

1 Distinguish data from information, discuss the characteristics of useful information, and explain how to determine the value of information.

1) Which of the following statements below shows the contrast between data and information?

- A) Data is the primary output of an accounting information system.
- B) Information is the primary output of an accounting information system.
- C) Data is more useful in decision making than information.
- D) Data and information are the same.

Answer: B

Concept: The concept of information

Objective: Learning Objective 1

Difficulty: Easy

AACSB: Analytical Thinking

2) When a subsystem's goals are inconsistent with the goals of another subsystem or with the system as a whole, it creates

- A) system inconsistence.
- B) system conflict.
- C) goal inconsistence.
- D) goal conflict.

Answer: D

Concept: The concept of information

Objective: Learning Objective 1

Difficulty: Easy

AACSB: Analytical Thinking

3) When a subsystem achieves its goals while contributing to the organization's overall goal, it is called

- A) system match.
- B) system congruence.
- C) goal congruence.
- D) goal match.

Answer: C

Concept: The concept of information

Objective: Learning Objective 1

Difficulty: Easy

AACSB: Analytical Thinking

4) Information is best described as

- A) raw facts about transactions.
- B) data that has been organized and processed so that it is meaningful to the user.
- C) facts that are useful when processed in a timely manner.
- D) the same thing as data.

Answer: B

Concept: The concept of information

Objective: Learning Objective 1

Difficulty: Easy

AACSB: Analytical Thinking

5) The value of information can best be determined by

- A) its usefulness to decision makers.
- B) its relevance to decision makers.
- C) the benefits associated with obtaining the information minus the cost of producing it.
- D) the extent to which it optimizes the value chain.

Answer: C

Concept: The concept of information

Objective: Learning Objective 1

Difficulty: Moderate

AACSB: Analytical Thinking

6) An accounting information system (AIS) processes _____ to provide users with _____.

- A) data; information
- B) data; transactions
- C) information; data
- D) data; benefits

Answer: A

Concept: The concept of information

Objective: Learning Objective 1

Difficulty: Easy

AACSB: Analytical Thinking

7) _____ information reduces uncertainty, improves decision makers' ability to make predictions, or confirms expectations.

- A) Timely
- B) Reliable
- C) Relevant
- D) Complete

Answer: C

Concept: Information needs and business processes

Objective: Learning Objective 1

Difficulty: Easy

AACSB: Analytical Thinking