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# 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

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# Strategic Finance Quiz — October 2003

Please circle your answer for each question

## The Case for Management Accounting (p. 42)

### Field of Study: MANAGEMENT

1. One reason why the current environment offers opportunities to advance the management accounting profession is that nonaccountants are gaining a better understanding of the financial impact of operational decisions. True or False.
2. Which is not a concern related to current management accounting (as perceived by the author)?
  - a. CFOs don't see a viable source of employees to deliver the needed changes in cost management systems.
  - b. Progress in implementing improvements is hindered by the lack of an authoritative management accounting profession in the U.S.
  - c. ERP systems are meeting their promised capability, reducing the need for the development of a stronger management accounting profession.
3. Recent surveys by IMA/Ernst & Young indicate that:
  - a. Cost information is often distorted by an emphasis on overhead cost allocation.
  - b. Implementing new cost management tools is a high priority.
  - c. Cost management is not considered important to achieving an organization's strategic goals in most organizations.
4. The dependence on regulatory external reporting and external audits is insufficient. The author suggests that:
  - a. External audits be eliminated and reliance placed on management accountants.
  - b. More accountability be placed with managers, aided by professional management accountants.
  - c. Consultants provide added assurance to buttress the external reporting requirements.
5. Which was not cited as a reason for companies failing to replace their traditional allocation system when they tried ABC?
  - a. Systems design was too complex.
  - b. Software was not IT integrated.
  - c. ABC was prospective rather than retrospective.
6. Many organizations have inadequate information to plan, monitor and control performance, and support enterprise decision making because:
  - a. A financial reporting mentality dominates accounting.
  - b. There is a legal requirement to provide managers with proper information to operate the business.
  - c. Both A and B are correct.
7. Sarbanes-Oxley increases the demand for financial reporting and governance. As a result:
  - a. There will be little emphasis on improving management accounting because the focus will be on financial reporting.
  - b. There will be significant demands for CFOs to ensure that organizations are properly controlled and report truthfully.
  - c. Consultants will be increasingly utilized.

## ERP Merger Mania (p. 30)

### Field of Study: MANAGEMENT

8. The merging of software vendors may be a problem because:
  - a. Software products are difficult to integrate technically.
  - b. ERP software is an indispensable tool, and the loss of support for a software product can be a major challenge.
  - c. There is uncertainty about how long support for a merged product will continue.
9. Which explains why ERP software company mergers have increased in the past four years?
  - a. Financial strength, ability to demonstrate growth, functional and vertical expansion.
  - b. Financial difficulty, ability to demonstrate growth, functional but not vertical expansion.
  - c. Financial difficulty, ability to demonstrate growth, functional and vertical expansion.
10. When merging to increase user base, success is dependent on:
  - a. Also acquiring rights to the customer list.
  - b. A significant portion of the user base converting to the acquiring company's software.
  - c. The ability to terminate contracts that obligate the original company to maintain user technical support services.
11. Which statement about Value-Added Resellers is correct?
  - a. VARs are dominated by small five- to 15-person firms.
  - b. They sell and implement competing software packages from the same parent company.
  - c. Consolidation has had only an indirect impact on mid-market companies.
12. The biggest reason for ERP mergers is:
  - a. Growth.
  - b. Mid-market initiatives.
  - c. Bargain buys.
  - d. Competitive positioning.
13. Vertical expansion
  - a. Avoids the need to integrate with other software packages.
  - b. Requires an in-depth knowledge of competitor software packages in order to perform the required integration.
  - c. Both A and B are correct.
14. Mid-market company initiatives
  - a. Are difficult without mergers for Tier 1 ERP software vendors because their software was built for large companies.
  - b. Are easy to implement because the software built for the small business owner easily adapts to the mid-market firms.
  - c. Are easy to implement because the software was built for large corporations and has comprehensive functionality that can readily be used by midsized firms.
15. The strategy for the existing products at time of merger:
  - a. Is always defined in the original M&A agreement.
  - b. Evolves once the acquiring company evaluates the commonality and functionality of the products.
  - c. Only the executives who made the merger know the long-term strategy.

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 \_\_\_\_\_