***Use the following information to answer questions 11-16:***

**Accounting procedures allow a business to evaluate their inventory at LIFO (Last In First Out) or FIFO (First In First Out). A manufacturer evaluated its finished goods inventory (in $ thousands) for five products both ways. Based on the following results, is LIFO more effective in keeping the value of his inventory lower?**

|  |  |  |
| --- | --- | --- |
| **Product** | **FIFO (F)** | **LIFO (L)** |
| **1** | **225** | **221** |
| **2** | **119** | **100** |
| **3** | **100** | **113** |
| **4** | **212** | **200** |
| **5** | **248** | **245** |

11. What is the null hypothesis if we are to create a right tailed test ?

A) 

B) 

C) 

D) 

12. What is the alternate hypothesis?

A) 

B) 

C) 

D) 

13. What are the degrees of freedom?

A) 4

B) 5

C) 15

D) 10

E) 9

14. If you use the 5% level of significance, what is the critical *t* value?

A) +2.132

B) - 2.776

C) + 2.262

D) - 2.228

15. What is the value of calculated *t*?

A) +0.93

B) - 2.776

C) +2.47

D) –2.028

16. What is the decision at the 5% level of significance?

A) Fail to reject the null hypothesis and conclude LIFO is more effective.

B) Reject the null hypothesis and conclude LIFO is more effective.

C) Reject the alternate hypothesis and conclude LIFO is more effective.

D) Fail to reject the null hypothesis and conclude LIFO is not more effective.