

Earn Continuing Professional Education Credit

strategic FINANCE

QUIZ 3 CPE Credits

ANNOUNCEMENT

The IMA is launching a new online self-study course, *Strategic Finance* Online Learning Program, this month. This program is in response to the new NASBA guidelines that took effect January 1, 2004.

If you are an existing subscriber and a CMA or CFM, you may continue using the paper quiz until March 30, 2004, but you may choose to utilize the online program at any time before then. Due to the new NASBA guidelines, CPAs must begin using the online program as of this month.

For more information or questions, please send an e-mail to LLC@imanet.org or call the IMA Operation Support at (800) 638-4427.

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.

Charge my credit card: AMEX Discover Mastercard Visa

Credit Card Number: _____ Expiration Date (MM/YY): _____

Signature of Cardholder _____



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Do Audit Charters Need a Reality Check? (p. 49)

Field of Study: AUDITING

1. Internal auditors are faced with conflicting expectations from the Institute of Internal Auditors (IIA) and the Securities & Exchange Commission (SEC) in that
 - a. The IIA expects the traditional independent attestation function to continue, and the SEC expects internal auditors to ensure accuracy of financial reporting.
 - b. The IIA expects internal auditors to be consultants to management, and the SEC expects internal auditors to assist the audit committee and external auditors in corporate governance.
 - c. There is no conflict between IIA and SEC expectations of internal auditors' functions.
2. Expecting the internal auditor to provide both consultative and attestation services
 - a. Streamlines the internal audit department and provides more reliable information.
 - b. Raises the issue as to whether or not both types of service can be performed effectively.
 - c. Is consistent with the expectations of both the IIA and the SEC.
3. The study performed by these authors found that recently the internal audit orientation has shifted toward
 - a. More traditional attestation services.
 - b. An organization whose function is usually outsourced.
 - c. More consultative type activities.
4. The Blue Ribbon Committee Report
 - a. Addressed the issue of establishing effective communications between the internal auditor and the audit committee.
 - b. Was explicitly opposed to the internal auditor being removed from the corporation's operational activities.
 - c. Found there was no problem with the differing expectations of the IIA and the SEC.
5. A common characteristic of internal audit charters studied for this article was
 - a. Most were outdated and didn't accurately portray the orientation and role of the department.
 - b. They precisely described the actual function and mission of the department.
 - c. All were recently updated to conform to the requirements of Sarbanes-Oxley and related legislation.
7. The PBGC has operated at a deficit, according to figures as of September 2003. An ERISA/ESOP attorney is quoted as attributing the deficit to:
 - a. Poor PBGC financial management.
 - b. Investment of funds in stocks and bonds that have underperformed in the last few years.
 - c. Many small pension plans needing bailout in recent years.
8. The current financial condition of the PBGC
 - a. Includes under \$30 billion in liquid assets.
 - b. Is unclear since the PBGC is a closely held corporation whose financial statements aren't publicized.
 - c. Includes over \$30 billion in liquid assets.
9. A coincident decline in stock market values and interest rates
 - a. Is an impossible condition because interest rates are negatively correlated to stock prices.
 - b. Has caused the value of pension plan investments to rise while reducing "computed liabilities."
 - c. Has caused the value of pension plan investments to be reduced while increasing "computed liabilities."
10. The interest rate on 30-year Treasury bonds
 - a. Artificially inflates pension liabilities because they are at an historical low and aren't correlated with rates of other long-term bonds.
 - b. Are at an historical high and thus serve to reduce calculated liabilities for plan sponsors.
 - c. In recent months has acted to reduce pension liabilities, requiring reduced plan contributions.

Managing for the Next Quarter (Century) (p. 32)

Field of Study: MANAGEMENT

11. Which of the following is not one of the key concepts the author suggests are appropriate for a long-term strategy?
 - a. Buy capabilities, not revenue streams.
 - b. Find new customers at the core.
 - c. Grow liberally by managing financials aggressively.
12. UPS buys other firms primarily to:
 - a. Bump up revenue.
 - b. Gain economics of scale.
 - c. Add capabilities.
13. During an economic downturn, companies with a long-term perspective
 - a. Pull back from investing in future growth.
 - b. Take a consistent approach to business investments regardless of current economic conditions.
 - c. Stop development of new capabilities.
14. The author illustrates a growth strategy that helps expand the core business by citing examples of ways to generate revenue from customers who typically don't pay the bill. True or False
15. Diversification that reinforces the core business is the best type of diversification. True or False

What's the Future of Defined Benefit Plans? (p. 29)

Field of Study: MANAGEMENT

6. The General Accounting Office (GAO) has identified several structural problems threatening the defined benefit pension system. Among these problems are:
 - a. Funding requirements based on current cash-out costs.
 - b. The increased number of companies adopting defined benefit pension plans.

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 _____