

Net present value is calculated using which of the following?

Select one:

- A. Expected internal rate of return
- B. required rate of return
- C. predetermined overhead cost rate
- D. risk-free rate

[Clear my choice](#)

The Ambitz Corporation has an annual cash inflow from operations from its investment in a capital asset of \$44,000 (excluding the depreciation) each year for seven years. The corporation's income tax rate is 20%. Calculate the total after-tax cash inflow from operations for seven years.

Select one:

- A. \$246,400

The actual information pertains to the month of September. As a part of the budgeting process, Twilith Fencing Company developed the following static budget for September.

	<u>Actual Results</u>	<u>Static Budget</u>
Sales volume (in units)	<u>12,000</u>	<u>15,000</u>
Sales revenues	\$660,000	\$750,000
Variable costs	307,200	360,000
Fixed costs	<u>274,800</u>	<u>270,000</u>
Operating profit	\$ 78,000	\$ 120,000

The static budget variance for variable costs is:

Select one:

- a. \$52,800 F
- b. \$4,800 U
- c. \$ 4,800 F
- d. \$52,800 U

[Clear my choice](#)

Delinz Company can predict with virtual certainty the demand for its products. Delinz's sells 75 units per week. Purchase-order lead time is 3 weeks and the economic-order quantity is 150 units. What is the reorder point?

Select one:

- a. 225 units
- b. 150 units
- c. 450 units
- d. 675 units

[Clear my choice](#)

Green Company's sales are 30% cash and 70% credit. 60% of credit sales are collected in the month of sale, 30% in the month following the sale, and 10% is collected two months after. Budgeted sales data is as follows:

June	\$200,000
July	\$100,000
August	\$150,000

How much are Accounts Receivable at the end of August?

Select one:

- a. \$49,000
- b. \$70,000
- c. \$21,000
- d. \$147,000

[Clear my choice](#)

Freight in charges is included in purchasing costs of inventory.

Select one:

a. False

b. True

[Clear my choice](#)

Which of the following is true of managerial accounting information?

Select one:

- A. It focuses on the past-oriented financial performance of a company.
- B. It is primarily used by managers and investors to make internal business decisions.
- C. It only measures the cash transactions of a company.
- D. It is prepared based on cost-benefit analysis.

[Clear my choice](#)

A general rule in capital budgeting is that a project is accepted only if the internal rate of return equals or _____.

Select one:

- A. exceeds the required rate of return
- B. exceeds the inflation rate
- C. exceeds the risk-free rate
- D. exceeds the accrual accounting rate of return

[Clear my choice](#)

Contrafic Corporation used the following data to evaluate its current operating system. The company sells items for \$21 each and used a budgeted selling price of \$21 per unit.

	Actual	Budgeted
Units sold	180,000 units	185,000 units
Variable costs	\$1,080,000	\$1,295,000
Fixed costs	\$ 800,000	\$ 775,000

What is the static-budget variance of revenues?

Select one:

- a. \$105,000 favorable
- b. \$8,000 favorable
- c. \$8,000 unfavorable
- d. \$105,000 unfavorable

[Clear my choice](#)

The Ambitz Corporation has an annual cash inflow from operations from its investment asset of \$44,000 (excluding the depreciation) each year for seven years. The corporate tax rate is 20%. Calculate the total after-tax cash inflow from operations for seven years.

Select one:

- A. \$308,000
- B. \$61,600
- C. \$176,000
- D. \$246,400

[Clear my choice](#)

The Comil Corporation recently purchased a new machine for its factory operations at a cost of \$315,445. The investment is expected to generate \$115,000 in annual cash flows for a period of four years. The required rate of return is 13%. The old machine has a remaining life of four years. The new machine is expected to have zero value at the end of the four-year period. The disposal value of the old machine at the time of replacement is zero. What is the internal rate of return?

Select one:

- A. 13%
- B. 27.4%
- C. 17%
- D. 14%

[Clear my choice](#)

Which of the following descriptors refers to management accounting information?

Select one:

- A. it is verifiable and reliable.
- B. it is driven by rules.
- C. it is prepared for shareholders.
- D. it provides reasonable and timely estimates.

[Clear my choice](#)

[Clear my choice](#)

The following information is for Mix Corp: selling price \$60 per unit, variable costs \$50 per unit; total fixed costs \$125,000

The number of units that Mix Corp must sell to reach targeted operating income of \$38,000 is -----

Select one:

- a. 8,150 units
- b. 16,300 units
- c. 6,520 units
- d. 2,717 units

[Clear my choice](#)

A company has three product lines, one of which reflects the following result:

Sales	\$170,000
Variable expenses	<u>100,000</u>

If a company has a degree of operating leverage of 1.35 and sales decrease by 20%, then _____.

Select one:

- a. operating income will decrease by 27%
- b. total fixed costs will decrease by 27%
- c. total fixed costs will increase by 27%
- d. operating income will increase by 27%

[Clear my choice](#)

Which of the following costs is NOT considered to calculate the minimum acceptable price of a one-time-only special order?

Select one:

- a. indirect variable material costs
- b. direct material costs
- c. special design costs
- d. marketing costs

[Clear my choice](#)

ABC Corporation wants to purchase a new machine for its factory operations at a cost of \$380,000. The investment is expected to generate \$225,000 in annual cash flows for a period of four years. The required rate of return is 10%. The old machine can be sold for \$30,000. The machine is expected to have zero value at the end of the four-year period. What is the net present value of the investment? Would the company want to purchase the new machine? Income taxes are not considered. (Rounded)

Select one:

- A. \$350,000; yes
- B. \$363,250; yes
- C. \$375,650; no
- D. \$22,500; no

[Clear my choice](#)

An increase in rent cost will _____.

Select one:

- a. increase variable costs
- b. increase fixed cost per unit
- c. increase operating income
- d. reduce contribution margin

[Clear my choice](#)

Barnes Company purchases raw materials on account each month. Purchases are paid for according to the following schedule: 50% is paid in the month of the purchase 40% is paid in the month following the purchase 10% is paid in the second month following the purchase. Budgeted purchases are as follows: March \$75,000; April \$90,000; May \$85,000.

How much will be reported for Accounts Payable for material purchases as of the end of May?

Select one:

- a. \$42,500
- b. \$78,500
- c. \$82,000
- d. \$51,500

[Clear my choice](#)

Silver Corporation disposes a capital asset with an original cost of \$300,000 and accumulated depreciation of \$140,000 for a salvage price of \$42,000. Silver's tax rate is 35%. Calculate the total after-tax cash inflow from the disposal of the capital asset.

Select one:

- A. \$83,300
- B. \$41,300
- C. \$90,300
- D. \$98,000

[Clear my choice](#)

The capital budgeting method that calculates the rate of return at which the net present value is zero is called:

Select one:

- A. internal rate of return method
- B. payback method
- C. net present value method
- D. accrual accounting rate-of-return method

[Clear my choice](#)

The Wood Furniture company produces a specialty wood furniture. The following information is available concerning its inventory items: Relevant carrying cost per unit: \$1.60. Annual demand is 15,000 packages per year. The purchase price per unit is \$2.50. The quantity ordered is 1,000 units. What are the total relevant costs, assuming the quantity ordered is the economic order quantity?

Select one:

- a. \$3,971
- b. \$3,750
- c. \$1,400
- d. \$2,700

[Clear my choice](#)

The actual information pertains to the month of September. Twelfth Fencing Company developed the following static budget for the month of September.

Which of the following is a reasonable order in which to prepare budgets?

Select one:

- a. Budgeted income statement, sales budget, cash receipts and disbursements budget.
- b. Labor budget, budgeted income statement, sales budget.
- c. Cash receipts and disbursements budget, capital acquisitions budget, labor budget.
- d. Sales budget, production budget, material purchases budget.

[Clear my choice](#)

Development of a budget

Select one:

- a. guarantees that the company will be profitable.
- b. enhances communication and coordination among managers.
- c. is required by GAAP.
- d. is a task best completed by the controller working alone.

[Clear my choice](#)



If the required direct materials purchases are 8,000 pounds and the direct materials required for production is three times the direct materials purchases, and the beginning direct materials are 12,000 pounds and a half times the direct materials purchases, what are the desired ending direct materials in pounds?

Select one:

- a. 12,000
- b. 8,000
- c. 20,000
- d. 4,000

[Clear my choice](#)

- b. 8,000
- c. 20,000
- d. 4,000

[Clear my choice](#)

If the net present value for a project is negative, which of the following is true?

Select one:

- A. the project should be accepted because its expected rate of return is greater than the discount rate
- B. no enough information to answer
- C. its expected rate of return is below the required rate of return
- D. its internal rate of return is more than its discount rate

[Clear my choice](#)

Plat Company operated at normal capacity during the current year producing 50,000 units of its single product. Sales totaled 40,000 units at an average price of \$20 per unit. Variable manufacturing costs were \$8 per unit and variable marketing costs were \$4 per unit sold. Fixed costs amounted to \$188,000 for manufacturing and \$64,000 for marketing. There was no year-end work in process inventory. Ignore taxes.

What is Plat's break-even point in sales dollars for the current year?

Select one:

- a. \$470,000
- b. \$630,000
- c. \$252,000
- d. \$420,000

[Clear my choice](#)

Among different types of costs associated with inventory, the incoming freight charges of inventories are _____.

Select one:

- a. purchasing costs
- b. stockout costs



Which of the following methods don't utilize discounted cash flows when analyzing potential capital expenditures?

Methods:

1. Accrual accounting rate-of-return
2. Internal Rate of Return (IRR)
3. Payback Period
4. Net Present Value (NPV)

Select one:

- A. 1 and 3
- B. 1 and 2
- C. 2 and 4
- D. 1 only

[Clear my choice](#)

Fit Company wants to purchase a new cutting machine for its sewing plant. The investment is expected to generate annual cash inflows of \$140,000. The required rate of return is 10% and the current machine is expected to last for seven years. Of the following choices, which is the dollar amount the company would be willing to spend for the machine, assuming its life is also seven years? Income taxes are not

The Wood Furniture company produces a specialty wood furniture product, and has the following information available concerning its inventory items: Relevant ordering costs per purchase order \$120. Relevant carrying costs per unit: Required annual return on investment 15%. Out of pocket costs per unit \$1.60. Annual demand is 15,000 packages per year. The purchase price per package is \$16. What is the economic order quantity?

Select one:

1,000 units

Holding all other factors constant, the break-even point will be decreased by

Select one:

- a. decreasing the contribution margin.
- b. increasing the variable cost per unit.
- c. increasing the fixed costs.
- d. increasing the selling price.

[Clear my choice](#)

If the quantity of inventory is high:

Select one:

- a. annual carrying costs are high but annual ordering costs are low
- b. annual carrying costs are low but annual ordering costs are high
- c. annual carrying costs and annual ordering costs will be high
- d. annual carrying costs and annual ordering costs are equal

[Clear my choice](#)

A company has three product lines, one of which reflects the following result:

Sales	\$170,000
Variable expenses	100,000
Contribution margin	\$ 70,000
Fixed expenses	110,000
Net loss	\$(40,000)

If this product line is eliminated, 60% of the fixed expenses can be eliminated and the other 40% will be allocated to other product lines. If management decides to eliminate this product line, the company's net income will

Select one:

- a. decrease by \$4,000.
- b. decrease by \$70,000.
- c. increase by \$4,000.
- d. increase by \$40,000.

[Clear my choice](#)