

1) The income statement and balance sheet columns of Pine Company's worksheet reflects the following totals:

	Income Statement		Balance Sheet		
	Dr.	Cr.	Dr.	Cr.	
Totals	\$58,000		\$48,000	\$34,000	\$44,000

Closing entries are necessary for _____.

A. temporary accounts only

B. permanent accounts only

C. permanent or real accounts only

D. both permanent and temporary accounts

Read more: <http://blog.accountingcoach.com/closing-entries-2/>

2) As Plant Controller, you are trying to determine which costs over which you have the most control on a day to day basis. Your goal is to achieve better profitability. The Plant Operations Manager suggests that overhead is the easiest area to directly reduce costs. Which of the following items would be classified as manufacturing overhead?

A. General corporate liability insurance

B. Factory janitor

C. The western division's vice president's salary

D. Cost of landscaping the corporate office

Read more: http://www.investorwords.com/2942/manufacturing_overhead.html

3) Which list below best describes the major services performed by public accountants?

A. Employee training, auditing, bookkeeping

B. Bookkeeping, mergers, budgets

C. Cost accounting, production scheduling, recruiting

D. Auditing, taxation, management consulting

Read more: http://www.collegeboard.com/csearch/majors_careers/profiles/careers/106541.html

4) The conceptual framework developed by the Financial Accounting Standards Board

_____.

A. are rules that all accountants must follow

B. was approved by a vote of all accountants

C. is legally binding on all accountants

D. is viewed as providing a constitution for setting accounting standards for financial reporting

Read more: <http://www.investopedia.com/terms/f/fasb.asp>

5) In what situations will a static budget be most effective in evaluating a manager's effectiveness?

A. The company has substantial variable costs.

B. The company has substantial fixed costs.

C. The company has no fixed costs.

D. The planned activity levels match actual activity levels.

Read more: <http://blog.accountingcoach.com/what-is-a-static-budget/>

http://businessmanagement.suite101.com/article.cfm/what_is_management_effectiveness

6) Which one of the following items is not generally used in preparing a statement of cash flows?

A. Comparative balance sheets

B. Adjusted trial balance

C. Additional information

D. Current income statement

Read more: <http://www.accountingcoach.com/online-accounting-course/06Xpg01.html>

7) These are selected account balances on December 31, 2008.

Land (location of the corporation's office building) \$150,000

Land (held for future use) 225,000

Corporate Office Building 900,000

Inventory 300,000

Equipment 675,000

Office Furniture 150,000

Accumulated Depreciation 450,000

What is the net amount of property, plant, and equipment that will appear on the balance sheet?

A. \$1,425,000

B. \$1,650,000

C. \$2,400,000

D. \$1,950,000

8) A well-designed activity-based costing system starts with _____.

A. analyzing the activities performed to manufacture a product

B. computing the activity-based overhead rate

C. assigning manufacturing overhead costs for each activity cost pool to products

D. identifying the activity-cost pools

Read more: http://www.valuebasedmanagement.net/methods_abc.html

9) The cost principle is the basis for preparing financial statements because it is _____.

A. the most accurate measure of purchasing power

B. relevant and objectively measured, and verifiable

C. an international accounting standard

D. a conservative value

Read more: <http://www.accountingcoach.com/terms/C/cost-principle.html>

10) Which one of the following is a product cost?

A. Advertising costs

B. Office salaries

C. Sales person's salaries

D. Indirect labor

Read more: http://www.ider.herts.ac.uk/school/courseware/costs/product_costs.html

11) If a company reports a net loss, it _____.

- A. will not be able to make capital expenditures
- B. will not be able to pay cash dividends
- C. will not be able to get a loan

D. may still have a net increase in cash

Read more: <http://www.wisegeek.com/what-is-net-loss.htm>

12) The primary purpose of the statement of cash flows is to _____.

- A. prove that revenues exceed expenses if there is a net income
- B. provide information about the investing and financing activities during a period
- C. facilitate banking relationships

D. provide information about the cash receipts and cash payments during a period

13) The major reporting standard for management accounts is _____.

A. the Sarbanes-Oxley Act of 2002

B. the Standards of Ethical Conduct for Practitioners of Management Accounting and Financial Management

- C. generally accepted accounting principles
- D. relevance to decisions

Read more: <http://www.investopedia.com/articles/04/033104.asp>

14) Disney's variable costs are 30% of sales. The company is contemplating an advertising campaign that will cost \$22,000. If sales are expected to increase \$40,000, by how much will the company's net income increase?

- A. \$28,000
- B. \$18,000
- C. \$6,000**
- D. \$12,00

15) The price of a good that prevails in a world market is called the

- A. relative price.
- B. absolute price.
- C. world price.**
- D. comparative price.

16) A country's consumption possibilities frontier can be outside its production possibilities frontier if _____.

- A. the citizens of the country have a greater desire to consume goods and services than do the citizens of other countries
- B. the country's technology is superior to the technologies of other countries
- C. the country imports more than it exports
- D. the country engages in trade**

17) The general term for market structures that fall somewhere in-between monopoly and perfect competition is _____.