

Question 1

If a business is profitable it will never run out of cash.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=513857>

Question 2

The following data is provided for James, Inc.

Selling price per unit \$ 600

Variable cost per unit \$ 390

Annual fixed cost \$150,600

What is the new break-even point in units, if James, Inc. decreases the annual fixed cost by \$25,000 and increases variable cost per unit by \$10?

- A) 628.
- B) 753.
- C) 714.
- D) 598.

Answer: <https://biology-forums.com/index.php?topic=513619>

Question 3

The statement of cash flows is organized around the major functions of a firm. These functions include

Operating Investing Financing

Activities Activities Activities

- A) Yes No Yes
- B) Yes No No
- C) Yes Yes Yes
- D) Yes Yes No

Answer: <https://biology-forums.com/index.php?topic=513386>

Question 4

Amortization of intangibles is normally

- A) accumulated in the amortization expense account.
- B) subtracted directly from the intangible asset account.
- C) accumulated in the accumulated amortization account.
- D) subtracted directly from the factory overhead account.

Answer: <https://biology-forums.com/index.php?topic=513799>

Question 5

A corporation can enter into contracts, buy or sell property and can sue or be sued because it

- A) is a separate business entity.
- B) is a separate legal entity with the same rights of a person.
- C) has the same rights as an unincorporated business.
- D) has the same rights as a partnership.

Answer: <https://biology-forums.com/index.php?topic=513250>

Question 6

Nickles Bakery is currently producing 500,000 loaves of bread a day. Their relevant range for the fixed and variable costs is 250,000 to 750,000 loaves a day. What would happen to their costs if they received an order for an additional 225,000 loaves a day?

Fixed Costs Variable Costs

per unit per unit

- A) decrease increase
- B) increase increase
- C) decrease unchanged
- D) increase unchanged

Answer: <https://biology-forums.com/index.php?topic=513584>

Question 7

Sorting or classifying data into usable information is accomplished by

- A) journalizing transactions.
- B) preparing and posting closing entries.

- C) preparing financial statements.
- D) posting transactions to the general ledger.

Answer: <https://biology-forums.com/index.php?topic=513654>

Question 8

Which one of the following helps a business prevent losses and promote efficient operations by creating checks and balances within the accounting and operating processes?

- A) Government controls.
- B) External controls.
- C) Internal controls.
- D) Insurance controls.

Answer: <https://biology-forums.com/index.php?topic=513497>

Question 9

Protecting proprietary information should be part of a good

- A) insurance program.
- B) government regulation.
- C) external control system.
- D) internal control system.

Answer: <https://biology-forums.com/index.php?topic=513500>

Question 10

As required by the SEC, the annual report must contain

- A) promotional information about the company.
- B) notes to the financial statements.
- C) a letter to the shareholders from the CEO.
- D) financial highlights.

Answer: <https://biology-forums.com/index.php?topic=514607>

Question 11

The benchmark return rate used for selecting capital projects is usually the company's

- A) capital project.
- B) cost of capital.
- C) capital investment.
- D) capitalized cost.

Answer: <https://biology-forums.com/index.php?topic=514357>

Question 12

At the start of your business you invest \$10,000 in the company. Immediately after the investment the company purchases a building for \$8,000 paying cash. What does the businesses accounting equation look like immediately after the acquisition?

A L E

- A) $\$8,000 = \$0 + \$8,000$
- B) $\$10,000 = \$2,000 + \$8,000$
- C) $\$8,000 = \$2,000 + \$6,000$
- D) $\$10,000 = \$0 + \$10,000$

Answer: <https://biology-forums.com/index.php?topic=513366>

Question 13

Ono Industries issues one thousand \$1,000, 12%, twenty-year bonds at 96. How much are its proceeds?

- A) \$ 1,000
- B) \$1,000,000
- C) \$ 960,000
- D) \$1,120,000

Answer: <https://biology-forums.com/index.php?topic=513521>

Question 14

Companies should have at least a 50% cash to total assets ratio at all times to remain solvent.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=513854>

Question 15

Earned equity is defined as the total amount a company has earned since its beginning,

- A) less any amounts distributed to employees.
- B) plus any amounts distributed to its employees.
- C) less any amounts distributed to its owner(s).
- D) plus any amounts distributed to its owner(s).

Answer: <https://biology-forums.com/index.php?topic=513361>

Question 16

The following data is provided for Oak, Inc.:

	Units	Cost of Store	Year Sold	Rent	Goods Sold	Supplies
2000	740	\$7,000	\$148,000	\$23,000		
2001	720	7,000	144,000	25,000		
2002	700	7,000	140,000	24,000		
2003	800	7,000	160,000	26,000		
2004	840	7,000	168,000	28,000		

Using the high-low method, what is the variable cost per unit for rent?

- A) \$10.00.
- B) \$ 9.16.
- C) \$ 0.
- D) \$ 8.33.

Answer: <https://biology-forums.com/index.php?topic=514111>

Question 17

Determining the present value of cash to be received in future periods is called

- A) profitability index.
- B) net cash flow.
- C) discounting cash flows.
- D) time value of money.

Answer: <https://biology-forums.com/index.php?topic=514391>

Question 18

The cost of goods sold budget is the total cost of all products that the company expects to produce during the budget period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=514218>

Question 19

The following information is available for Fans, Inc. for the month of May, 2006:

	Unit	Total
Date Transaction	Units	Cost Cost
5/1 Beginning Inventory	400	\$ 5 \$ 2,000
5/12 Purchases	375	6 2,250
5/25 Purchases	430	7 3,010
5/31 Purchases	685	8 5,480
	1,890	\$ 12,740

At the end of May Fans, Inc. had 700 units in inventory. What is the cost of goods sold under the LIFO inventory costing method?

- A) \$8,022
- B) \$8,940
- C) \$8,190
- D) \$7,155

Answer: <https://biology-forums.com/index.php?topic=514540>

Question 20

The details of a company's expected sales revenue from its primary operating activities during the budget period is shown in the

- A) budgeted income statement.
- B) cash budget.
- C) sales forecast.

D) sales budget.

Answer: <https://biology-forums.com/index.php?topic=514238>

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