

FINN1300
Online Quiz

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Which of the following is not an operating cash flow?

Select one:

- a. Payment of income tax
- b. Purchase of equipment for cash
- c. Payment of cash for operating expenses
- d. Collection of cash from receivables

Ans:

Purchase of Equipment for Cash

A(n) ___ asset is one which can be quickly converted into cash without significant loss in value.

Select one:

- a. liquid
- b. long-term
- c. tangible
- d. fixed
- e. intangible

Ans:

liquid

Which of the following is NOT a cash outflow for the firm?

Select one:

- a. Interest payments.
- b. Depreciation
- c. Taxes.
- d. Dividends.

Ans:

Depreciation

On the pro forma income statement, the increase in retained earnings is derived:

Select one:

- a. Earnings before taxes - taxes
- b. Operating profit – dividends
- c. Operating profit - taxes
- d. Earnings aftertaxes - dividends

Ans:

Earnings aftertaxes - dividends

The future value of \$100 received today and deposited at 6 percent for four years is

_____.

Select one:

- A. \$124
- B. \$116
- C. \$126
- D. \$ 79

Ans:
\$126

An examination of the sources and uses of funds statement is part of:

Select one:

- a. a funds flow analysis.
- b. calculations for preparing the balance sheet.
- c. a ratio analysis.
- d. a forecasting technique

Ans:

a funds flow analysis.

Rogue Industries reported the following items for the current year:

Sales = \$3,000,000; Cost of Goods Sold = \$1,500,000; Depreciation Expense = \$170,000; Administrative Expenses = \$150,000; Interest Expense = \$30,000; Marketing Expenses = \$80,000; and Taxes = \$300,000.

What is Rogue's OPERATING profit margin?

Select one:

- a. 25.67%
- b. 36.67%
- c. 35.67%

Ans:

36.67%

The key input to the financial planning process is

Select one:

- a. Cash receipts.
- b. The sales forecast.
- c. The cash budget.
- d. Pro forma statements.

Ans:

The sales forecast.

Pro formas refer to:

Select one:

- a. Plans developed by a Certified Financial Planner.
- b. The inputs in the financial planning process.
- c. Deviations in results from previous financial plans
- d. Projected financial statements.

Ans:

Projected financial statements.

This information belonged to the SoftCompany : Accounts receivable on December 31, 2016: \$20,000 Accounts receivable on December 31, 2017: \$25,000 Net credit sales during the year 2017: \$100,000 Based on the above information, the total cash collected from customers by Soft Company during the year 2017 is:
Select one:

- a. 105,000
- b. 120,000
- c. 75,000
- d. \$95,000

Ans:
\$95,000

Which of the following would be considered a cash-flow item from an "operating" activity?

Select one:

- a. Cash outflow to shareholders as dividends.
- b. Cash inflow to the firm from selling new common equity shares.
- c. Cash outflow to the government for taxes.
- d. Cash outflow to purchase bonds issued by another company.

Ans:

- c. Cash outflow to the government for taxes.

Which one of the following accounts is generally the most liquid?

Select one:

- a. Accounts receivable
- b. Inventory
- c. Building
- d. Equipment
- e. Patent

Ans:

- a. Accounts receivable

The primary purpose of the cash budget is:
Select one:

- a. To allow the firm to anticipate the need for outside funding
- b. To determine the collection pattern
- c. To determine monthly cash receipts
- d. To break the income statement down into monthly periods

Ans:

- a. To allow the firm to anticipate the need for outside funding

Which of the following would be considered a use of funds?

Select one:

- a. Decrease in cash.
- b. Increase in account payable.
- c. Increase in cash.
- d. Decrease in accounts receivable.

Ans:

- a. Decrease in cash.

Vargas enterprises wish to determine the economic order quantity (EOQ) for a critical and expensive inventory item that is used in large amounts at a relatively constant rate throughout the year. The firm uses 450,000 units of the item annually, has order costs of \$375 per order, and its carrying costs associated with this item are \$28 per unit per year. The firm plans to hold safety stock of the item equal to 5 days of usage, and it estimates that it takes 12 days to receive an order of the item once placed. Assume a 365-day year.

How many units of safety stock should Vargas hold?

Select one:

- a. 6,165 units
- b. 6,412 units
- c. 7000 units
- d. 6,000 units

Ans:

6,165 units

A company sells an old piece of equipment for \$5,000 cash. The book value of the equipment sold is \$4,500. Under indirect method, the gain of \$500 ($\$5,000 - \$4,500$) would affect:

Select one:

- a. Notes to the financial statements
- b. Financing activities section
- c. Operating activities section
- d. Investing activities section

Ans:

- c. Operating activities section

Which of the following is not a step in the development of the pro forma income statement?

Select one:

- a. Establish a sales projection.
- b. Determine a production schedule and associated expenses to determine gross profit.
- c. Determine profit by completing the actual pro forma statement.
- d. Determine the cash receipts.

Ans:

- d. Determine the cash receipts.

Which of the following is incorrect regarding a firm's financial planning?

Select one:

a. Planning, if it is done right, forces the financial manager to think about events that could upset the firm's progress and to devise strategies to be held in reserve for counterattack when unfortunate surprises occur.

b. The financial plan establishes financial goals and is a benchmark for evaluating subsequent performance. Usually it also describes why that strategy was chosen and how the plan's financial goals are to be achieved.

c. Most firms take financial planning seriously and devote considerable resources to it. The tangible product of the planning process is a financial plan describing the firm's financial strategy and projecting its future consequences by means of pro forma balance sheets, income statements, and statements of sources and uses of funds.

d. Planning is just like forecasting and both deal with the most likely outcome. Planners do not have to think about events that may occur, though unlikely.

Ans:

d. Planning is just like forecasting and both deal with the most likely outcome. Planners do not have to think about events that may occur, though unlikely.

A company sells old plant for \$12,000 cash. The book value of the plant is \$7,000. This transaction would affect:

Select one:

- a. Operating activities & investing activities
- b. Financing activities & investing activities
- c. Operating activities and foot notes
- d. Operating activities & financing activities

Ans:

- a. Operating activities & investing activities

Rogue Corp. has sales of \$4,250,000; the firm's cost of goods sold is \$2,500,000, and its total operating expenses are \$600,000. The firm's interest expense is \$250,000, and the corporate tax rate is 40%. What is Rogue's tax expense (how much will rogue pay in taxes)

Select one:

- a. \$260,000
- b. \$258,000
- c. \$360,000
- d. \$600,000

Ans:

- a. \$260,000