
**Chapter 1 Strategic Cost Management and Management Accounting
Answer Key**

TRUE OR FALSE

1	FALSE	16	FALSE	31	TRUE
2	FALSE	17	FALSE	32	FALSE
3	FALSE	18	FALSE	33	FALSE
4	TRUE	19	FALSE	34	TRUE
5	FALSE	20	TRUE	35	TRUE
6	TRUE	21	FALSE	36	TRUE
7	FALSE	22	TRUE	37	TRUE
8	FALSE	23	TRUE	38	TRUE
9	FALSE	24	FALSE	39	FALSE
10	FALSE	25	TRUE	40	TRUE
11	TRUE	26	TRUE	41	TRUE
12	TRUE	27	TRUE	42	TRUE
13	TRUE	28	FALSE	43	TRUE
14	TRUE	29	TRUE	44	FALSE
15	TRUE	30	FALSE	45	TRUE
				46	TRUE
				47	TRUE
				48	FALSE
				49	TRUE
				50	TRUE

MULTIPLE CHOICE

Strategic Cost Management and Managerial Accounting

1	D	16	A	31	C
2	B	17	B	32	B
3	B	18	B	33	D
4	C	19	B	34	A
5	C	20	A	35	D
6	B	21	A	36	C
7	C	22	D	37	C
8	D	23	A	38	C
9	A	24	C	39	B
10	D	25	D	40	B
11	B	26	C		
12	B	27	C		
13	C	28	C		
14	D	29	B		
15	B	30	D		

Management Accounting Information System

1	B	16	A
2	C	17	B
3	D	18	D
4	B	19	B
5	C	20	C
6	B	21	B
7	A	22	A
8	C	23	D
9	B	24	B
10	A	25	B
11	C	26	A
12	A	27	B
13	C	28	D
14	C	29	B
15	A	30	D

PROBLEMS

1.1 SEE TEXT

1.2

a	FA
b	FA
c	MA
d	MA
e	FA
f	FA

1.3

a	L
b	S
c	S
d	L
e	L
f	L

1.4

1	M
2	F
3	F
4	M
5	M
6	F
7	M
8	F
9	M
10	F

1.5 This problem can form the basis of an introductory discussion of the entire field of management accounting:

in addition, the following basic distinctions of financial accounting and management accounting

- 1 The focus of management accounting is on helping internal users to make better decisions, whereas the focus of financial accounting is on helping external users to make better decisions. Management accounting helps in making a host of decisions, including pricing, product choices, investments in equipment, making or buying goods and services, and manager rewards.
- 2 GAAP affect both internal and external accounting. However, change in internal accounting is not inhibited by GAAP. For example, if an organization wants to account for assets on the basis of replacement costs for internal purposes, no outside agency can prohibit such accounting. This means the company may set up several sets of records to suit to every reports the management may need for specific purpose
- 3 Budgets, the formal expressions of management plans, are a major feature of management accounting, whereas they are not as prominent in financial accounting. Budgets are major devices for compelling and disciplining management planning.
- 4 An important use of management accounting information is evaluation of performance, which often takes the form of comparison of actual results against budgets, providing incentive and feedback to improve future decisions.