***Cost Accounting, 15e* (Horngren/Datar/Rajan)**

**Chapter 1 The Manager and Management Accounting**

Objective 1.1

1) Management accounting \_\_\_\_\_\_\_\_.

A) focuses on estimating future revenues, costs, and other measures to forecast activities and their results

B) provides information about the company as a whole

C) reports information that has occurred in the past that is verifiable and reliable

D) provides information that is generally available only on a quarterly or annual basis

Answer: A

Diff: 1

Objective: 1

AACSB: Analytical thinking

2) Managers use management accounting information to \_\_\_\_\_\_\_\_.

A) help external users such as investors, banks, regulators, and suppliers

B) communicate, develop, and implement strategies

C) communicate a firm's financial position to investors, banks, regulators, and other outside parties

D) ensure that financial statements are consistent with the SEC rules

Answer: B

Diff: 1

Objective: 1

AACSB: Analytical thinking

3) Financial accounting \_\_\_\_\_\_\_\_.

A) focuses on the future and includes activities such as preparing next year's operating budget

B) must comply with GAAP (generally accepted accounting principles)

C) is the process of measuring, analyzing, and reporting financial and nonfinancial information related to the costs of acquiring or using resources in an organization

D) is prepared for the use of department heads and other employees

Answer: B

Diff: 1

Objective: 1

AACSB: Analytical thinking

4) The primary user of financial accounting information is a \_\_\_\_\_\_\_\_.

A) factory shift supervisor

B) distribution manager

C) current shareholder

D) department manager

Answer: C

Diff: 1

Objective: 1

AACSB: Analytical thinking

5) The primary user of management accounting information is a(n) \_\_\_\_\_\_\_\_.

A) the controller

B) a shareholder evaluating a stock investment

C) bondholder

D) external regulator

Answer: A

Diff: 1

Objective: 1

AACSB: Analytical thinking

6) Financial accounting provides the primary source of information for \_\_\_\_\_\_\_\_.

A) decision making in the finishing department

B) improving customer service

C) preparing the income statement for shareholders

D) planning next year's operating budget

Answer: C

Diff: 1

Objective: 1

AACSB: Analytical thinking

7) Which of the following is true of management accounting information?

A) It focuses on documenting past business actions of a firm.

B) It is prepared based on SEC rules and FASB accounting principles.

C) It is prepared for shareholders.

D) It co-ordinates product design, production, and marketing decisions.

Answer: D

Diff: 2

Objective: 1

AACSB: Analytical thinking

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

A) There are no regulations governing the reports.

B) The reports are generally delayed and historical.

C) The audience tends to be stockholders, creditors, and tax authorities.

D) It primarily measures manager's compensation on reported financial results.

Answer: A

Diff: 2

Objective: 1

AACSB: Analytical thinking

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

A) stockholders

B) sales managers

C) production supervisors

D) distribution managers

Answer: A

Diff: 1

Objective: 1

AACSB: Analytical thinking

10) Management accounting information typically includes \_\_\_\_\_\_\_\_.

A) tabulated results of customer satisfaction surveys

B) the cost of producing a product

C) the percentage of units produced that are defective

D) All of these answers are correct.

Answer: D

Diff: 1

Objective: 1

AACSB: Application of knowledge

11) Cost accounting \_\_\_\_\_\_\_\_.

A) measures the costs of acquiring or using resources in an organization

B) helps managers to develop, communicate, and implement strategies

C) coordinates product design, production, and marketing decisions and evaluate a company's performance

D) communicates information to investors, banks, regulators, and other outside parties

Answer: A

Diff: 1

Objective: 1

AACSB: Analytical thinking

12) Which of the following differentiates cost accounting and financial accounting?

A) The primary users of cost accounting are the investors, whereas the primary users of financial accounting are the managers.

B) Cost accounting deals with product design, production, and marketing strategies, whereas financial accounting deals mainly with pricing of the products.

C) Cost accounting measures only the financial information related to the costs of acquiring fixed assets in an organization, whereas financial accounting measures financial and nonfinancial information of a company's business transactions.

D) Cost accounting measuresinformationrelated to the costs of acquiring or using resources in an organization, whereas financial accounting measures a financial position of a company to investors, banks, and external parties.

Answer: D

Diff: 2

Objective: 1

AACSB: Analytical thinking

13) Which of the following is true of financial accounting information?

A) It is prepared based on cost-benefit analysis.

B) It is primarily used by managers to make internal business decisions.

C) It focuses on the past-oriented financial performance of a company.

D) It only measures the cash transactions of a company.

Answer: C

Diff: 2

Objective: 1

AACSB: Analytical thinking

14) A data warehouse or infobarn \_\_\_\_\_\_\_\_.

A) is reserved for exclusive use by the CFO

B) is primarily used for financial reporting purposes

C) stores information used by different managers for multiple purposes

D) gathers only nonfinancial information

Answer: C

Diff: 1

Objective: 1

AACSB: Analytical thinking

15) Which of the following is true of cost accounting?

A) It provides financial information about cash-based transactions only.

B) It accounts only the financial information of business transactions, not the nonfinancial information.

C) It provides financial information regarding the cost of acquiring resources.

D) It must be prepared in accordance with GAAP.

Answer: C

Diff: 2

Objective: 1

AACSB: Analytical thinking

16) Which of the following deals with management accounting?

A) identifying the costs of acquiring the resources of the company

B) developing budgets

C) preparing the income statement

D) preparing the statement of cash flows

Answer: B

Diff: 1

Objective: 1

AACSB: Analytical thinking

17) Financial accounting is concerned primarily with \_\_\_\_\_\_\_\_.

A) external reporting to investors, creditors, and government authorities

B) cost planning and cost controls

C) product design and marketing strategies

D) providing information for strategic and tactical decisions

Answer: A

Diff: 1

Objective: 1

AACSB: Analytical thinking

18) Financial accounting provides a historical perspective, whereas management accounting emphasizes \_\_\_\_\_\_\_\_.

A) the future