***Accounting Information Systems, 1e* (Savage)**

**Chapter 1 Accounting as Information**

1) Accounting communicates to stakeholders

A) minimally required public financial data.

B) the financial outcomes of operating, investing, and financing activities.

C) the sales strategy for the operating, marketing, and sales activities.

D) black and white details about the economics of operating activities.

Answer: B

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Communication

Bloom's: Comprehension

AICPA: AC: Reporting

2) Accounting communicates the financial outcomes of a business's activities for

A) operating.

B) investing.

C) financing.

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Communication

Bloom's: Comprehension

AICPA: AC: Reporting

3) In what way do management teams use accounting data?

A) Management teams use accounting data to make business decisions.

B) Management teams use accounting data to make and execute plans.

C) Management teams use economic and accounting data together to make decisions.

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Risk Assessment, Analysis, and Management

4) Which statement is TRUE?

A) Accounting consists of rigid black and white rules.

B) Accountants crunch numbers, not make decisions.

C) Accounting helps support a prosperous society.

D) Accountants focus on debits and credits, not business activities.

Answer: C

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Comprehension

AICPA: N/A

5) Which of the following is NOT a component of an information system?

A) Hardware

B) Software

C) Input

D) Network

Answer: C

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

6) Input to an information system consists of

A) raw and unorganized data.

B) hardware and software.

C) reported information.

D) processed data.

Answer: A

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

7) Which of the following is a definition of output from an information system?

A) Output is raw and unorganized data.

B) Output is information produced by processing data.

C) Output is database facts and figures.

D) Output is information collected from users.

Answer: B

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

8) Which statement concerning data is TRUE?

A) Data is useless to a business until transformed into information.

B) Data is the output from an information system.

C) Data is organized into understandable formats.

D) Data is processed before being input into the information system.

Answer: A

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

9) Which of the following activities would NOT result in a transaction in an accounting information system?

A) Sell goods to a customer on account

B) Purchase supplies on credit

C) Prepay for six months of insurance

D) Receive a customer order

Answer: D

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

10) Which of the following activities results in a transaction an accounting information system?

A) Sell goods to a customer

B) Submit an order to a vendor

C) Create estimates for a customer

D) Receive a customer order

Answer: A

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

11) A business model is

A) a company's plan for operations.

B) a company's plan for making a profit.

C) a company's plan for identifying customers.

D) a company's plan for production.

Answer: B

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

12) What kind of business model should an entrepreneurial application developer consider for a new smartphone game that will allow users to pay for additional capabilities and/or lives during the game?

A) Franchise

B) Subscription

C) Freemium

D) Peer-to-peer

Answer: C

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

13) Samantha's Soy Candles has built a retail location in a seasonally busy tourist town. Samantha has developed a scent of the month that she plans to market to customers as a once per month shipment. The shipment of these candles once per month could help Samantha during the slow months at her retail store. What kind of business model would Samantha employ for her new seasonal candle shipment business line?

A) Franchise

B) Subscription

C) Freemium

D) Peer-to-peer

Answer: B

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

14) Fast-food chains that allow individuals to purchase and operate a location for that chain are operating under what kind of business model?

A) Franchise

B) Subscription

C) Freemium

D) Peer-to-peer

Answer: A

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

15) What part of a business model includes using a company's profits to sponsor initiatives where the company and employees work to benefit the community?

A) Direct-to-consumer

B) Social responsibility

C) Investor relations

D) Peer-to-peer

Answer: B

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

16) A \_\_\_\_\_\_\_\_ is a group of related business events designed to accomplish the business's strategic objectives.

A) business model

B) business operations

C) business process

D) conversion process

Answer: C

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

17) What are the primary types of business processes in a basic business model?

A) Acquisition and Payment Processes

B) Conversion Processes

C) Marketing, Sales, and Collections Processes

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

18) During what processes does a business add value by converting the resources into goods and services that a customer might want to purchase?

A) Acquisition and Payment Processes

B) Conversion Processes

C) Marketing, Sales, and Collections Processes

D) All of these answer choices are correct.

Answer: B

Diff: 1

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

19) Tina, Tammy, and Toni opened a Pizza Hut franchise in the suburbs of a major metropolitan area. Tina manages the team that takes orders and delivers pizzas. What process area demands most of Tina's focus?

A) Acquisition and Payment

B) Conversion

C) Marketing, Sales, and Collections

D) All of these answer choices are correct.

Answer: C

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

20) Tina, Tammy, and Toni opened a Pizza Hut franchise in the suburbs of a major metropolitan area. Tammy manages the cash drawer, credit card reconciliation, and payroll. Which of the following type of business events is Tammy's to manage?

A) Operating events

B) Financing events

C) Investing events

D) All of these answer choices are correct.

Answer: A

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

21) Which type of business event includes paying dividends and paying loan installments?

A) Operating events

B) Financing events

C) Investing events

D) Information events

Answer: B

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

22) Which type of business event includes interviewing new applicants for employment?

A) Operating events

B) Financing events

C) Investing events

D) Information events

Answer: D

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

23) Which type of business event includes buying and selling property?

A) Operating events

B) Financing events

C) Investing events

D) Information events

Answer: C

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

24) Which of the following statements is FALSE?

A) Transaction-based accounting information systems record only accounting transactions.

B) Transaction-based accounting information systems ignore nonfinancial data.

C) Transaction-based accounting information systems are no longer used in business settings.

D) Transaction-based accounting information systems ignore the relationships between business events and processes.

Answer: C

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

25) Transaction-based accounting systems capture only

A) nonfinancial data.

B) accounting business events.

C) relationships between business events and processes.

D) key performance indicators.

Answer: B

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

26) What is management's first task before a business can begin operations?

A) Produce products

B) Create a marketing plan

C) Obtain needed resources

D) All of these answer choices are correct.

Answer: C

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

27) Which of the following is an input for a business that produces products?

A) Raw materials

B) Production line employees

C) Manufacturing equipment

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

28) Which transaction would be recorded in a transaction-based accounting information system?

A) Ordering raw materials

B) Hiring an employee

C) Obtaining a loan

D) Receiving goods

Answer: D

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

29) Which transaction would NOT be recorded in a transaction-based accounting information system?

A) Ordering raw materials from a vendor

B) Purchasing office supplies online

C) Selling goods to a customer

D) Paying employees via direct deposit

Answer: A

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

30) Which of the following accounting data components is an acquisition and payment process?

A) Expenditures

B) Payroll

C) Financing

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

31) Which of the following accounting data components is an acquisition and payment process?

A) Production

B) Revenue

C) Financing

D) All of these answer choices are correct.

Answer: C

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

32) Which statement about the conversion process is FALSE?

A) Businesses create value by combining and converting resources to goods and/or services.

B) The conversion process includes the acquisition of resources.

C) The conversion process includes regulatory compliance.

D) Businesses create value by being innovative and efficient in their processing.

Answer: B

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

33) A popular fast-food chicken restaurant currently offers only fried chicken tenders and chicken sandwiches made from chicken tenders. The only sides available are bread, slaw, and fries. If the chain were to consider offering grilled chicken on their menu, what would you recommend before considering the change for a national roll-out?

A) Determine the kitchen layout and process changes required.

B) Test the new product on customers in a small group of restaurants.

C) Plan and test the new production process.

D) All of these answer choices are correct.

Answer: D

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

34) What additional data could be captured during the conversion processes to help corporate management improve business efficiency or effectiveness?

A) Quality testing data

B) Downtime data

C) Waste data

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

35) Which of the following benefits may arise from management evaluating conversion process data captured by a process-based accounting information system?

A) Reduced downtime

B) Reduced employee turnover

C) Increased customer satisfaction

D) Increased customer engagement

Answer: A

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

36) Juan is opening a taco truck. Juan has asked that you review his plans and provide recommendations. Regarding Juan's conversion process, which of the following would you recommend to gain a competitive advantage?

A) Juan should make sure to offer the same menu items as the other taco truck in town.

B) Juan should have unique product offerings and more efficient processes than the other taco truck in town.

C) Juan should follow the same service routes as the other taco truck in town.

D) Juan should make sure to serve his food in a manner that is like other food trucks in town.

Answer: B

Diff: 3

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Synthesis

AICPA: AC: Systems and Process Management

37) Which of the following activities is an additional data capture opportunity during the conversion process?

A) Compliance with regulations

B) Resource acquisition

C) Monitor employee performance

D) Monitor cash flow

Answer: A

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

38) During the acquisition and payment process, which areas are opportunities for additional data capture in the process approach for information systems?

A) Monitor supplier performance

B) Monitor employee performance

C) Monitor cash flow

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

39) Which of the following social responsibility and sustainability data points can be captured through the conversion processes?

A) Water usage

B) Energy consumption

C) Carbon footprint

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

40) Which of the following is NOT a nonfinancial business event that can be captured through the conversion processes in the information system?

A) Design product

B) Production plan

C) Deliver goods

D) Package product

Answer: C

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

41) After converting resources into products and/or services, the business generates revenue by

A) marketing and selling its products or services.

B) scheduling production.

C) acquiring resources.

D) monitoring employee performance.

Answer: A

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

42) Which business event during the marketing, sales and collections processes would NOT be captured in a traditional accounting information system?

A) Produce product

B) Take customer order

C) Deliver goods to a customer

D) Collect payment from customer

Answer: A

Diff: 1

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Systems and Process Management

43) In which of the following process categories would the termination an employee be recorded?

A) Acquisition and Payment

B) Marketing, Sales, and Collection

C) Conversion

D) Transaction

Answer: A

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

44) In which of the following process categories would the product recycling rate be captured?

A) Acquisition and Payment

B) Marketing, Sales, and Collection

C) Conversion

D) Transaction

Answer: C

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

45) In which of the following process categories would online search engine rankings be captured?

A) Acquisition and Payment

B) Marketing, Sales, and Collection

C) Conversion

D) Transaction

Answer: B

Diff: 2

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

46) The accounting information system provides financial and other metrics that

A) determine how well management is implementing and controlling business processes.

B) are used by management for making decisions concerning business processes.

C) allow management to assess key performance indicators.

D) All of these answer choices are correct.

Answer: D

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Reflective Thinking

Bloom's: Comprehension

AICPA: AC: Reporting

47) Which of the following management responsibility areas includes assigning employee tasks?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: B

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

48) Which of the following management responsibility areas includes forecasting future performance?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: A

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

49) Which of the following management responsibility areas includes analyzing financial statements?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: C

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

50) Which of the following management responsibility areas includes identifying opportunities and assessing risk?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: A

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Comprehension

AICPA: AC: Systems and Process Management

51) Kobe manages a real-estate company. Recently, Kobe modified the process used to assign a list price by agents in the organization. In which management responsibility area was Kobe operating?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: D

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

52) Amy, an assistant manager at a credit union, added functionality to the deposit software used by tellers in the credit union to detect fraudulent activity before the deposit goes into a customer's account. In which management responsibility area was Amy acting in when she added this functionality?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: B

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

53) Dembe started and manages a transportation company in Kampala, Uganda. Dembe hired an accounting firm to perform an audit of corporate financials. In which management responsibility area was Dembe acting by requesting an audit?

A) Planning

B) Implementing

C) Monitoring

D) Changing and Improving

Answer: C

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

54) Quantifiable metrics used to measure and evaluate the success of an organization based on its objectives are known as

A) data integration metrics.

B) business event indicators.

C) key performance indicators.

D) data quality points.

Answer: C

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Reporting

55) Select which statement concerning key performance indicators (KPIs) is NOT true.

A) KPIs for a business are often compared to benchmarks for the industry.

B) KPIs include accounting ratios, like net profit, market and return on investment.

C) KPIs data comes from the accounting information system for a business.

D) KPIs include qualitative data from multiple sources.

Answer: D

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

56) Which characteristic refers to the suitability of the information for a particular purpose in a specific task?

A) Information integrity

B) Information quality

C) Data integrity

D) Data quality

Answer: B

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Reporting

57) Which characteristic refers to the completeness, accuracy, reliability, and consistency of data?

A) Information integrity

B) Information quality

C) Data integrity

D) Data quality

Answer: C

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Reporting

58) Which statement is NOT true?

A) Business events create information.

B) Business events create data.

C) Accounting information systems transform data into information.

D) Accounting information systems store purchasing and sales data.

Answer: A

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

59) To be useful for decision making, information must have what two fundamental characteristics?

A) Relevance and Actionability

B) Relevance and Faithful Representation

C) Reality and Faithful Representation

D) Reality and Actionability

Answer: B

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Reporting

60) Which enhancing characteristic of useful information includes the ability for independent and knowledgeable individuals to reach the same conclusions from the same information?

A) Verifiability

B) Timeliness

C) Understandability

D) Comparability

Answer: A

Diff: 1

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Knowledge

AICPA: AC: Reporting

61) Your organization has been reviewing information from the accounting information system based on weekly reports. You are tasked with designing a digital dashboard to display key performance indicators (KPIs) to management at your organization. Which enhancing characteristic of useful information are you improving for the business by creating a dashboard that is updated in real-time with KPIs?

A) Verifiability

B) Timeliness

C) Understandability

D) Comparability

Answer: B

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Reporting

62) At Jonex Corporation, each location has been responsible for reporting its key performance indicators (KPIs) via email to the home office. As an intern in the home office, you are tasked with compiling the information in the emails into a report for your manager. After performing the process once, you develop a query for the information system that allows you to pull the information directly from the information system and put it into a format that presents the data in a way that makes the different locations KPIs much easier to compare. What enhancing characteristic of information have you improved for Jonex?

A) Verifiability

B) Timeliness

C) Understandability

D) Comparability

Answer: D

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Reporting

63) Aiko joined the Hondo organization recently. Aiko's area of responsibility will be generating visual representations of data for Hondo. Currently, Hondo only has someone to create reports with numerical data presented in tables. What enhancing characteristic of data will be improved for Hondo with Aiko's data visualization skills?

A) Verifiability

B) Timeliness

C) Understandability

D) Comparability

Answer: C

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Reporting

64) Juan, a manager for JK Enterprises, is considering hiring your consulting company to evaluate the usefulness of purchasing software for JK that will improve their information reporting capabilities. The software is complex and would require that JK hire someone knowledgeable or send a current employee for additional training. What kind of analysis will your consulting company perform for Juan to determine if the software is a good purchase?

A) Decision context analysis

B) Information quality analysis

C) Data integrity analysis

D) Cost-benefit analysis

Answer: D

Diff: 3

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Evaluation

AICPA: AC: Risk Assessment, Analysis, and Management

65) Which of these statements most clearly defines decision context?

A) Decision context considers the preferences and constraints that affect how a decision is made.

B) Decision context considers the fundamental and enhancing characteristics of data.

C) Decision context refers to the relevance and faithful representation of information.

D) Decision context refers to the information quality and data integrity of a decision.

Answer: A

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Risk Assessment, Analysis, and Management

66) The responses to which questions lead to determining decision context?

A) How fast and what format is the information needed?

B) Who will use it, and why is the information needed?

C) Who requested the information and what formatting is needed?

D) What comparability and understandability characteristics of the information are needed?

Answer: B

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Risk Assessment, Analysis, and Management

67) Relevant information must

A) be applicable to future events.

B) have confirmatory value.

C) have a significant impact on the decision.

D) All of these statements are correct.

Answer: D

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

68) Faithfully represented data includes the characteristics of

A) being unbiased and accurate.

B) having predictive and confirmatory value.

C) being classified and presented clearly.

D) having comparability and verifiability.

Answer: A

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

69) Maria is asked to create a document at the end of each month that displays that month's sales data across divisions. What type of output will Maria need to obtain from the information system to obtain this information?

A) Reporting

B) Data analytics

C) Key performance indicators

D) Management insight

Answer: A

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

70) Walter, a staff accountant with knowledge of computer programming, works for an accounting firm that is in the process of improving how they use data from their information system. Walter is asked to write the code for the information system that will allow the firm to transform data into useful information. What kind of output will Walter be generating?

A) Reporting

B) Data analytics

C) Key performance indicators

D) Management insight

Answer: B

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

71) Where does the data originate for data analytics purposes?

A) Reports from the information system

B) Raw data from the information system

C) Business event results

D) All of these answer choices are correct.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

72) In what way is reporting different from data analytics?

A) Reporting does not seek insight into reasons behind data.

B) Reporting uses data from the information system, while data analytics uses data from reports.

C) Reporting does not include any calculations like data analytics does.

D) Reporting and data analytics are two terms for the same thing.

Answer: A

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

73) Which statement is TRUE?

A) Management uses data from data analytics to make decisions and from reporting to publish to stakeholders.

B) Management uses their individual intuition to make data-driven decisions without regard to reporting or data analytics.

C) Management uses historical reports and data analytic insights to understand reasons and context to make decisions.

D) Management uses data analytics to calculate historical performance data without regard to the reason or context.

Answer: C

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

74) Which statement is FALSE?

A) Data analytics is becoming commonplace and even mandated in many industries.

B) Accountants have been calculating some of the same information that is now calculated using data analytics manually for years.

C) Data analytics allows accountants to generate information more efficiently and effectively.

D) Accounting data analytics does not include the vertical analysis of financial statements.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

75) Data analytics uses technology to transform

A) data into information.

B) information into data.

C) event processes into data.

D) business processes into information.

Answer: A

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

76) In what ways do accounting professionals use accounting ratios to compare a company's performance?

A) Across time

B) To other companies

C) To industry benchmarks

D) All of these answer choices are correct.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Reporting

77) Accountants using technology to analyze financial statements rather than using a manual process are performing

A) data reporting.

B) data quality.

C) data analytics.

D) data capture.

Answer: C

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

78) Which of the following statements about the way accountants use data analytics is FALSE?

A) Accountants can use data analytics to get more comprehensive results.

B) Accountants can use data analytics without technology.

C) Accountants can use data analytics to get results faster.

D) Accountants can use data analytics to achieve competitive advantage.

Answer: B

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

79) Which of the following is NOT an accurate statement about how an accountant can use data analytics?

A) Accountants can use data analytics to compare inputs to outputs to identify waste and ordering issues.

B) Accountants can use data analytics to calculate the time to pay invoices to determine if the company is missing out on possible discounts.

C) Accountants can use data analytics to perform a three-way match between purchase orders, goods received into inventory, and invoices to verify accuracy.

D) Accountants can use data analytics to perform vertical analysis of financial statements with either technology or pen and paper.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

80) Which of the following is an example of data analytics?

A) A student uses Excel to calculate weights of grades and determine the grade needed on the final.

B) A student uses Excel to record their time spent studying for each class and performs statistical analysis on the time spent versus grade earned.

C) An accountant uses software to horizontally and vertically analyze financial statements to compare with prior quarters.

D) An accountant uses software to generate reports that contain ratios of historical financial data.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

81) Employers in the accounting profession, and other professions, look for candidates who are data minded. What soft skills show an employer that the candidate is data minded?

A) Curiosity

B) Creative thinking

C) Awareness of data analytics

D) All of these answer choices are correct.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

82) Which statement about data analytics is TRUE?

A) Data analytics is the future of the accounting profession.

B) Data analytics terminology is not relevant to most accountants.

C) Data analytics skills are not necessary unless you work in IT.

D) Data analytics terminology knowledge is important in accounting.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

83) Which of the following is NOT a data analytics skill?

A) Clean data

B) Identify data

C) Report data

D) Perform data visualization

Answer: C

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

84) One of the most important data analytics skills for all new graduates is the ability to

A) identify what data can be used to answer a business question.

B) code advanced predictive analytics algorithms.

C) manually calculate financial ratios from financial statements.

D) identify and categorize accounting reports.

Answer: A

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

85) What kind of information do managers use to make decisions?

A) Historical performance information

B) Data analytics insights

C) Key performance indicators

D) All of these answer choices are correct.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

86) Concerning data analytics skills that new accounting professionals should learn, which statement is FALSE?

A) New accounting professionals should be able to identify data and use case for data analysis.

B) New accounting professionals should be able to recognize data quality issues.

C) New accounting professionals should be able to code in data analytic languages.

D) New accounting professionals should be able to perform data analysis in Excel.

Answer: C

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

87) While each of the skills in the statements below are used in data analytics, which is TRUE regarding what is expected of new accounting professionals?

A) New accounting professionals should be able to utilize artificial intelligence.

B) New accounting professionals should be able to perform predictive modeling.

C) New accounting professionals should be able to code in data analytic languages.

D) New accounting professionals should be able to perform data analysis in Excel.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

88) While all new accounting professionals should be able to perform data analysis in Excel, what skill related to advanced data analysis is necessary for all new accounting professionals?

A) New accounting professionals should be able to utilize artificial intelligence.

B) New accounting professionals should be able to recognize when advanced tools are needed.

C) New accounting professionals should be able to code in data analytic languages.

D) New accounting professionals should be able to perform predictive modeling.

Answer: B

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

89) Joy is preparing to begin college with plans to become an accountant. As an accounting student what essential data analytics skills will Joy need to learn during her college career?

A) How to identify what data can be used to answer a business question

B) How to collect, clean, and prepare data for analysis

C) How to perform data visualization and reporting

D) All of these answer choices are correct.

Answer: D

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

90) Which of the following is the most appropriate definition of data analytics?

A) Data analytics is performed by accountants when they compare financial statements and ratios.

B) Data analytics is the science of writing code to calculate financial ratios for accounting audits.

C) Data analytics is the process of using technology to convert raw data into useful information.

D) Data analytics is the process of using technology to report data into information summaries.

Answer: C

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

91) Which of the following statements most accurately reflects the relationship between reporting and data analytics?

A) Data analytics uses reports and raw data to transform into useful information.

B) Reports and data analytics are both created using an information system but are not related.

C) Reports are visual displays of the information produced using data analytics.

D) Data analytics and reporting both require specialized software to perform and produce similar results.

Answer: A

Diff: 2

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Application

AICPA: AC: Systems and Process Management

92) Explain why and how a company might support social responsibility as part of its business model.

Answer: Organizations sponsor social initiatives through their profits. Social responsibility helps a company improve or maintain a positive reputation among stakeholders, including the general public, customers, and employees.

Diff: 2

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

93) A Pizza Hut franchise owner wants to categorize business events that occur. As assistant manager, the owner has asked you to list each category of business events and categorize the following events appropriately:

 Apply for a loan for the business

 Purchase business location

 Purchase ingredients

 Interview candidates for employment

 Hire and pay employees

 Take customer orders

 Make and bake pizzas

 Deliver pizzas

 Collect payment from customers

Answer: Operating events: Purchase ingredients, Hire and pay employees, Make and bake pizzas, Delivery Pizzas, and Collect payment from customers

Financing event: Apply for a loan for the business

Investing event: Purchase business location

Information events: Interview candidates for employment, Take customer orders

Diff: 3

Learning Objective: 1.1 Explain how accounting affects both the demand for and supply of information.

Section Reference: Why is Accounting Information Important?

AACSB: Analytic

Bloom's: Evaluation

AICPA: AC: Systems and Process Management

94) Compare and contrast transaction-based accounting systems to process-based information systems.

Answer: Both types of information systems are widely used by accounting professionals to record business transactions. Traditional transaction-based accounting information systems only record accounting transactions where an economic exchange of resources occurs. Process-based accounting information systems will record transactions and other business events, such as customer relationship management, employee data, and order data.

Diff: 3

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Evaluation

AICPA: AC: Systems and Process Management

95) Jimin, a manager for an online retailer named BTZ, is developing additional data capture points in BTZ's information systems to help the company measure customer satisfaction. BTZ understands that if they lose their customers, it will lose its source of revenue. What types of data might Jimin want to capture for BTZ and why?

Answer: Jimin should capture search engine rankings to determine how search engines rank BTZ to potential customers. Jimin could also capture the conversion rate of website visitors who become customers. Jimin could also capture customer satisfaction survey data from customers who make purchases. Other measures of customer satisfaction that should be monitored include customer retention, customer complaints, and customer engagement. Each of these measures will help BTZ understand their customers better which will lead to better customer retention.

Diff: 3

Learning Objective: 1.2 Compare traditional transaction-based accounting systems to process-based information systems.

Section Reference: How Have Accounting Information Systems Evolved?

AACSB: Analytic

Bloom's: Synthesis

AICPA: AC: Systems and Process Management

96) The information system for WKRP, Inc., a radio station, is very basic. WKRP management had a former employee who possessed very little accounting knowledge build a report in the information system that generated only key performance indicators (KPIs) from numbers on the balance sheet. WKRP would like to use KPIs to compare their profitability to other radio stations in similar markets. Determine the issues with the current KPIs and propose how to improve the situation.

Answer: WKRP's KPIs from the balance sheet do not include any KPIs that explain profitability. WKRP will need to find a way to extract numbers from the income statement to create KPIs that reflect profitability measurements. These KPIs can be compared to KPIs from stations in other markets.

Diff: 3

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Synthesis

AICPA: AC: Systems and Process Management

97) The information system for WKRP, Inc. is very basic. WKRP management had a former employee with very little accounting knowledge build a report in the information system that generated key performance indicators (KPIs). WKRP's debt-to-equity ratio continues to be generated erroneously because the equation used for the ratio was programmed into the system incorrectly. Explain what key characteristic of data is violated with the error and how this error in data might affect WKRP?

Answer: The WKRP KPI report lacks data integrity, which can negatively impact the business. Managers use KPIs and other metrics to make decisions that affect business processes. With incorrect data, management could make an unnecessary or incorrect decision that negatively impacts the business.

Diff: 2

Learning Objective: 1.3 Explain management's relationship to information and information systems.

Section Reference: How Does Management Use Information?

AACSB: Analytic

Bloom's: Analysis

AICPA: AC: Systems and Process Management

98) Kwan purchased a coffee shop franchise that was barely profitable from an owner who had chosen not to use any information systems to assist with managerial decision making. The coffee shop franchise brand is strong nationwide. Kwan predicts that with some minor modification of some business processes, he can turn the coffee shop into a thriving business. Explain how Kwan might use the key performance indicators (KPIs) that he generates from his information system to help him improve business processes.

Answer: Kwan could generate KPIs for the business and compare them to industry benchmarks to determine where improvements are needed. Kwan could also compare the KPIs that he generates over time from his business to monitor how the process changes affect business results.

Diff: 3

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Synthesis

AICPA: AC: Systems and Process Management

99) Compare and contrast reporting and data analytics.

Answer: Reporting pulls data together into summaries that give a descriptive view of historic company performance. Reports may be generated using technology or created manually. Like reporting, data analytics uses technology to pull data from the information system. However, data analytics goes beyond summarizing historic data by transforming data into useful information useful for decision making.

Diff: 3

Learning Objective: 1.4 Describe the relationship between accounting and data analytics.

Section Reference: What is the Relationship between Accounting and Data Analytics?

AACSB: Analytic

Bloom's: Evaluation

AICPA: AC: Systems and Process Management

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