

Earn Continuing Professional Education Credit

strategic FINANCE

QUIZ 3 CPE Credits

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How to Participate

1. Complete the quiz order form below.
2. Circle your answer for each quiz question on the next page. All questions asked in this quiz comply with NASBA.
3. Sign the statement that attests that you have read the articles in *Strategic Finance* and have personally answered them.
4. Cut out this entire page (order form and quiz) or copy both pages and mail or fax to IMA with complete payment information.
5. You must be an active IMA member to participate in the *Strategic Finance* quiz program.
6. If you successfully answer 70% or more of the questions, you will earn 3 CPE credits (partial CPE credit will not be given). You will receive a letter from IMA indicating the CPE credits earned. Retain this letter for your records.

Strategic Finance Quiz Order Form

IMA Member No. _____

First Name _____ Last Name _____

Address _____

City, State, Zip _____

Telephone _____ E-Mail _____

Current *Strategic Finance* Quiz Participant: Yes No

New *Strategic Finance* Quiz Participant (Check the following):

NOTE: Must be an active IMA member to participate.

If you are a NEW participant, fax to (201) 474-1632; if you are an EXISTING participant, fax to (201) 474-1605.

Monthly - \$19.00 Quarterly Subscription - \$49.00 each Jan. - March April. - June

Annual Subscription - \$179.00 July. - Sept. Oct. - Dec.

Payment Method: Payments must be in U.S. dollars **Total: \$** _____

Check - Make payable to: Institute of Management Accountants, Inc.

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The Cash Factor (p. 29)

Field of Study: MANAGEMENT

- Seller Co. makes an \$1,800 credit sale to Buyer Company. Seller Co. "sells" the receivable to a factoring partner at a 2% discount rate. The factor's advance rate is 85%. Based on these terms, approximately how much cash will Seller Co. be advanced by the factor?
 - \$833.
 - \$1,500.
 - \$1,530.
 - \$1,764.
- Which statement is FALSE?
 - Factoring is a type of asset-based borrowing.
 - Factoring does not normally require specific assets be pledged as collateral.
 - Factoring does not create a loan or an obligation.
 - Asset-based loans are typically revolving loans backed by the most liquid company assets.
- The Factor advance rate for inventory is typically
 - 2%.
 - 50%.
 - 70%.
 - 85%.
- Factoring arrangements are mainly used by companies in financial trouble that need cash immediately. True or False.
- Which of the following statements is FALSE?
 - Factoring converts receivables to cash without creating a loan liability.
 - A factor-company relationship that has existed for a significant period will tend to have a lower discount fee than a new relationship.
 - Factoring arrangements help the seller maintain a direct credit relationship with its customers.
 - According to SFAS No. 140, the determining issue governing reporting requirements for factoring arrangements is based on "control."
- The most serious internal control problems at Enron and some other firms where there were problems were the result of:
 - Acts of commission.
 - Acts of omission.
 - Actions of regulators.
- The author asserts that conflict of interest remains a problem even after the recent regulatory changes. True or False.
- The only sure approach to assume that a comprehensive internal audit approach is in place is to use a Comprehensive Audit Methodology and a tool known as Comprehensive Internal Control System. True or False.

Web-Based Reporting: A Vision (p. 44)

Field of Study: SPECIALIZED KNOWLEDGE - IT

- Web-based reporting of company financial information:
 - Is required under Section 409 of the Sarbanes-Oxley Act of 2002.
 - Will not result in reporting more frequently than quarterly.
 - Is being unanimously rejected by public companies such as Cisco Systems.
 - All of the above.
- The authors predict increased quantity of disclosure will result
 - Only when IOAC mandates it.
 - Even if real-time reporting fails to materialize.
 - In decreased quality of reported information.
 - In overwhelming software development costs.
- Disclosure requirements of Reg FD:
 - Are designed to provide faster information to institutional investors.
 - Reflect the growing influence of banks in the investment arena.
 - Implicitly encourage use of the Internet to disclose information to the general public.
 - Are considered by most analysts to be inefficient and ineffective.
- Mailing of paper-based annual reports:
 - Have increased with the requirement to provide each investor with two copies.
 - Is still the most cost-effective method of providing information to investors.
 - Cannot be eliminated, in accordance with the Gramm-Blechy-Warren Act.
 - Has been drastically reduced by Web-based delivery of annual reports.
- Increased development and adoption of XBRL is expected:
 - To be a reaction to prevent any Web-based reporting of financial information.
 - To be increasingly difficult for individual investors to use.
 - To reduce the amount of information reported on the Web.
 - To facilitate users' reliable extraction and analysis of financial statements.

Is What-You-See Really What-You-Got? (p. 24)

Field of Study: MANAGEMENT

- When implementing a comprehensive audit control system:
 - Existing internal controls should be cleaned up and missing policies, processes, and procedures written.
 - Develop linkages between business processes, transactions, and ledgers.
 - Organize materials so they can be correlated, understood, reviewed, and presented.
 - All of the above.
- A silo approach and a transactional orientation are the hallmarks of a comprehensive internal control system. True or False.

I have read the articles in *Strategic Finance* upon which the questions are based and have personally prepared the answers without the assistance of any other person.

Signature _____ Date _____

Print Name _____ Member Number _____