

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

To enter the net income (or loss) for the period into the above worksheet requires an entry to the _____.

- A. income statement debit column and the income statement credit column
- B. income statement credit column and the balance sheet debit column**
- C. income statement debit column and the balance sheet credit column
- D. balance sheet debit column and the balance sheet credit column

2) Multinational corporations _____.

- A. are firms that conduct their operations in more than one country through subsidiaries, divisions, or branches in foreign countries**
- B. are U.S. companies that sell goods and services in other countries
- C. are required to use international accounting standards
- D. are U.S. companies that trade their securities on the exchanges in other countries

3) Balance sheet accounts are considered to be _____.

- A. capital accounts
- B. nominal accounts
- C. temporary stockholders' accounts
- D. permanent accounts**

4) What is value chain management best defined as?

- A. The incremental value of costs associated with hiring a new production floor leader
- B. All activities associated with providing a product or service**
- C. A large chain that keeps the machines from falling on the production floor
- D. Management decisions that affect how quickly the production run occurs

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

- A. provide information about the cash receipts and cash payments during a period**
- B. facilitate banking relationships
- C. provide information about the investing and financing activities during a period

D. prove that revenues exceed expenses if there is a net income

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

A. The planned activity levels match actual activity levels.

B. The company has no fixed costs.

C. The company has substantial fixed costs.

D. The company has substantial variable costs.

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

A. Sales person's salaries

B. Advertising costs

C. Indirect labor

D. Office salaries

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

Land (location of the corporation's office building) \$100,000

Land (held for future use) 150,000

Corporate Office Building 600,000

Inventory 200,000

Equipment 450,000

Office Furniture 100,000

Accumulated Depreciation 300,000

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

A. \$1,600,000

B. \$950,000

C. \$1,300,000

D. \$1,100,000

9) Of the following companies, which one would not likely employ the specific identification method for inventory costing?

A. Antique shop

B. Music store specializing in organ sales

C. Hardware store

D. Farm implement dealership

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

- A. will not be able to get a loan
- B. may still have a net increase in cash**
- C. will not be able to make capital expenditures
- D. will not be able to pay cash dividends

11) 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. \$12,000
- B. \$18,000
- C. \$6,000**
- D. \$28,000

12) The cost principle requires that when assets are acquired, they be recorded at _____.

- A. selling price
- B. appraisal value
- C. list price
- D. exchange price paid**

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

- A. Current income statement
- B. Adjusted trial balance**
- C. Additional information
- D. Comparative balance sheets

14) Managerial accounting _____.

- A. pertains to the entity as a whole and is highly aggregated
- B. is concerned with costing products
- C. places emphasis on special-purpose information**
- D. is governed by generally accepted accounting principles

15) A logical starting point from which the study of international trade begins is _____.

- A. the principle of absolute advantage
- B. the recognition that not all markets are competitive
- C. the principle of comparative advantage**