

## Chapter 1 - Introduction to Managerial Accounting

1. The managerial activity of monitoring a plan's implementation and taking corrective action as needed is referred to as decision making.
- a. True
  - b. False

*ANSWER:* False

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMMF-GR3D-NAUD-GPTU-CC3W-GESS-R3MB-CESU-YAMR-GOSU-NAMB-GHSU-YPDR-CI1U-E3TI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

2. The process of choosing among competing alternatives is decision making.
- True
  - False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

3. Managerial accounting information is *not* important for not-for-profit organizations.

- a. True
- b. False

*ANSWER:* False

*RATIONALE:* Managerial accounting information is important for all types of organizations.

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Reporting  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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4. Management accounting information is only used by manufacturing organizations.

- a. True
- b. False

*ANSWER:* False

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

5. Managerial Accounting is designed primarily for internal users.

- a. True
- b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1  
ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-  
Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Reporting  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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KCUG-G7OU-RPUR-GRSU-QPTT-CRSS-G3UB-GOSS-RQDB-8RSS-NA31-GR5U-  
YPUG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

6. Managerial accounting has its emphasis on the future.

- a. True
- b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

7. Financial accounting is governed by GAAP.

- a. True
- b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-02-GAAP  
United States - AK - AICPA: FN-Reporting  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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8. The value chain is the set of activities required to design, develop, produce, market, and deliver products and service to customers.
- a. True
  - b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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9. Time is *not* a crucial element in all phases of the value chain.

- a. True
- b. False

*ANSWER:* False

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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10. Activity-based costing is a *less* detailed approach to determining the cost of goods and services than traditional cost accounting.
- a. True
  - b. False

**ANSWER:** False

**RATIONALE:** ABC costing is a *more* detailed approach to determining the cost of goods and services.

**POINTS:** 1

**DIFFICULTY:** Easy

**QUESTION TYPE:** True / False

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-3 - LO: 1-3

**NATIONAL STANDARDS:** United States - BUSPROG: Analytic

**STATE STANDARDS:** United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

**KEYWORDS:** Bloom's: Knowledge

**NOTES:** 1 min.

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**DATE MODIFIED:** 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

11. Excellent customer service is an example of a value-added activity.

- a. True
- b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs  
United States - AK - AICPA: FN-Measurement -  
AICPA: FN-Measurement

United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

12. A cost accountant would normally occupy a staff position within an organization.

- a. True
- b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KT1G

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## Chapter 1 - Introduction to Managerial Accounting

13. Positions that have direct responsibility for the basic objectives of an organization are referred to as line positions.
- a. True
  - b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

14. Virtually all managerial accounting practices were developed to assist managers in maximizing profits.
- True
  - False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

15. The belief that each member of a group bears *no* responsibility for the well-being of other members is a common principle underlying all ethical systems.
- a. True
  - b. False

**ANSWER:** False

**RATIONALE:** The belief that each member of a group bears *some* responsibility for the well-being of other members is a common principle underlying all ethical systems.

**POINTS:** 1

**DIFFICULTY:** Easy

**QUESTION TYPE:** True / False

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-5 - LO: 1-5

**NATIONAL STANDARDS:** United States - BUSPROG: Ethics

**STATE STANDARDS:** United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Resource Management  
United States - AK - IMA: Business Applications

**KEYWORDS:** Bloom's: Knowledge

**NOTES:** 1 min.

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**DATE MODIFIED:** 11/4/2014 8:59 AM

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16. The four emphasized areas of the CMA examination reflect the needs of managerial accounting and highlights that managerial accounting has more of an interdisciplinary flavor than other areas of accounting.
- a. True
  - b. False

**ANSWER:** True

**POINTS:** 1

**DIFFICULTY:** Easy

**QUESTION TYPE:** True / False

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-6 - LO: 1-6

**NATIONAL STANDARDS:** United States - BUSPROG: Analytic

**STATE STANDARDS:** United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

**KEYWORDS:** Bloom's: Knowledge

**NOTES:** 1 min.

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**DATE MODIFIED:** 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

17. The purpose of the Certificate in Public Accounting is to provide minimal professional qualification for external auditors.
- a. True
  - b. False

*ANSWER:* True

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* True / False

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-6 - LO: 1-6

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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18. The detailed formulation of action to achieve a particular end is the management activity called\_\_\_\_\_.

*ANSWER:* planning.

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Performance Measurement

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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19. \_\_\_\_\_ is the provision of accounting information for a company's internal users.

*ANSWER:* Managerial accounting

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTTO

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## Chapter 1 - Introduction to Managerial Accounting

20. The process of choosing among competing alternatives is called \_\_\_\_\_.

*ANSWER:* decision making

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Decision Analysis

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

21. The managerial activity of monitoring a plan's implementation and taking corrective action as needed is referred to as \_\_\_\_\_.

*ANSWER:* controlling

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions

United States - AK - AICPA: FN-Decision Modeling

United States - AK - IMA: Performance Measurement

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

22. The managerial accounting system produces information for \_\_\_\_\_ users.

*ANSWER:* internal

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Performance Measurement

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

23. \_\_\_\_\_ is primarily concerned with producing information for external users.

*ANSWER:* Financial accounting

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

24. Managerial accounting strongly emphasizes providing information about \_\_\_\_\_.

*ANSWER:* future events

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

25. The \_\_\_\_\_ is the set of activities required to design, develop, produce, market and deliver products and services as well as provide support services to customers.

*ANSWER:* value chain

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs

United States - AK - AICPA: BB-Resource Management

United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

26. \_\_\_\_\_ organizes costs according to the value chain and collects both financial and nonfinancial information.

*ANSWER:* Lean accounting

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs  
United States - AK - AICPA: BB-Industry  
United States - AK - AICPA: BB-Resource Management  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

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## Chapter 1 - Introduction to Managerial Accounting

27. \_\_\_\_\_ is a management philosophy in which manufacturers strive to create an environment that will enable workers to manufacture perfect (zero-defect) products.

*ANSWER:* Total quality management

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs

United States - AK - AICPA: BB-Resource Management

United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

28. \_\_\_\_\_ is the continual search for ways to increase the overall efficiency and productivity of activities by reducing waste, increasing quality and managing costs.

*ANSWER:* Continuous improvement

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs

United States - AK - AICPA: BB-Resource Management

United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

29. \_\_\_\_\_ is a crucial element in all phases of the value chain.

*ANSWER:* Time

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs  
United States - AK - AICPA: FN-Measurement -  
AICPA: FN-Measurement

United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

30. The \_\_\_\_\_ supervises all accounting functions and reports directly to the general manager and chief operating officer (COO).

*ANSWER:* controller

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions

United States - AK - AICPA: BB-Critical Thinking

United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

31. Positions that are supportive in nature and have only indirect responsibility for an organization's basic objectives are called \_\_\_\_\_.

*ANSWER:* staff positions

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

32. The \_\_\_\_\_ is responsible for the finance function.

*ANSWER:* treasurer

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: BB-Industry  
United States - AK - AICPA: BB-Resource Management  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

33. In June 2002, Congress passed the \_\_\_\_\_ in response to financial scandals such as Enron.

*ANSWER:* Sarbanes-Oxley Act (SOX)

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-10-Internal Control  
United States - AK - AICPA: BB-Legal  
United States - AK - IMA: FSA

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

34. \_\_\_\_\_ involves choosing actions that are right, proper, and just.

*ANSWER:* Ethical behavior

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*QUESTION ID:* JFND-GO4F-EC4U-KO3T

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## Chapter 1 - Introduction to Managerial Accounting

35. To promote ethical behavior by managers and employees, organizations commonly establish a\_\_\_\_\_.

*ANSWER:* code of conduct

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMMD-GAHU-N3MR-CCHD-K3BS-CWSS-GAMB-8RSU-1CT1-GOSS-NQBA-CESU-OQJZ-GPTU-C3MR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

36. Only a \_\_\_\_\_ is permitted to serve as an external auditor.

*ANSWER:* Certified Public Accountant (CPA)

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-6 - LO: 1-6

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: FSA

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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## Chapter 1 - Introduction to Managerial Accounting

37. A \_\_\_\_\_ has passed a comprehensive examination designed to ensure technical competence and has two years of experience.

*ANSWER:* Certified Internal Auditor  
CIA

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Completion

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-6 - LO: 1-6

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

38. Which of the following is *not* an objective of managerial accounting?
- a. To prepare external reports for investors, creditors, government agencies, and other outside users.
  - b. To provide information for costing of services, products, and other objects of interest to management.
  - c. To provide information for planning, controlling, evaluating and continuous improvement.
  - d. To provide information for decision making.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Comprehension

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

39. Which of the following is an example of the management activity referred to as planning?
- a. Developing a strategy for disposing of hazardous waste.
  - b. The decision to eliminate an unprofitable segment of an organization.
  - c. The decision to outsource an organization's payroll processing.
  - d. All of these are correct

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Comprehension

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMMG-8Y4G-RAUR-GBUG-KP3W-GESU-K3TI-CRSU-QAT3-GOSU-Q3MN-GASU-YCJW-CW3U-G3UG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

40. Developing a company strategy for responding to anticipated new markets is an example of
- planning.
  - controlling.
  - decision making.
  - all of these are correct.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

41. Investigating production variances and adjusting the production process is an example of
- planning.
  - controlling.
  - decision making.
  - all of these.

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-1 - LO: 1-1

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: FN-Risk Analysis  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

42. The primary objective of managerial accounting is
- to provide stockholders and potential investors with useful information for decision making.
  - to provide banks and other creditors with information useful in making credit decisions.
  - to provide management with information useful for planning and control of operations.
  - to provide the Internal Revenue Service with information about taxable income.

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

### 43. Managerial accounting

- a. is primarily for external users.
- b. has no mandatory rules.
- c. provides information based on historical information.
- d. must adhere to GAAP.

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

44. Managerial accounting reports are prepared
- according to GAAP guidelines.
  - to meet the needs of decision makers within the firm.
  - for external users.
  - all of these are correct

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

### 45. Financial accounting

- a. is concerned with the information about the firm as a whole.
- b. has to adhere to GAAP policies.
- c. focuses on external users.
- d. all of these are correct

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: FN-Reporting  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

46. Which of the following would *not* be an example of a value-added activity?

- a. timely delivery of products
- b. offering the customer a variety of products
- c. storage of finished products
- d. excellent customer service

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

47. Total quality management emphasizes
- a. zero defects.
  - b. continuous improvement.
  - c. elimination of waste.
  - d. all of these are correct.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

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*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMJ1-C3TU-O3DD-C31D-QA3O-8RSS-KPDB-CRSU-G3J1-GOSU-QAJA-GASS-GCT3-GJTG-N3BO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

### 48. Activity-based costing

- a. strives to create an environment that will enable workers to manufacture zero-defect products.
- b. is the process of choosing among competing alternatives.
- c. was established in response to financial scandals.
- d. encourages process-value analysis.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-3 - LO: 1-3

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-27-Managerial Account - ACBSP: APC-27-Managerial Accounting Features/Costs  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTBU

*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMJ1-8R3D-YAJS-GIOU-N3UN-GRSU-NCMN-CRSU-NCJI-GOSU-QPUB-GESS-RC3W-GFUD-O3JS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE



## Chapter 1 - Introduction to Managerial Accounting

49. Which of the following would normally occupy a line position?

- a. staff accountant
- b. accounting manager
- c. vice-president of marketing
- d. treasurer

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Resource Management  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Comprehension

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTB1

*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMMF-GIUG-GQMG-CIOS-NPT3-GESU-C3JO-CRSU-EQJ3-GOSS-K3UN-CESS-E3BI-GT1S-NC3Z-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

50. Which of the following would normally occupy a staff position?

- a. assembly worker
- b. cost accounting manager
- c. factory manager
- d. all of these

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose

United States - AK - AICPA: BB-Industry

United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Comprehension

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTBT

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## Chapter 1 - Introduction to Managerial Accounting

51. Which of the following would occupy a line position in a hospital?
- a. manager of the cafeteria
  - b. hospital administrator
  - c. chief of surgery
  - d. none of these

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Comprehension

*NOTES:* 1 min.

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*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTBO

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## Chapter 1 - Introduction to Managerial Accounting

52. The controller of an organization participates in
- a. planning.
  - b. controlling.
  - c. decision making.
  - d. all of these are correct

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-4 - LO: 1-4

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTBZ

*QUESTION GLOBAL ID:* GCID-E7BW-1TBP-CW4U-EQMR-GYAD-CCJZ-CFTN-4CJO-GRHN-4QMD-GE4N-4C33-8RHN-4AUB-CIOU-OC5R-C3DI-GWN8-EPRW-EMJU-CR3S-KQBI-CRAG-KCDG-CWSU-QPBO-CESS-C3UR-GOSS-GCBW-CCSU-1PUD-CJTD-NPUF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

## Chapter 1 - Introduction to Managerial Accounting

### 53. The objective of profit maximization

- a. should be the only goal of an organization.
- b. is an objective of financial accounting but not managerial accounting.
- c. should be achieved through legal and ethical means.
- d. should outweigh the goal of product quality.

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Challenging

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Legal  
United States - AK - IMA: Business Applications

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

54. The standards of ethical conduct for managerial accountants include
- competence and performance.
  - integrity and respect for others.
  - confidentiality, confidence, integrity, and observance.
  - competence, confidentiality, integrity, and credibility.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

*QUESTION ID:* JFND-GO4F-EC4U-KTBI

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## Chapter 1 - Introduction to Managerial Accounting

55. Which of the following areas is *not* emphasized on the CMA examination?

- a. external auditing and business law
- b. economics, finance, and management
- c. decision analysis and information systems
- d. financial accounting and reporting

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Moderate

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-6 - LO: 1-6

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

56. Accountants that have a Certificate in Public Accounting (CPA):
- a. are the only accountants permitted to serve as external auditors.
  - b. must pass a national examination and be licensed by the state in which they practice.
  - c. may be held responsible to provide assurance concerning the reliability of a firm's financial statements.
  - d. all of these statements are true.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-6 - LO: 1-6

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose

United States - AK - AICPA: BB-Industry

United States - AK - IMA: Reporting

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

57. Persons in the United States who provide assurance service are designated as
- Certified Public Accountants.
  - Certified Financial Accountants.
  - Chartered Accountants.
  - Certified Management Accountants.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*QUESTION TYPE:* Multiple Choice

*HAS VARIABLES:* False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-6 - LO: 1-6

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:* United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Cost Management

*KEYWORDS:* Bloom's: Knowledge

*NOTES:* 1 min.

*DATE CREATED:* 11/4/2014 8:59 AM

*DATE MODIFIED:* 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

58. Describe the major differences between managerial accounting and financial accounting.

*ANSWER:*

Managerial accounting:

- Internally focused
- No mandatory rules
- Financial and nonfinancial information; subjective information possible
- Emphasis on the future
- Internal evaluation and decisions based on very detailed information
- Broad, multidisciplinary

Financial accounting:

- Externally focused
- Must follow externally imposed rules
- Objective financial information
- Historical orientation
- Information about the firm as a whole
- More self-contained

*POINTS:*

1

*DIFFICULTY:*

Moderate

*QUESTION TYPE:*

Subjective Short Answer

*HAS VARIABLES:*

False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-2 - LO: 1-2

*NATIONAL STANDARDS:* United States - BUSPROG: Analytic

*STATE STANDARDS:*

United States - AK - ACBSP: APC-01-Purpose

United States - AK - ACBSP: APC-25-Managerial Charact - ACBSP: APC-25-Managerial Characteristics/Terminology

United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions

United States - AK - AICPA: BB-Industry

United States - AK - AICPA: FN-Decision Modeling

United States - AK - AICPA: FN-Reporting

United States - AK - IMA: Business Applications

*KEYWORDS:*

Bloom's: Comprehension

*NOTES:*

5 min.

*DATE CREATED:*

11/4/2014 8:59 AM

*DATE MODIFIED:*

11/4/2014 8:59 AM

*QUESTION ID:*

JFND-GO4F-EC4U-KCT3

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## Chapter 1 - Introduction to Managerial Accounting

59. Discuss in detail the three uses of managerial accounting information.

**ANSWER:** The three uses of managerial accounting information are planning, controlling and decision making. Planning is the detailed formulation of action to achieve a particular end in the management activity. Planning requires setting objectives and identifying methods to achieve those objectives. The managerial activity of monitoring a plan's implementation and taking corrective action as needed is referred to as controlling. Control is usually achieved by comparing actual performance with expected performance. This information can be used to evaluate or to correct the steps being taken to implement a plan. The final use of managerial accounting information is decision making. This managerial function is intertwined with planning and control in that a manager cannot successfully plan or control the organization's actions without making decisions regarding competing alternatives.

**POINTS:** 1

**DIFFICULTY:** Moderate

**QUESTION TYPE:** Subjective Short Answer

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-1 - LO: 1-1

**NATIONAL STANDARDS:** United States - BUSPROG: Analytic

**STATE STANDARDS:** United States - AK - ACBSP: APC-26-Management Functio - ACBSP: APC-26-Management Functions  
United States - AK - AICPA: BB-Industry  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Decision Analysis

**KEYWORDS:** Bloom's: Comprehension

**NOTES:** 10 min.

**DATE CREATED:** 11/4/2014 8:59 AM

**DATE MODIFIED:** 11/4/2014 8:59 AM

**QUESTION ID:** JFND-GO4F-EC4U-KCTA

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## Chapter 1 - Introduction to Managerial Accounting

60. The Institute of Management Accountants (IMA) established ethical standards for accountants known as the Statement of Ethical Professional Practice. Briefly describe the four standards.

*ANSWER:*

1. Competence—maintain an appropriate level of professional expertise by continually developing knowledge and skills; perform professional duties in accordance with relevant laws, regulations, and technical standards; provide decision support information and recommendations that are accurate, clear, concise and timely; recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.
2. Confidentiality—keep information confidential except when disclosure is authorized or legally required; inform all relevant parties regarding appropriate use of confidential information; monitor subordinates' activities to ensure compliance; refrain from using confidential information for unethical or illegal advantage.
3. Integrity—mitigate actual conflicts of interest, regularly communicate with business associates to avoid apparent conflicts of interest; advise all parties of any potential conflicts; refrain from engaging in any conduct that would prejudice carrying out duties ethically; abstain from engaging in or supporting any activity that might discredit the profession.
4. Credibility—communicate information fairly and objectively; disclose all relevant information that could reasonably be expected to influence an intended user's understanding of the reports, analyses or recommendations; disclose delays or deficiencies in information, timeliness, processing, or internal controls in conformance with organization policy and/or applicable law.

*POINTS:*

1

*DIFFICULTY:*

Challenging

*QUESTION TYPE:*

Subjective Short Answer

*HAS VARIABLES:*

False

*LEARNING OBJECTIVES:* ACCT.MOWE.16.1-5 - LO: 1-5

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - IMA: Business Applications

*KEYWORDS:*

Bloom's: Comprehension

*NOTES:*

15 min.

*DATE CREATED:*

11/4/2014 8:59 AM

*DATE MODIFIED:*

11/4/2014 8:59 AM

*QUESTION ID:*

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## Chapter 1 - Introduction to Managerial Accounting

61. Briefly describe activity-based costing (ABC), value chain, lean accounting and enterprise risk management (ERM).

**ANSWER:** ABC—is a more detailed approach, than traditional cost accounting, to determining the cost of goods and services. It improves costing accuracy by emphasizing the cost of the many activities or tasks that must be done to produce a product or offer a service. The objective is to find ways to perform necessary activities more efficiently and to eliminate those that do not create customer value.

Value chain—is the set of activities required to design, develop, produce, market or deliver products and services as well as provide support services to customers. A managerial accounting system should track information about a wide variety of activities that span the value chain.

Lean Accounting—organizes costs according to the value chain and collects both financial and nonfinancial information. The objective is to provide information to managers that supports their waste reduction efforts and to provide financial statements that better reflect overall performance, using both financial and nonfinancial information.

ERM—managerial accountants help carry out the company's ERM approach. ERM is a formal way for managerial accountants to identify and respond to the most important threats and business opportunities facing the organization.

**POINTS:** 1

**DIFFICULTY:** Challenging

**QUESTION TYPE:** Subjective Short Answer

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-3 - LO: 1-3

**NATIONAL STANDARDS:** United States - BUSPROG: Analytic

**STATE STANDARDS:** United States - AK - ACBSP: APC-27-Manual Account - ACBSP: APC-27-Manual Accounting Features/Costs  
United States - AK - AICPA: BB-Industry  
United States - AK - AICPA: FN-Decision Modeling  
United States - AK - AICPA: FN-Measurement -  
AICPA: FN-Measurement

United States - AK - AICPA: FN-Risk Analysis

United States - AK - IMA: Cost Management

United States - AK - IMA: Decision Analysis

**KEYWORDS:** Bloom's: Comprehension

**NOTES:** 15 min.

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**DATE MODIFIED:** 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

62. List the different types of certifications that can be obtained by an accountant.

**ANSWER:** Certified Management Accountant (CMA)  
Certified Public Accountant (CPA)  
Certified Internal Auditor (CIA)

**POINTS:** 1

**DIFFICULTY:** Moderate

**QUESTION TYPE:** Subjective Short Answer

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-6 - LO: 1-6

**NATIONAL STANDARDS:** United States - BUSPROG: Analytic

**STATE STANDARDS:** United States - AK - ACBSP: APC-01-Purpose  
United States - AK - AICPA: BB-Industry  
United States - AK - IMA: Business Applications

**KEYWORDS:** Bloom's: Knowledge

**NOTES:** 2 min.

**DATE CREATED:** 11/4/2014 8:59 AM

**DATE MODIFIED:** 11/4/2014 8:59 AM

**QUESTION ID:** JFND-GO4F-EC4U-KC1R

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## Chapter 1 - Introduction to Managerial Accounting

63. Describe the provisions of the Sarbanes-Oxley Act of 2002.

**ANSWER:** Congress passed the Sarbanes-Oxley Act (SOX) in an attempt to limit securities frauds and accounting misconduct scandals like those associated with Enron, WorldCom, Adelphia and HealthSouth. SOX led to increased attention on corporate ethics. While successful on many fronts, SOX has not prevented all subsequent frauds.

**POINTS:** 1

**DIFFICULTY:** Challenging

**QUESTION TYPE:** Subjective Short Answer

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-5 - LO: 1-5

**NATIONAL STANDARDS:** United States - BUSPROG: Analytic

**STATE STANDARDS:** United States - AK - ACBSP: APC-10-Internal Control  
United States - AK - AICPA: BB-Legal  
United States - AK - AICPA: FN-Research  
United States - AK - IMA: Internal Controls

**KEYWORDS:** Bloom's: Knowledge

**NOTES:** 5 min.

**DATE CREATED:** 11/4/2014 8:59 AM

**DATE MODIFIED:** 11/4/2014 8:59 AM

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## Chapter 1 - Introduction to Managerial Accounting

64. You have been working as a staff accountant at Sanborn Industries for three months. Mr. Jones, the accounting manager as well as your boss, has informed you that he has decided to change vendors for the company's office supplies. He notifies you that your company will now be utilizing the store owned by his best friend. Mr. Jones is hopeful that this will bring in a significant profit for his friend's business possibly preventing the closing of his store. You receive the first invoice from that store and realize that the prices are nearly double the amount that the company was paying when using a large retail chain.

What should you do about the situation?

**ANSWER:** Mr. Jones may not be acting ethically. Therefore, the first step is to show the bill to Mr. Jones. He may be unaware that the prices are that much higher than they were previously. If he tells you to not mention the price difference to anyone and just pay the invoice, then you would want to discuss the matter with another member of upper management, potentially the controller or CFO. If another supervisor is not available then you would have the option of contacting an IMA Ethics Counselor to discuss your options. The decision to use a higher priced vendor would also affect external users. The increasing costs of supplies will have a negative effect on the financial statements.

**POINTS:** 1

**DIFFICULTY:** Challenging

**QUESTION TYPE:** Essay

**HAS VARIABLES:** False

**LEARNING OBJECTIVES:** ACCT.MOWE.16.1-5 - LO: 1-5

**NATIONAL STANDARDS:** United States - BUSPROG: Ethics

**STATE STANDARDS:** United States - AK - ACBSP: APC-01-Purpose  
United States - AK - ACBSP: APC-10-Internal Control  
United States - AK - AICPA: BB-Critical Thinking  
United States - AK - IMA: Business Applications  
United States - AK - IMA: FSA  
United States - AK - IMA: Internal Controls

**KEYWORDS:** Bloom's: Analysis

**NOTES:** 10 min.

**DATE CREATED:** 11/4/2014 8:59 AM

**DATE MODIFIED:** 11/4/2014 8:59 AM

**QUESTION ID:** JFND-GO4F-EC4U-KCTU

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