Question 1 of 20 5.0 Points

A firm's \_\_\_\_\_\_\_\_\_\_ account is categorized as a current asset.

 A. equipment

 B. accounts payable

 C. bonds payable

 D. merchandise inventory

Question 2 of 20 5.0 Points

\_\_\_\_\_\_\_\_\_\_ accounts show the amount of money owed to the firm by customers.

 A. Supply

 B. Prepaid

 C. Receivables

 D. Payables

Question 3 of 20 5.0 Points

A firm has $200,000 in total assets and $120,000 in owner's equity. What are the total liabilities?

 A. $80,000

 B. $200,000

 C. $320,000

 D. Cannot be determined from the information given

Question 4 of 20 5.0 Points

Please use the following information to answer questions 4-5:

Cash $10,000 Accounts Payable $7,000

Accounts Receivable $6,400 Mortgage Payable $65,000

Supplies $1,500 Long-term Debt $36,000

Building $150,000 Notes Payable $9,000

Equipment $80,000 Preferred Stock $32,000

Merchandise Inventory $18,000 Retained Earnings ?

Prepaid Rent $3,000

Common Stock $60,000

Current Assets total:

 A. $16,400

 B. $37,400

 C. $38,900

 D. $268,900

Question 5 of 20 5.0 Points

Retained earnings total:

 A. $59,900

 B. $78,100

 C. $92,000

 D. $151,900

Question 6 of 20 5.0 Points

\_\_\_\_\_\_\_\_\_\_ expenses are costs incurred directly with the sale of merchandise or in the operations of business.

 A. Purchasing

 B. Net

 C. Operating

 D. Miscellaneous

Question 7 of 20 5.0 Points

A company develops the following information at the end of an accounting period:

Inventory, 01/99 $347,500

Net purchases $1,145,000

Cost of goods sold $1,216,000

What is the ending inventory for the period?

 A. $71,000

 B. $276,500

 C. $797,500

 D. Cannot be determined from the information given

Question 8 of 20 5.0 Points

Please use the following information to answer questions 8-10:

Gross Sales $1,555,000 Inventory, 01/99 $356,000

Purchases 812,000 Inventory, 12/99 382,000

Purchases discount 26,000 Sales Discount 22,000

Sales returns & allowances 35,000 Transportation in 16,000

Selling expenses 210,000 Administrative salaries 240,000

Advertising expense 40,000 Depreciation expense 22,000

Supplies expense 24,000 Other general expenses 112,000

Interest expense 8,000 Interest income 3,000

What are the total expenses?

 A. $450,000

 B. $544,000

 C. $648,000

 D. $656,000

Question 9 of 20 5.0 Points

What is the gross profit?

 A. $696,000

 B. $722,000

 C. $776,000

 D. $1,158,000

Question 10 of20 5.0 Points

What is the net income?

 A. $66,000

 B. $69,000

 C. $72,000

 D. $95,000

Question 11 of 20 5.0 Points

The percentage analysis of changes of corresponding items in comparative financial statements is referred to as horizontal analysis.

 A. True

 B. False

Question 12 of 20 5.0 Points

Please use the following information to answer questions 12-16:

Trenton Supply Company

Comparative Income Statement, 12/31/99 and 12/31/2000

  2000 1999

Net Sales $ 850,000 $ 780,000

Cost of goods sold:

Beginning inventory 42,000 36,000

Net purchases 410,000 382,000

Merchandise available for sale 452,000 418,000

Ending inventory 48,000 43,000

Total cost of goods sold 404,000 375,000

Gross profit 446,000 405,000

Operating expenses:

Supplies 7,400 6,500

Wages & salaries 195,000 147,000

Depreciation 13,000 15,000

Insurance 5,100 4,500

Advertising 8,000 6,000

Rent 25,000 22,000

Total operating expenses 253,500 201,000

Income before taxes 192,500 204,000

Provision for taxes 80,000 84,000

Net income 112,500 120,000

For the year 2000, cost of goods sold represents what percentage of net sales?

 A. 47.53%

 B. 48.1%

 C. 52.0%

 D. 52.47%

Question 13 of 20 5.0 Points

For the year 1999, net income represents what percentage of net sales?

 A. 13.24%

 B. 15.4%

 C. 22.65%

 D. 26.15%

Question 14 of 20 5.0 Points

In 2000, total operating expenses increased by \_\_\_\_\_% over 1999.

 A. 5.98

 B. 12.2

 C. 26.12

 D. 53.5

Question 15 of 20 5.0 Points

Between 12/31/1999 and 12/31/2000, gross profit:

 A. fell by 1.33%.

 B. fell by 7.73%.

 C. rose by 8.13%.

 D. rose by 10.12%.

Question 16 of 20 5.0 Points

Between 12/31/1999 and 12/31/2000, net income:

 A. rose by 5.97%.

 B. fell by 5.64%.

 C. fell by 6.25%.

 D. rose by 6.67%.

Question 17 of 20 5.0 Points

The ratio of \_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_ is an example of a \_\_\_\_\_\_\_\_\_\_ ratio.

 A. quick assets; current liabilities; leverage

 B. cost of goods sold; total assets; asset utilization

 C. net credit sales; average owner's equity; leverage

 D. net income after taxes; net sales; profit

Question 18 of 20 5.0 Points

A firm's balance sheet shows the following assets:

Cash $5,000

Accounts Receivable $8,000

Inventories $10,000

Prepaid Insurance $2,500

Marketable Securities

 $7,000

If the firm has current liabilities totaling $15,000, what is its acid test ratio?

 A. 0.67:1

 B. 1:1

 C. 1.33:1

 D. 1.5:1

Question 19 of 20 5.0 Points

Please use the following information to answer questions 19-20:

Assume the balances on 12/31/99 were carried over to 01/01/2000:

Trenton Supply Company

Comparative Balance Sheet, 12/31/99 and 12/31/2000

  2000 1999

Current Assets:

  Cash 70,000 64,000

  Accounts receivable 50,000 45,000

  Prepaid rent 10,000 12,000

  Merchandise Inventory 120,000 135,000

  Total Current Assets 250,000 256,000

Fixed Assets:

  Equipment (net) 200,000 164,000

  Building (net) 300,000 310,000

  Total Assets 750,000 730,000

Total current Liabilities 120,000 100,000

Total Long-term Debt 225,000 245,000

Owner's Equity 405,000 385,000

Total Liabilities and Owner's Equity 750,000 730,000

From 1999 to 2000, the what is the asset turnover ratio?

 A. 1.52

 B. 1.54

 C. 2.00

 D. 2.05

Question 20 of 20 5.0 Points

Given a net income of $90,000, what is the return on investment for 2000?

 A. 7.9%

 B. 22.22%

 C. 22.78%

 D. 24.8%

Part 1 of 1 -

Question 1 of 20 5.0 Points

Product costs are increased by the presence of middlepersons in the distrubution channel.

 A. True

 B. False

Question 2 of 20 5.0 Points

Determine the extension amount of the following order:

Product X: 10 units @ $2.35 each

Product Y: 12 boxes @ $6.15 per box

Product Z: 3 dozen @ $12.20 per dozen

 A. $20.70

 B. $133.90

 C. $172.50

 D. $536.50

Question 3 of 20 5.0 Points

A trader buys 3 dozen units of product X for a total of $158.40. What is the unit cost?

 A. $4.40

 B. $6.60

 C. $44.40

 D. $52.80

Question 4 of 20 5.0 Points

A trader can purchase a good at $7.20 per unit, or they can buy 5 for $33.00. What is the total amount saved by buying in bulk?

 A. $0.60

 B. $0.90

 C. $2.00

 D. $3.00

Question 5 of 20 5.0 Points

A merchant pays $4,320 for a shipment of goods after receiving a 10% trade discount. What is the list price for the shipment?

 A. $3,888

 B. $4,752

 C. $4,800

 D. $5,120

Question 6 of 20 5.0 Points

A wholesaler lists a refrigerator model at a price of $850 and offers a chain discount of 20% and 10%. What is the net price?

 A. $476

 B. $595

 C. $612

 D. $644

Question 7 of 20 5.0 Points

A store receives $400 cash after offering a chain discount of 10/10/5 on a good. What was the list price?

 A. $492.20

 B. $519.82

 C. $533.33

 D. $612.00

Question 8 of 20 5.0 Points

Merchandise lists for $5,000 with a trade discount of 10% and terms of 5/30, 3/60, n/90. If the purchaser is invoiced on April 12th and payment is made on June 10th, what is the actual amount paid?

 A. $4,275

 B. $4,350

 C. $4,365

 D. $4,500

Question 9 of 20 5.0 Points

An invoice for product X totals $1,200 and is dated July 6, 2000 with terms 2/10-60X. If the invoice is paid on September 3, 2000, what is the net amount of payment?

 A. $912

 B. $1,152

 C. $1,176

 D. $1,200

Question 10 of 20 5.0 Points

A good purchased for $480 sells for $700. If the store's operating expenses are 30% of cost, what is the percentage markup on cost?

 A. 1.5%

 B. 10.57%

 C. 15.83%

 D. 45.83%

Question 11 of 20 5.0 Points

A retailer sells a clothing item for $49.99. If the retailer maintains a 40% markup on cost, how much can it afford to pay for the item?

 A. $29.99

 B. $32.22

 C. $35.71

 D. $36.58

Question 12 of 20 5.0 Points

Determine the selling price of a good if it is purchased for $36 and the firm wants to earn a markup of 40% on the selling price.

 A. $44.00

 B. $50.40

 C. $54.00

 D. $60.00

Question 13 of 20 5.0 Points

An item bought for $32 is sold for $40. What is the markup based on price?

 A. 20%

 B. 25%

 C. 33.33%

 D. 40%

Question 14 of 20 5.0 Points

A retailer wants to sell an item that costs $18 at a list price that will provide a 25% markup on the selling price and give the customer a 40% discount. What is the list price?

 A. $20.16

 B. $24.00

 C. $31.50

 D. $40.00

Question 15 of 20 5.0 Points

A flower shop buys 200 mixed fresh flower arrangements for $4.50 per arrangement. The owner estimates that 10% will wilt before they are sold and will have to be discarded. If the store requires a 50% markup on the selling price, what is the price per arrangement?

 A. $8.15

 B. $10.00

 C. $10.87

 D. $11.96

Question 16 of 20 5.0 Points

A baker makes 500 cream-filled eclairs at a cost of $0.72 each. He estimates that 10% of the eclairs will be sold the following day at a reduced price of $0.80 each. Find the marked price if the baker wishes to obtain a 75% markup on cost.

 A. $1.27

 B. $1.31

  C. $1.33

 D. $1.45

Question 17 of 20 5.0 Points

A vendor reduces an item listed at $140 on July 1st by 20%, and then reduces it another 25% on September 1st. What is the sale price of the good after the last reduction?

 A. $77.00

 B. $84.00

 C. $92.00

 D. $108.50

Question 18 of 20 5.0 Points

A(n) \_\_\_\_\_\_\_ loss occurs when the reduced price is below the actual cost.

 A. net

 B. operating

 C. absolute

 D. incurred

Question 19 of 20 5.0 Points

A merchant buys a good for $275. Their store's operating expenses are 35% of cost. The selling price of the good is $549, but is marked down by 35%. The transaction resulted in a:

 A. net loss of $110.30.

 B. net loss of $60.48.

 C. net loss of $14.40.

 D. net profit of $2.07.

Question 20 of 20 5.0 Points

A trader buys a good at a cost of $8.00 per unit. Operating expenses are 35% of the selling price and net profit is 15% of the selling price. What is the maximum dollar markdown allowed without incurring an operating loss on the sale of the good?

 A. $1.50

 B. $2.25

 C. $2.40

 D. $4.88

Part 1 of 1 -

Question 1 of 20 5.0 Points

An asset is purchased for $50,000. It has an estimated useful life of 12 years and a salvage value of $5,000. What is the annual depreciation of the asset using the straight-line method?

 A. $3,750.00

 B. $4,000.00

 C. $4,500.00

 D. $4,583.33

Question 2 of 20 5.0 Points

An asset purchased by Able Corporation for $15,000 on 01/01/1997 also incurred freight charges of $200 and installation cost of $1,000. The asset had a life expectancy of eight years and a salvage value of $2,800. What are the accumulated straight-line depreciation and book value on 01/01/2000?

 A. $1,675; $9,975

 B. $5,025; $11,175

 C. $1,875; 10,575

 D. $6,075; $10,125

Question 3 of 20 5.0 Points

Parker Inc. purchased a $30,000 asset with a salvage value of $1,200 and an estimated useful life of three years.Â Â What isÂ the book value at the end of years one and two using the 150% declining balance method?

 A. $30,000 and $15,000

 B. $25,000 and $15,000

 C. $30,000 and $7,500

 D. $15,000 and $7,500

Question 4 of 20 5.0 Points

An asset is purchased for $50,000. It has an estimated useful life of eight years and salvage value of $6,000. If the asset is depreciated using the double-declining balance method, what are the depreciation expense and book value at the end of year two?

 A. $5,468.75; $38,281.25

 B. $8,250; $30,750

 C. $9,375; $28,125

 D. $11,000; $28,000

Question 5 of 20 5.0 Points

A machine costs $40,000, has a salvage value of $8,000, and is expected to have a useful life of 100,000 hours. If it is utilized for a total of 8,000 hours in year one, what is the depreciation expense based on the unit-of-production-method at the end of the year?

 A. $2,560

 B. $3,200

 C. $4,000

 D. $25,000

Question 6 of 20 5.0 Points

Baker Company purchases a new delivery truck for $20,000. The truck is expected to have a useful life of 90,000 miles before replacement, and a salvage value of $2,000. In its first year the truck was driven 22,000 miles, and a further 19,000 miles in year two. WhatÂ is the depreciation expense and book value at the end of year two?

 A. $3,800; $11,800

 B. $4,400; $11,200

 C. $4,222.22; $10,888.88

 D. $8,200; $9,800

Question 7 of 20 5.0 Points

A delivery truck is purchased for $38,000, has a salvage value of $6,000 and is depreciated using MACRS. What is the first-year depreciation expense?

 A. $4,578.80

 B. $5,430.20

 C. $7,600.00

 D. $15,200.00

Question 8 of 20 5.0 Points

Dennison Property Company purchases a new office space for lease to small businesses for $2,400,000, including a land value of $400,000. The property is placed in service on March 15, 1999. Using MACRS, what is theÂ depreciation on this property at the end of its first year?

 A. $40,660

 B. $43,656

 C. $50,260

 D. $57,850

Question 9 of 20 5.0 Points

The periodic deduction allowed by the Internal Revenue Service to recover the cost of a business asset that is used more than one year is called:

 A. depreciated value.

 B. recovered cost.

 C. specific cost.

 D. depreciation.

Question 10 of 20 5.0 Points

The amount of the periodic deduction is reported as \_\_\_\_\_\_\_\_\_ in the income statement and as an increase in the \_\_\_\_\_\_\_\_\_ of the asset in the balance sheet.

 A. a decrease in asset value; value

 B. the current cost estimate; residual value

 C. depreciation expense; accumulated depreciation

 D. actual value; depreciation

Question 11 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ of an asset is the value reported in the balance sheet after deducting the accumulated depreciation from the total cost of the asset when it is placed in service.

 A. book value

 B. retail price

 C. average cost

 D. specific cost

Question 12 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ method of depreciation allows a business to evenly distribute the cost of as asset over its useful life.

 A. units of production

 B. straight-line

 C. sum-of-years’-digits

 D. declining-balance

Question 13 of 20 5.0 Points

\_\_\_\_\_\_\_\_\_ is used to depreciate assets when the actual service rendered by the asset is a more appropriate base for depreciation than its years of service.

 A. declining-balance

 B. sum-of-years’-digits

 C. units of production

 D. MACRS

Question 14 of 20 5.0 Points

\_\_\_\_\_\_\_\_\_ property is land and generally anything that is erected on, growing on, or attached to the land.

 A. Useful

 B. Tangible

 C. Intangible

 D. Real

Question 15 of 20 5.0 Points

An asset’s purchase cost plus freight and/or installation charges required to place the asset into service is called the:

 A. market value

 B. salvage value

 C. total cost

 D. cost base

Question 16 of 20 5.0 Points

Under MACRS, the type of recovery property being depreciated determines which \_\_\_\_\_\_\_\_\_ will be used to determine the recovery amount.

 A. method

 B. value

 C. class

 D. cost base

Question 17 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ system is also known as the General Depreciation System and applies to all tangible property placed in service after 1986.

 A. asset valuation

 B. fair market

 C. modified accelerated cost recovery

 D. residual value

Question 18 of 20 5.0 Points

The book value at the end of an asset’s useful life should always be equal to its \_\_\_\_\_\_\_\_\_ value.

 A. residual

 B. salvage

 C. market

 D. depreciated

Question 19 of 20 5.0 Points

Under MACRS, the \_\_\_\_\_\_\_\_\_ treats all property as being placed in service on the midpoint of the years regardless of when the property is actually placed in service.

 A. valuation schedule

 B. depreciation schedule

 C. half-year convention

 D. cost base

Question 20 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ method of depreciation is considered an accelerated method of depreciating assets.

 A. units of production

 B. straight-line

 C. modified production

 D. declining-balance

Question 1 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ method of inventory valuation uses the quantity times price equals cost concept of the basic business transaction.

 A. specific identification

 B. original cost

 C. specific cost

 D. average cost

Question 2 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ method for determining the value of ending inventory closely resembles the way a company actually moves its physical inventory.

 A. specific identification

 B. FIFO

 C. LIFO

 D. inventory sold

Question 3 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ method uses the cost ratio to estimate the value of ending inventory.

 A. retail

 B. gross margin

 C. average cost

 D. specific cost

Question 4 of 20 5.0 Points

Since continuous inventory systems are not common, most businesses use a \_\_\_\_\_\_\_\_\_ system.

 A. current market value

 B. periodic inventory

 C. current cost estimate

 D. specific identification

Question 5 of 20 5.0 Points

\_\_\_\_\_\_\_\_\_ is a method used to value inventory that assumes purchases made during the first part of the year will be sold first.

 A. Current cost estimate

 B. Replacement value

 C. LIFO

 D. FIFO

Question 6 of 20 5.0 Points

Goods that are owned by the business and held for resale are called:

 A. stock.

 B. merchandise.

 C. materials.

 D. inventory.

Question 7 of 20 5.0 Points

The \_\_\_\_\_\_\_\_\_ method employs the percentage of sales revenues to determine cost of goods sold and the estimated value of ending inventory.

 A. market value

 B. replacement value

 C. gross margin

 D. cost estimate

Question 8 of 20 5.0 Points

Inventory may be valued at either the cost of the unit or at the current market value – whichever is lower. The name of this rule is the \_\_\_\_\_\_\_\_\_ method.

 A. valuation

 B. market value

 C. lower of cost or market

 D. replacement value

Question 9 of 20 5.0 Points

Please use the following information to answer questions 9-10.

Beginning Inventory 600 units @ $3.50 per unit

Purchases:

January 20th 1,200 units @ $4.00 per unit

February 20th 1,500 units @ $3.76 per unit

March 20th 1,000 units @ $3.80 per unit

Ending Inventory 800 units

Using the average cost method, what is ending inventory valued at?

 A. $2,976.42

 B. $3,040.00

 C. $3,999.00

 D. $4,694.12

Question 10 of 20 5.0 Points

If the current market value of the good was $3.75 per unit on March 30 (when ending inventory for the quarter was recorded), and the lower-of-cost-or-market method is used, then the value of ending inventory:

 A. would not change.

 B. would increase by $40.

 C. would decrease by $40.

 D. would decrease by $400.

Question 11 of 20 5.0 Points

Please use the following information to answer questions 11-13.

A firm has the following inventory information for the first quarter:

01/01 Beginning Inventory 50 units @ $5

01/15 Purchases 80 units @ $5.50

02/15 Purchases 60 units @ $5.25

02/15 Purchases 40 units @ $5.75

  Sales 170 units @ $10

  Total operating expenses $500

What is ending inventory under FIFO?

 A. $305

 B. $322.17

 C. $335

 D. $350

Question 12 of 20 5.0 Points

What is the cost of goods sold under FIFO?

 A. $770

 B. $800

 C. $900

 D. $930

Question 13 of 20 5.0 Points

What is net profit under LIFO?

 A. $250

 B. $270

 C. $300

 D. $330

Question 14 of 20 5.0 Points

Please use the following information for questions 14-15.

Mahalyk's Water Fun Shoppe specializes in jet skis.  Mahalyk's inventory records showed the following for the past year.

Purchase Date Number of Jet Skis Cost Per Jet Ski

February 10 30 $4,000

May 12 80 $3,000

June 15 20 $3,500

July 20 15 $2,500

Use the LIFO method to determine Mahalyk's value of ending inventory at the end of July if they had 70 jet skis left in inventory.

 A. $230,625

 B. $240,000

 C. $255,000

 D. $212,500

Question 15 of 20 5.0 Points

Use the FIFO method to determine Mahalyk's value of ending inventory at the end of July if they had 70.5 jet skis left in inventory.

 A. $230,625

 B. $210,000

 C. $255,000

 D. $212,500

Question 16 of 20 5.0 Points

Estimate the cost of ending inventory based on the retail method using the following information:

  Cost Retail

Beginning Inventory $ 600,000 $ 800,000

Purchases $ 450,000 $ 600,000

Net Sales   $1,000,000

 A. $150,000

 B. $262,500

 C. $300,000

 D. $750,000

Question 17 of 20 5.0 Points

A firm has beginning inventory of $50,000 and purchases of $290,000 for an accounting period. Sales totaled $400,000, and typical gross margin as a percentage of sales has been 30%. Using the gross margin method, what is the estimated ending inventory?

 A. $60,000

 B. $75,000

 C. $90,000

 D. $120,000

Question 18 of 20 5.0 Points

Determine the cost ratio (retail method) for Twilight Games and Comics Store if the cost of goods available for sale is $36,000 and the retail value of goods available for sale is $90,000 (round to the nearest one-thousandth).

 A. 2.500

 B. 0.667

 C. 0.400

 D. 2.000

Question 19 of 20 5.0 Points

Estimate the cost of ending inventory for August for Roman's Jewelry Store using the retail method on the following data:

  Cost Retail

Beginning inventory for August $180,000 $288,000

Purchases during August $70,000 $112,000

Net sales during August   $80,000

 A. $50,000

 B. $156,250

 C. $200,000

 D. $128,000

Question 20 of 20 5.0 Points

Herman's Confectionery Shoppe has a beginning inventory at cost of $22,000, and purchases at cost of $5,000 during the month of February. Retail sales for February were $8,000 and the gross margin for the month was assumed to be 45%. Estimate the value of ending inventory for February.

 A. $4,400

 B. $3,600

 C. $22,600

 D. $18,400