team.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Measurement
Bloom's : Understand
Bloom's : Apply
Difficulty : 2 Medium
Topic : Managerial Accounting: A Business Partnership with Management
Learning Objective : 01-01 Define managerial accounting and describe its role in the management proce
Accessibility : Keyboard Navigation

2) Give examples of each of the four primary management activities in the context of a national pizza franchise.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Measurement
Bloom's : Understand
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-02 Explain four fundamental management processes that help organizations atta
Topic : Managing Resources, Activities, and People
Accessibility : Keyboard Navigation

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3) State Hospital was once the premier health facility in the Yesville community. Unfortunately, budget cuts and the loss of strategic personnel due to non-competitive salaries have taken a toll on the hospital. The hospital decided to align current strategic goals using the Balanced Scorecard approach. These goals are:

Financial: Balance revenue and Cost to break-even, leading to profit.

Customer: Create new value for customer.
Internal process: Ensure service quality and expand service networks.
Learning and growth: Work toward more employees becoming leaders.

Based on these goals, the hospital developed Objectives for the new balanced scorecard as follows:

Financial Perspectives: Enhance operational excellence and cost management.
Customer Perspectives: Investigate customer needs.
Internal Process Perspectives: Enhance the combined professional service quality.
Learning and Growth Perspectives: (1) Enhance employee satisfaction; and (2) Slow down the expansion of operating activity.

Required:
Given these objectives, list at least (5) measurements for each perspective.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Measurement
Bloom's : Understand
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
Topic : Objectives of Managerial Accounting Activity
Accessibility : Keyboard Navigation

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4) Magnum Overnight operates an overnight package delivery service that competes with Federal Express and United Parcel Service (UPS). Top management is considering the use of a balanced scorecard to evaluate operations.

Required:

A. What is a balanced scorecard and other than customer-satisfaction measures, what are its typical key components?

B. List four customer-satisfaction measures that Magnum might use to evaluate performance.

Question Details

AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
Topic : Objectives of Managerial Accounting Activity
AICPA : FN Decision Making
Bloom's : Analyze
Bloom's : Evaluate
Accessibility : Keyboard Navigation

5) Nikki and Bart have been tasked by top management with discussing some of the financial measures to include in their company's balanced scorecard. Both are aware that measures that can be quantified will allow for performance measures that are more effectively captured, leading toward actionable corrective accomplishments. Nikki suggests that they include decreased financing charges as a result of lowering of the federal interest rate by 1% (a rate at which their company borrows money). Is this a good financial goal to include in the balanced scorecard? Explain.

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Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
Topic : Objectives of Managerial Accounting Activity
AICPA : FN Decision Making
Bloom's : Analyze
Bloom's : Evaluate
Accessibility : Keyboard Navigation

6) Nikki and Bart have been tasked by top management with assembling measures to include in their company's balanced scorecard. The two compiled more than 100 metrics during a brainstorming session. As they now begin to discuss the list and eliminate some, their question is: What is the ideal number of goals for each of the four balanced scorecard perspectives? Discuss.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 List and describe five objectives of managerial accounting activity.
Topic : Objectives of Managerial Accounting Activity
AICPA : FN Decision Making
Bloom's : Analyze
Bloom's : Evaluate
Accessibility : Keyboard Navigation

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7) Consider the descriptors that follow.

1. Is heavily involved with the recordkeeping and reporting of assets, liabilities, and stockholders' equity.
2. Focuses on planning, decision making, directing, and control.
3. Is heavily regulated.
4. A field that is becoming more "cross-functional" in nature.
5. Much of the field is based on costs and benefits.
6. Is involved almost exclusively with past transactions and events.
7. Much of the information provided is directed toward stockholders, financial analysts, creditors, and other external parties.
8. Tends to focus more on subunits within an entity rather than the organization as a whole.
9. May become involved with measures of customer satisfaction, and the amount of actual cost incurred vs. budgeted targets.

Required:

Determine whether the descriptors are most closely associated with financial accounting or managerial accounting.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-04 Explain the major differences between managerial and financial accounting.
Topic : Managerial versus Financial Accounting
Accessibility : Keyboard Navigation

8) Briefly distinguish between managerial accounting and financial accounting. Be sure to comment on the general focus, users, and regulation related to the two fields.

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01C

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Understand
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-05 Describe the accounting and finance structure in an organization.
Topic : Where Do We Find Managerial Accountants in an Organization?
Accessibility : Keyboard Navigation

9) The following are activities for State Hospital.

Required:
Classify each as a value-added (V) or nonvalue-added (N) and give an explanation why you answered the way you did.

Activity	**Classification (V or N)**	**Explanation**
Patients waiting in the lobby		
Providing in-patient x-rays		
Retaking x-rays to get a different view		
Outpatient dialysis		

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Understand
Bloom's : Apply
Difficulty : 3 Hard
AICPA : FN Risk Analysis
Learning Objective : 01-07 Understand and explain the value chain concept.
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

10) The value chain is a key component of contemporary management accounting.

Required:
Define the term "value chain" and explain how it would relate to an airline.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Understand
Bloom's : Apply
Difficulty : 3 Hard
AICPA : FN Risk Analysis
Learning Objective : 01-07 Understand and explain the value chain concept.
Topic : Managerial Accounting and the Value Chain
Accessibility : Keyboard Navigation

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11) Required:

Present several examples of managerial accounting information that could help a manager make each of the following decisions:

A. A manufacturing company is currently making a part that is a production headache. The firm is deciding whether to abandon production and buy the part from an outside supplier.
B. An operator of fast-food restaurants is deciding whether to open a new store in Dallas.

Question Details
AICPA : BB Industry
Bloom's : Apply
Difficulty : 3 Hard
Bloom's : Analyze
Bloom's : Evaluate
AICPA : FN Risk Analysis
AACSB : Analytical Thinking
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

12) 1. Auditions for actors and actresses
2. Development of promotional materials for use by local newspapers
3. Focus groups to evaluate ideas for potential television comedy series
4. Production of DVDs for release to big box stores and online video outlets
5. On-location shooting of scenes
6. Fine-tuning and rewrites of scripts
7. Set design and construction for a new medical drama

Required:

A. Evaluate the seven activities as upstream (pre-production), production, or downstream (post-production) in nature.
B. Generally speaking, which activities (upstream, production, or downstream), if any, can management ignore if the company is to be successful in achieving its key strategic goals?

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Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
Bloom's : Understand
AICPA : FN Decision Making
Difficulty : 1 Easy
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

13) Unused or excess capacity is a key component of contemporary management accounting.

Required:
Define the term "excess capacity" and explain how it would relate to a coffee shop.

Question Details
AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Measurement
Bloom's : Understand
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-08 Explain how investments in capacity affect managerial decision making.
Topic : Capacity and Capacity Costs
Accessibility : Keyboard Navigation

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14) Tae Franklin is the sales manager of Darius Enterprises, a very profitable distributor of office furniture to local businesses. A recent economic downturn has created an extremely tight cash position, and the company has been hurt by the bankruptcy of two key customers.

In late October, anticipating an economic recovery, Franklin began an extensive remodeling of the company's sales floor. Construction costs, decorating, and equipment purchases are projected to cost $250,000.

Darius has a policy that individual expenditures in excess of $200,000 must be approved by the firm's board of directors. Franklin, unfortunately, missed the deadline to have the board consider this project at its regular September meeting. Not wanting to wait until the next meeting in December, he subdivided the project in two parts—construction and decorating ($190,000) and equipment purchases ($60,000)—neither of which needed board approval because of the dollar amounts involved.

The project was recently completed and sales have begun to recover. Customers have raved about the new sales area, noting that it is far superior to those of Darius's competitors.

Required:

A. Would Franklin's approach of subdividing the project in two parts have any effect on the company's financial statements? Briefly explain.

B. Briefly discuss whether Franklin behaved in an ethical manner.

C. Which, if any, of the following standards of conduct would have applicability to Franklin's conduct: competence, confidentiality, integrity, or credibility? Briefly explain.

Question Details
AICPA : BB Industry
Bloom's : Apply
Difficulty : 3 Hard
Bloom's : Analyze
Bloom's : Evaluate
AICPA : FN Reporting
AACSB : Ethics
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Topic : Managerial Accounting and the Ethical Climate of Business
Accessibility : Keyboard Navigation

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

15) Many professions have adopted a series of ethical standards to provide guidance for their memberships. The Institute of Management Accountants (IMA), for example, has published standards that focus on competence, confidentiality, integrity, and credibility. In light of these standards, consider the three cases that follow.

Case A—Leston Corporation has experienced serious financial difficulties in recent years. John Young, the company's chief financial officer, has just learned that a major competitor was likely to file for bankruptcy; however, he failed to disclose this information at a board meeting held later that day when a plant closure decision was being discussed. The board evaluated several proposals during the session that focused on improving Leston's financial position.

Case B—QBX Company manufactures fertilizer from various raw materials, including a raw material know as Felstar. Paul Kelly, the firm's purchasing manager, purposely acquired a lower grade of Felstar than normal because of a very attractive price. The lower-grade product resulted in increased usage during the manufacturing process but had no effect on the fertilizer's overall quality. An end-of-period report showed that QBX profited from Kelly's actions, with the overall savings in purchase price more than offsetting the cost of added consumption.

Case C—Central Distributing has a participative budgeting process, allowing employees to have a say in projected sales targets for the upcoming period. These targets are reflected in a series of performance reports that compare actual sales achieved against targeted amounts. Hillary Baxter submitted very low sales targets because, as she confided in a colleague, "I always want to look good in terms of meeting targets, even if anticipated sales and closures don't materialize."

Required:

Evaluate the three cases and determine the ethical issues, if any, which are involved. Cite the IMA's standards if appropriate.

Question Details

AICPA : BB Industry
Difficulty : 3 Hard
Bloom's : Evaluate
AICPA : FN Reporting
AACSB : Ethics
Learning Objective : 01-11 Describe the ethical responsibilities and ethical standards that apply to
Topic : Managerial Accounting and the Ethical Climate of Business
Accessibility : Keyboard Navigation

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Managerial Accounting Creating Value in a Dynamic Business Environment 12th Edition by Hilton CH01C Answer Key

Test name: CH01C

1) A. Managerial accounting is the process of identifying, measuring, analyzing, interpreting, and communicating information in pursuit of an organization's goals. As such, managerial accounting is an integral part of the management process.
B. Managerial accountants are such important strategic partners in an organization's management team because they are specialists in using the tools, knowledge, and techniques of management accounting to turn complex data into actionable information that helps managers plan, measure value, and manage risk in a company's operations.
2) Examples of the four primary management activities in the context of a national pizza franchise are as follows:

(a) Decision making: Choosing among several convenient locations for the new restaurant. (Should be high traffic area with sufficient customers of a particular income and age.)

(b) Planning: Developing a cost budget for the food and paper products to be used by quarter for the next year, along with franchise fees and training needs.

(c) Directing operations: Developing detailed schedules for personnel for the next quarter to provide counter service in the pizza restaurant.

(d) Controlling: Comparing the actual cost of goods sold in the restaurant with the anticipated cost for that same time period.

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3) Student answers will vary, but here are some examples:

Financial Perspective Measures:

Revenue
Patient-provided income
Revenue per employee
Revenue per patient
Cost ratio, like HR cost or operating cost

Customer Perspective Measures:

1. Number of services recognized by customer.
2. Customer satisfaction.
3. Customer complaints.
4. Average patient visits per week.
5. New customers.

Internal Process Perspective Measures:

1. Percentage of employees able to handle direct patient care problem.
2. Emergency room transfer rate.
3. Doctor professional quality.
4. Employee average professional skills.
5. Benchmark measures with similar size facilities and environments.

Learning and Growth Perspective Measures:

1. Employee satisfaction.
2. Employee turnover.
3. Doctor commitment.
4. Number of doctors.
5. Number of employees.
6. Human resource cost (training and salaries)
7. Work load.

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8. Number of new services.
9. Environment and equipment investments in dollars
10. Trends in number of customers and margins of each service.

4) A. The balanced scorecard is a business model that helps to assess a firm's competitive position and ensures that the firm is progressing toward long-term survival. Balanced scorecards differ from organization to organization; however, in addition to customer-satisfaction measures, most have a combination of financial measures, internal operating measures, and measures of innovation/growth and learning.

B. Customer-satisfaction measures could include number of packages delivered, market share, number of packages lost or damaged, number of customer complaints, average wait time when calling and scheduling a package pickup, and response time to customer problems.

5) The financial perspective of the balanced scorecard should be focused on something that is controllable or actionable. Therefore, this is not a good financial goal. While the company would benefit by a lower interest rate, the federal interest rate is not something that the company can control. Alternatively, if the company has an interest rate that could be lowered due to their action of gaining a better credit rating, then this might be a good goal. However, in its current form it would have to be rewritten to include this information about the company's controllable action.

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6) Continual assessment and improvement of how an organization stacks up against the competition (using the perspectives of internal operations and business processes, customer needs, company employee training, and financial viability) requires several types of financial and nonfinancial performance measurements. Questions asked about these perspectives must be sufficient to achieve strategic objectives but not too onerous to leave the company with beleaguered sense of information overload. While there is not a magic number or amount established by business research when preparing the final scorecard, most companies recognize anywhere from two to four metrics for each of the four perspectives.

7)

1. Financial accounting	6. Financial accounting
2. Managerial accounting	7. Financial accounting
3. Financial accounting	8. Managerial accounting
4. Managerial accounting	9. Managerial accounting
5. Managerial accounting	

Managerial Accounting Creating Value in a Dynamic Business Environment 12th edition Hilton Test Bank

8) Managerial accounting is concerned with providing information to personnel within an organization so that they can plan, make decisions, evaluate performance, and control operations. There are no rules and regulations associated with this field since the information is intended solely for use within the firm.

Financial accounting, in contrast, focuses on financial statements and other financial reports. This area deals with reporting to groups outside of an organization (e.g., stockholders, lenders, government agencies) so that some assessment of profitability and overall financial health can be made. Given the large number of firms in our economy and the varying level of user sophistication, the field is heavily regulated (by the Financial Accounting Standards Board and, to a lesser degree, by the Securities and Exchange Commission).

9)

Activity	**Classification (V or N)**	**Explanation**
Patients waiting in the lobby	N	Does not add to the patient experience or satisfaction
Providing in-patient x-rays	V	Patients gain value by not having to go to another facility
Retaking x-rays to get a different view	N or	If it the retake is because a poor picture was taken the first time, then that is bad for the patient – do it right the first time.

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	V	If the first picture is good, but a different view is needed to confirm whether to operate, that is value-added for the patient.
Outpatient dialysis	V	Allows patient the freedom to get a critical care procedure, without a hospital stay.

10) The value chain is a set of activities that work together to create value for an organization. With a manufacturer, for instance, activities that range in scope from securing raw materials, to production, to delivery of products will culminate in goods that boost a firm's bottom-line profitability.

Activities in a value chain for an airline would include reservations and ticketing, maintenance, baggage handling, marketing, customer service, frequent-flyer programs, and, of course, flight operations.

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11) ***Note: Many correct answers are possible.***

A. The cost of each alternative (make vs. buy) would be needed along with information about suppliers that pertains to reliability and product quality (e.g., testimonials from a supplier's current customers that cite any problems with on-time deliveries, product stockouts, or abnormally high spoilage rates of purchased goods). Given the company is currently making the part, what would happen to the facilities if the firm begins to purchase from outside suppliers? Could the facilities be subleased, used for other profitable products, or downsized (with equipment being sold)? What would happen to existing employees—would there be any layoffs and how much would the company save?

B. The manager needs information about construction or leasing costs along with figures that focus on subsequent operating costs. Also, projected sales, market share figures, and data about competitors would be helpful.

12) A.

1. Upstream (pre-production)	5. Production
2. Downstream (post-production)	6. Upstream (pre-production) and production
3. Upstream (pre-production)	7. Upstream (pre-production)
4. Downstream (post-production)	

B. None. All are important and must be considered.

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13) Excess capacity is the difference between the amount of a resource supplied and the amount of a resource used at a given output activity level.

A coffee shop may have excess capacity in terms of servers, brewers, and the number of brewed beverages available to customers.

14) A. Although some extra processing is involved because of the "separate" projects, the same total costs will be incurred for the same assets. Thus, there is no impact on the financial statements, which serve to summarize financial activity.

B. Franklin behaved in an unethical manner. Even though business is recovering and customers seem more than satisfied with the new sales area, Franklin knowingly bypassed stated company policy. The project is being done in a single phase, and is comprised of construction, decorating, and equipment acquisition. This is really one project; yet his accounting treatment implies otherwise.

C. Two standards are relevant here. Integrity holds that managers refrain from engaging in any conduct that would prejudice the ethical performance of duties. Additionally, credibility recognizes that managers have a responsibility to communicate information fairly and objectively, and disclose all relevant information that could reasonably be expected to influence a user's understanding of the reports and data presented.

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15) *Case A:* Young had an obligation to inform the other board members about the likely bankruptcy, particularly in light of the company's financial situation and the topics under discussion at the meeting. The information could have affected the board's thinking on several matters. Two of the IMA standards are relevant here: competence and credibility. Competence notes, in part, that members provide decision-support information that is accurate and timely. Additionally, credibility holds that members disclose all relevant information that could influence a user's understanding of an analysis. Young's silence violates both of these ethical standards.

Case B: Kelly did not violate any ethical standards. The acquisition of sub-par material was a sound business decision, particularly since QBX prospered financially and quality of the end product did not suffer.

Case C: Baxter engaged in a somewhat common practice known as padding the budget; nevertheless, one can conclude that such a practice is inconsistent with the ethical standards of credibility and competence. Baxter is not providing full knowledge of the sales situation by setting targets that are purposely low, thus possibly misleading managers who attempt to analyze her performance. Additionally, competence is involved because the information provided in setting the sales targets is inaccurate.

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