## Applying the Concept Answers

**Applying the Concept 14-1: Types of Control**

Identify the type of control used or required as

A. Preliminary

B. Concurrent

C. Rework

D. Damage

**1. Francis is ordering the food for the menu special for Friday night.**

A. Preliminary. Francis is planning ahead.

**2. As quality inspector Lee tried to start the Ford Mustang, it would not start.**

C. Rework. The car needs to be fixed before shipping.

**3. Richard, just got a new laptop computer, and one of the keys on the keyboard doesn’t work.**

D. Damage. The laptop most likely will be exchanged, or possibly fixed.

**4. In a month, the Christmas shopping season begins, and Amita is scheduling employees’ hours.**

A. Preliminary. The manager is planning for the future staffing needs.

**5. Patriot’s Coach Bill Belichick ’s football team is behind at halftime, so he is sending in some new players.**

B. Concurrent. The monthly budget report is used during the budget period to control spending.

**Applying the Concept 14-2: Frequency and Methods of Control**

Identify the one primary method of control.

**Constant**

A. Self

B. Clan

C. Standing plans

**Periodic**

D. Regular meetings and reports

E. Budgets

F. Audits

**Occasional**

G. Observation

H. Exception principle

I. Special reports

J. Project

**6. June, the manager, is talking to an employee to find out why the project is behind schedule.**

I. Special reports. The employee was asked by the boss to explain the problem.

**7. Tyson, signs are posted stating that helmets must be worn in the construction site.**

C. Standing plans. The signs stating that helmets must be worn are giving a “rule.”

**8. “Kenny, have you completed the monthly inventory for shortages?”**

F. Audit. A monthly check makes it periodic, and checking the amount of inventory is an audit.

**9. “****Katniss, a team member, says we really need you to pick up the pace if we are going to ship this order out on time today, Tim.”**

B. Clan. The team is an ongoing group, and the person is using clan, or some peer pressure to get Tim to work faster.

**10. “I didn’t break it, Jamal. The thing just jammed and stopped working.”**

H. Exception principle. Jams can happen occasionally. An unexpected problem has come up so the employee is seeking help to fix it.

**11. “Helen, this isn’t enough money to operate my department at full capacity.”**

E. Budget. The amount of money for the year is a budget.

**12. “Deondre, I’m putting you in charge of hiring and overseeing the IT consultant to transfer our information system to the cloud.”**

J. Project. IT systems change occasionally and are projects.

**13. The manager Brianna’s desk is directly facing the employees.**

G. Observation. The manager’s desk is facing the employees to provide occasional observation.

**14.** **The accountant Bonita is out of town with a client, and her assistant is working alone in the office.**

A. Self. The assistant is working alone without the boss to impose controls.

**15. Tinna is at the monthly managers meeting.**

D. Regular meetings and reports. The meeting is monthly.

**Applying the Concept 14-3: Financial Statements**

Identify the *account* on the financial statement in the following examples:

**Income statement**

A. Revenue

B. Expenses balance sheet

C. Assets

D. Liabilities

E. Owner equity

**16. Boston Consulting Group (BCG) completed a one day consulting job.**

A. Revenues. BCG earned revenue income by providing a consulting service.

**17. BCG received a check for its one day consulting job**

C. Assets. The check is cash that goes on the balance sheet assets.

**18. BCG paid its consultants their monthly *pay***

B. Expenses. Payroll is an expense that offsets consulting revenues on the income statement.

**19. BCG sold some *stock* to Ford**

F. Owners’ equity. Selling stock increases BCG owners’ equity on the balance sheet, as Ford becomes a part owner of BCG.

**20. BCG pay its office *leasing* fee to Trump Towers**

B. Expenses. Office rent is an expense on the income statement. Trump owns the building (it’s their asset) and rents office space to BCG (its expense).

**21. BCG makes a *payment* on the *car* fleet it bought from Ford**

D. Liability. BCG bought the cars from Ford, which is a BCG asset, but when it makes cash payments for them, it decreases the liability to Ford on the balance sheet.

**Applying the Concept 14-4: Guidelines for Effective Discipline**

Identify which guideline is being followed--or not being followed--in the following statements. Use the guidelines in Exhibit 14-8 as the answers.

**22. “Katrina gave me a written warning for talking back to her again. She even made me sign it before putting it in my permanent record file.”**

G. Document discipline. The note is documentation of the discipline.

**23. “Sandy, as part of orientation, you need to learn the rules. The computer program will teach them to you and give you a test to make sure you understand them.”**

A. Communicate standing plans. Rules and regulations are standing plans.

**24. “****Joel got on my case again, so I’ll be getting the silent treatment again.”**

H. When discipline is over, resume normal relations. Giving the silent treatment is not getting back to normal.

**25. “Jose, that’s not fair; you shouldn’t dock my pay for coming in late just once.”**

B. Punishment should fit the crime. The employee is stating that the punishment is to severe for the offense.

**26. “****Tony, that’s enough. Come into my office so that we can discuss your behavior.”**

F. Discipline in private. In the manager’s office, others will not hear the discipline.

**27. “Did you see that? Chris really lost it and yelled at Erin.”**

E. Discipline immediately, but stay calm and get all the necessary facts before you discipline. It is best to stay calm and not to yell.

**28. “VP Karl comes back from break late all the time; why can’t we?”**

C. Follow the standing plans yourself. The boss breaks the rules but expects others not to.

**29. “When I come in a couple of minutes late, Edwardo reprimands me. But when attractive Wauneta does it, he** **never reprimands her.”**

D. Take consistent, impartial action when the rules are broken. The boss is being partial by playing favorites.

**30.** **“You’re lucky Jill. Professor Davidson didn’t take attendance today so you weren’t marked absent.”**

D. Take consistent, impartial action when the rules are broken. The professor is being inconsistent by not taking attendance very day.