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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 — November 2003

Please circle your answer for each question

How U.S. Companies Can Profit from Drawback (p. 46)

Field of Study: MANAGEMENT

1. The advantage of drawback is that importers to the U.S. who use imported articles to produce or manufacture their products can increase their competitiveness and reduce customs duties. True or False.

2. The purpose of the drawback provision in the law was to
- **a.** Build up exports.
- **b.** Enable manufacturers to compete in foreign markets with the same goods manufactured in those other countries.
- **c.** Enable manufacturers to compete in domestic markets with the same goods manufactured in those other countries by reducing the overall costs of the product.
- **d.** Both A & B.

3. A specific type of drawback authorized by Section 1313 is for
- **a.** Domestic alcohol.
- **b.** Salt used to cure fish and meat.
- **c.** Duties paid on materials used to construct and equip vessels and aircraft in the U.S. with imported jet aircraft engines when they are exported to other countries.
- **d.** All of the above.

4. The accounting methods authorized for general drawback purposes exclude:
- **a.** FIFO **c.** Mid-Year Convention, accelerated 5-year
- **b.** LIFO **d.** Low-to-high

5. Drawback is a refund of duties paid on certain imported goods
- **a.** Manufactured and re-exported.
- **b.** Never used in the U.S. and re-exported.
- **c.** Never used in the U.S. and properly destroyed.
- **d.** All of the above.

Developing Strategic Boards of Directors (p. 22)

Field of Study: MANAGEMENT

6. The lessons of Enron
- **a.** Are applicable to most firms.
- **b.** Are applicable only to firms with internal boards.
- **c.** Are applicable only to unethical firms.

7. Which of the following isn't a mistake identified by the author?
- **a.** A failure to recruit board members strategically.
- **b.** Including too many friends and colleagues on the board.
- **c.** Making certain the board is passive.
- **d.** Not having enough insiders on the board.

8. To recruit board members strategically, a firm must
- **a.** Know what is wanted from the board.
- **b.** Identify and measure profiles for board members.
- **c.** Interview potential directors in the context of the board.
- **d.** All of the above.

9. Which of the following statements is incorrect?
- **a.** It is critical to have a financial expert on the board.
- **b.** Avoid reaching beyond your network to reduce the risk of recruiting unqualified board members.
- **c.** Evaluate whether the potential board member can commit the time required.
- **d.** Have options in place when a board opening occurs.

10. Which of the following is unlikely to be a problem?
- **a.** Subordinates on the board who are unable to discuss certain issues.
- **b.** Interlocking directorships.
- **c.** Rewarding mediocrity instead of achievement.
- **d.** Paying attention to potential conflicts of interest.

Goodbye "Pro Forma" Earnings (p. 33)

Field of Study: ACCOUNTING AND AUDITING

11. Regulation G
- **a.** Defines non-GAAP financial measures as any numerical measure of historical or future financial performance that excludes amounts that would be included in GAAP measures.
- **b.** Prohibits reporting metrics that have no analogous GAAP measures.
- **c.** Classifies projections of future revenue and expenses as non-GAAP even if they are computed using GAAP techniques.

12. Under Regulation G, when a company makes public disclosure of a non-GAAP financial measure,
- **a.** It must present the most directly comparable GAAP-based measure.
- **b.** It must provide a reconciliation between the GAAP and non-GAAP measures.
- **c.** Both A & B.

13. The new rules related to earnings announcements specify that
- **a.** Earnings announcements are furnished to the SEC as part of Form 8-K within 15 days of their public release.
- **b.** Management must provide substantive explanations of why disclosed non-GAAP financial measures provide useful information to investors.
- **c.** Management is not required to use the non-GAAP measure if they believe it is useful to investors.

14. In regard to the presentation of a non-GAAP financial measure that eliminates items deemed nonrecurring, infrequent, or unusual, which of the following statements is incorrect?
- **a.** The measure may not be presented if there was a similar charge or gain within two prior years.
- **b.** The measure may not be presented if there is a reasonable likelihood of the gain or charge recurring within two years.
- **c.** Measures that make these exclusions may not be presented.

15. To help build public confidence in the quality of financial reporting, the new rules
- **a.** Reaffirm GAAP as the primary measurement system for financial reporting.
- **b.** Help ensure that investors are not misled by non-GAAP disclosures.
- **c.** Both A & B.

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 ______________