**Chapter 1 Introduction to Managerial Accounting**

1) Evaluating operations by comparing actual results to budgeted results is a part of the controlling responsibility of management.

Answer: TRUE

Diff: 1

LO: 1-1

EOC: QC1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.

2) Controlling means overseeing the company's day-to-day operations.

Answer: FALSE

Diff: 1

LO: 1-1

EOC: QC1-1

AACSB: Reflective thinking

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3) The purpose of managerial accounting is to gather, summarize, and report the cost and revenue data relevant to each decision that is made.

Answer: TRUE

Diff: 1

LO: 1-1

EOC: QC1-1

AACSB: Reflective thinking

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4) Budgeting is the process of evaluating the results of business operations against a plan and then making adjustments to that plan.

Answer: FALSE

Diff: 1

LO: 1-1

EOC: QC1-1

AACSB: Reflective thinking

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5) Planning, directing, and controlling are a manager's three primary responsibilities.

Answer: TRUE

Diff: 1

LO: 1-1

EOC: QC1-1

AACSB: Reflective thinking

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6) Managerial accounting develops reports that help internal parties effectively and efficiently run the company.

Answer: TRUE

Diff: 1

LO: 1-2

EOC: S1-2

AACSB: Reflective thinking

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7) Directing means setting goals and objectives for the company and determining how to achieve them.

Answer: FALSE

Diff: 1

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

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8) Budgets are the quantitative expression of management's plans.

Answer: TRUE

Diff: 1

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

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9) \_\_\_\_\_\_\_\_ gathers, summarizes, and reports on the financial impact of changes to business operations.

A) Managerial accounting

B) Planning

C) Directing

D) Controlling

Answer: A

Diff: 2

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.

10) Creating budgets are part of which primary management responsibility?

A) Controlling

B) Planning

C) Managerial accounting

D) Directing

Answer: B

Diff: 2

LO: 1-1

EOC: S1-1

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11) Which of the following is **not** one of the primary responsibilities of management?

A) Adhering to GAAP

B) Planning

C) Directing

D) Controlling

Answer: A

Diff: 2

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.

12) Planning involves which of the following activities?

A) Evaluating the results of operations

B) Overseeing the company's day-to-day operations

C) Setting goals and objectives for the company

D) None of the above

Answer: C

Diff: 1

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

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13) Which of the following is being fulfilled when management compares the budget to actual results?

A) Directing

B) Planning

C) Adjusting

D) Controlling

Answer: D

Diff: 2

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

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14) When management uses feedback to take corrective action on the budgets, which of the following management responsibilities are being fulfilled?

A) Controlling

B) Adjusting

C) Directing

D) Planning

Answer: A

Diff: 2

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.

15) When management analyzes whether to move production to another country or to keep the production located where it currently is, which of the following management responsibilities is being performed?

A) Adjusting

B) Controlling

C) Planning

D) Directing

Answer: C

Diff: 3

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.

16) Which one of the following items is **not** one of the three primary manager responsibilities?

A) Controlling

B) Planning

C) Directing

D) Adjusting

Answer: D

Diff: 2

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.

17) Using product cost information to determine sales prices is an example of

A) directing.

B) directing and controlling.

C) controlling, directing, and planning.

D) controlling and planning.

Answer: A

Diff: 3

LO: 1-1

EOC: S1-1

AACSB: Reflective thinking

Learning Outcome: Define and use cost-volume-profit analysis to analyze the effects of changes.