

- 279  — Jacquelyn is a student at a major state university. Which of the following is *not* an example of an explicit cost of her attending college?
- tuition *Incorrect*
  - textbooks *Incorrect*
  - the salary that she could have earned working full-time (*True Answer*) *Correct*
  - computer lab fees *Incorrect*
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- 280  — Which of the following statements about opportunity cost is *not* true?
- Opportunity cost may be larger than monetary cost. *Incorrect*
  - Opportunity cost includes both explicit and implicit costs. *Incorrect*
  - The real or opportunity cost of something is what you must give up to get it. *Incorrect*
  - Opportunity cost is synonymous with explicit costs. (*True Answer*) *Correct*
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- 281  — After earning your BA, you have to decide whether to accept the offer of a job that will pay you \$45,000 per year or spend an additional two years earning an MBA. If you decide to pursue the graduate degree, your annual expenses for tuition, books, board, and lodging will be \$32,000. You have been offered a scholarship for \$10,000 per year, but in order to pay the remaining \$22,000 per year, you would have to cash in savings bonds that your grandparents have given you that have been earning \$500 in interest per year. The annual opportunity cost of earning your MBA is:
- \$67,500. (*True Answer*) *Correct*
  - \$77,000. *Incorrect*
  - \$99,000. *Incorrect*
  - \$77,500. *Incorrect*
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- 282  — Money that must be paid for the use of factors of production such as labor and capital is an:
- explicit cost. (*True Answer*) *Correct*
  - accounting profit. *Incorrect*
  - implicit cost. *Incorrect*
  - economic profit. *Incorrect*
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283     Costs that are included in the economic concept of cost but that are not explicit costs are:

- outlay costs. *Incorrect*
  - accounting profits. *Incorrect*
  - implicit costs. *(True Answer )Correct*
  - economic profits. *Incorrect*
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284     Expenses associated with factors of production may be:

- implicit costs. *Incorrect*
  - opportunity costs. *Incorrect*
  - explicit costs. *Incorrect*
  - implicit costs, opportunity costs, or explicit costs. *(True Answer )Correct*
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285     Accountants use only \_\_\_\_\_ costs in their computations of cost.

- opportunity *Incorrect*
  - implicit *Incorrect*
  - explicit *(True Answer )Correct*
  - variable *Incorrect*
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286     You own a small deli that sells sandwiches, salads, and soup to the community. Which of the following is an implicit cost of the business?

- wages paid to part-time employees *Incorrect*
  - the job offer you did not accept at a local catering service *(True Answer )Correct*
  - bread, meat, and vegetables used to produce the items on your menu *Incorrect*
  - your monthly utility bill *Incorrect*
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287     The implicit cost of capital is:

- the expense associated with leasing machines. *Incorrect*
  - the expense associated with buying machines. *Incorrect*
  - the opportunity cost of capital used by a business. *(True Answer )Correct*
  - irrelevant for determining economic profit. *Incorrect*
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- 288     Suppose the Chicago Cubs could rent out Wrigley Field (the field the players play on) to local youth leagues for \$11,000 per month. The \$11,000 per month reflects the \_\_\_\_\_ of capital.
- implicit cost (True Answer )Correct
  - explicit cost Incorrect
  - direct cost Incorrect
  - total cost Incorrect
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- 289     In central Florida, the demand for real estate has been increasing rapidly for years. This reality, in combination with occasional freezes that kill orange trees, has led many orange grove owners to sell their land to real estate developers. Because of the freezes and land demand, the \_\_\_\_\_ cost of capital is \_\_\_\_\_ in central Florida's orange groves.
- explicit; decreasing Incorrect
  - implicit; increasing (True Answer )Correct
  - implicit; decreasing Incorrect
  - explicit; increasing Incorrect
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- 290     Sarah's accountant tells her that she made a profit of \$43,002 running a pottery studio in Orlando. Sarah's husband, an economist, claims Sarah lost \$43,002 running her pottery studio. This means her husband is claiming that she incurred \_\_\_\_\_ in \_\_\_\_\_ costs.
- \$86,004; implicit (True Answer )Correct
  - \$43,002; implicit Incorrect
  - \$43,002; explicit Incorrect
  - \$86,004; explicit Incorrect
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- 291     Accounting profit differs from economic profit because:
- of differences in the manner in which revenue is calculated. Incorrect
  - economic costs include depreciation, while accounting costs do not. Incorrect
  - accounting costs are generally higher than economic costs because accounting costs include explicit and implicit costs, while economic costs include only explicit costs. Incorrect
  - economic costs are generally higher than accounting costs because economic costs include all opportunity costs, while accounting costs include explicit costs only. (True Answer )Correct
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