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Question 1

Question Type: MultipleChoice

You are the newly hired manager of an individual restaurant chain. Which of the following responsibilities for your responsibility center would you be evaluated on?

Options:

A- Meeting cost budgets

B- Investments in assets decisions

C- Revenues, costs, and resulting profits

D- Return on investment for shareholders

Answer:

C

Question 2

Question Type: MultipleChoice

Thompson Dental is deciding between two lease options for a new copier. They anticipate making 22,500 copies spread evenly over the course of the year. Which of the following options should they choose if they want to save the most money on an annual basis, and how much money will they save?

Option 1: Monthly lease: $225, Included copies: 1,500/month, Additional copies: $0.15 per copy

Option 2: Monthly lease: $250, Included copies: 1,800/month, Additional copies: $0.02 per copy

Options:

A- Option 1; $16 annual savings

B- Option 1; $300 annual savings

C- Option 2; $189 annual savings

D- Option 2; $357 annual savings

Answer:

D

Question 3

Question Type: MultipleChoice

How does a statement of cash flows provide value for a company?

Options:

A- By showing assets, liabilities, and owners' equity at a point in time

B- By showing revenues and expenses using the accrual basis of accounting

C- By showing events that changed the stockholder's equity over the course of the accounting period

D- By showing the change from the beginning cash balance to the ending cash balance on the balance sheet

Answer:

D

Question 4

Question Type: MultipleChoice

Which option best activities would be included in the cash flows from the financing section of the statement of cash flows?

Options:

A- Cash receipts from customers

B- Increase in accounts receivable

C- Purchase of property and equipment

D- Cash dividends paid to noncontrolling interests

Answer:

D

Question 5

Question Type: MultipleChoice

Which row correctly identifies the calculation to establish standard costs for direct materials, direct labor, and factory overhead?

	Standard Cost for Direct Materials for One Unit	Standard Cost for Direct Labor for One Unit	Standard Cost for Factory Overhead for one Unit
1	Standard Quantity x Standard Price	Standard Hours x Standard Rate	Standard Quantity x Standard Hours
2	Standard Quantity x Standard Price	Standard Quantity x Standard Rate	Standard Quantity x Standard Rate
3	Standard Quantity x Standard Price	Standard Quantity x Standard Hours	Standard Quantity x Standard Rate
4	Standard Quantity x Standard Rate	Standard Quantity x Standard Rate	Standard Quantity x Standard Rate

Options:

A- Row 1

B- Row 2

C- Row 3

D- Row 4

Answer:

D

Question 6

Question Type: MultipleChoice

Which option best might a capital budget decision consider?

Options:

A- Historical cash flows

B- Minimum wage requirements

C- Customer satisfaction surveys

D- Future cash inflows vs. future cash outflows

Answer:

D

Question 7

Question Type: MultipleChoice

A potential lender is investigating Wyatt Corporation's leverage. This is select balance sheet data for Wyatt Corporation as of December 31. What is the company's debt to assets ratio?

Total current assets	$130,000
Property, plant & equipment	575,000
Intangible assets	3,500
Total liabilities and shareholders' equity	708,500
Common stock	160,000
Retained earnings	450,000

Options:

A- 14%
B- 23%
C- 74%
D- 86%

Answer:

A

Question 8

Question Type: MultipleChoice

This is select financial statement data for the three divisions of Technology Goods, Inc. Assuming all assets are operating assets, what is the return on investment for each division?

	Computers Division	Televisions Division	Tablets Division
Average accounts payable	42,000	36,000	39,500
Average current liabilities	590	3,700	1,400
Average cash	65,000	48,500	53,000
Average accounts receivable	16,000	11,800	13,600
Average property, plant, and equipment	90,350	75,500	82,800
Average inventory	24,750	19,000	20,440
Operating income	35,000	15,500	27,000

Options:

A- 17.8%, 10.0%, 15.9%
B- 33.1%, 31.3%, 31.2%
C- 53.0%, 32.0%, 50.9%
D- 82.2%, 39.0%, 66.0%

Answer:

A

Question 9

Question Type: MultipleChoice

Bethel Bakery manufactures frosted sugar cookies. They maintain separate work-in-process accounts for their blending, cutting, baking, decorating, and packaging departments. Which costing method is Bethel Bakery most likely using?

Options:

A- Job costing
B- Process costing
C- Departmental costing
D- Activity-based costing

Answer:

B

Question 10

Question Type: MultipleChoice

Diamonds and More produced a new line of necklaces that sell for $350 each. Management requires a profit equal to 40 percent of the selling price. What is the target cost of this product?

Options:

A- $140

B- $175

C- $210

D- $350

Answer:

C

Question 11

Question Type: MultipleChoice

Wycliff Corporation manufactured Job #3 during the month of May. On May 29, 100% of the product was finished and sold on account for $150. These journal entries were recorded during production:

	Debit	Credit
Manufacturing overhead	31	
Materials		10
Wages payable		21
Work in process	19	
Materials		19
Work in process	26	
Wages payable		26
Work in process	30	
Manufacturing overhead		30
Finished goods	75	
Work in process		75

On May 31, Wycliff determined that the amount remaining in the manufacturing overhead account was immaterial and closed it out. What was the amount of gross profit before closing the manufacturing account, and what effect did closing the manufacturing account have on gross profit?

Options:

A- Gross profit was $44; gross profit decreased by $1.00 after closing manufacturing overhead.
B- Gross profit was $44; gross profit increased by $1.00 after closing manufacturing overhead.
C- Gross profit was $75; gross profit decreased by $1.00 after closing manufacturing overhead.
D- Gross profit was $75; gross profit increased by $1.00 after closing manufacturing overhead.

Answer:

C

Question 12

Question Type: MultipleChoice

The manager of Ladron Candies is deciding whether or not to invest in new equipment with a purchase price of $10,500 and a required rate of return of 7%. Given this calculation of the present value of cash inflows and outflows for the next three years, what should he decide, based on the internal rate of return?

	6%	7%	8%
Present value of purchase price	$ (10,500)	$ (10,500)	$ (10,500)
Present value of labor savings	10,692.04	10,497.28	10,308.40
Net present value	192.04	(2.72)	(191.60)

Options:

A- Reject the investment, because the internal rate of return cannot be determined with the information given.
B- Reject the investment, because the internal rate of return is approximately 7% and results in a loss after three years.
C- Accept the investment, because the internal rate of return is approximately 6% and results in a profit after three years.
D- Accept the investment, because the internal rate of return is approximately 7%, which equals the required rate of return.

Answer:

D