**4. A trial balance consists of:   
A. A two-column schedule of all debit and credit entries posted to ledger accounts.  
B. A two-column financial statement intended for distribution to interested parties outside the business.  
C. A two-column schedule showing the totals of all debits and of all credits made in journal entries.  
D. A two-column schedule listing names and balances of all ledger accounts.**

**13. During periods of inflation, when comparing LIFO with FIFO:   
A. LIFO inventory and cost of sales would be higher.  
B. LIFO inventory and cost of sales would be lower.  
C. LIFO inventory would be lower and cost of sales would be higher.  
D. LIFO inventory would be higher and cost of sales would be lower.**

**17. Which of the following statements about MACRS is not correct?   
A. MACRS is the only accelerated depreciation method that may be used on newly acquired assets for federal income tax purposes.  
B. The method permits "depreciating" the asset to a tax basis of $0 over a specified recovery period.  
C. If a company uses MACRS in its income tax returns, it also must use MACRS in its financial statements.  
D. Most businesses would benefit from using MACRS rather than straight-line depreciation in their income tax returns.**

**24. The following two items are disclosed in the stockholders' equity section of Riverside Corporation's December 31, 2009, balance sheet:  
  
     
If the company had reacquired 700 shares of treasury stock in February of 2009, then for what amount was the other treasury stock sold for during 2009?   
A. $2 per share above its par value.  
B. $2 per share.  
C. $2 per share above its cost.  
D. $22 per share above its cost.**

**25. The gross profit rate represents:   
A. Total sales revenue.  
B. The percentage change in net sales from the prior period.  
C. The percentage of sales revenue remaining after providing for the cost of the merchandise sold.  
D. Net income stated as a percentage of total sales revenue.**

**26. If a company has a current ratio of 2 to 1, and purchases inventory on credit, what will this do to its current ratio?   
A. Increase the current ratio.  
B. Decrease the current ratio.  
C. Does not change the current ratio.  
D. Cannot be determined.**

**27. During the years 2009 through 2011, Powers, Inc., reported the following amounts of net income (dollars in thousands):  
    
Relative to the prior year, the percentage change in net income:   
A. Was the same in 2010 and 2011.  
B. Was larger in 2011 than in 2010.  
C. Was smaller in 2011 than in 2010.  
D. Cannot be determined without knowing how many shares of stock were outstanding.**

**30. Gains and losses from fluctuations in exchange rates on transactions carried out in a foreign currency are reported in:   
A. The balance sheet, as an adjustment to stockholders' equity.  
B. The income statement.  
C. The footnotes to the financial statements.  
D. The statement of retained earnings.**

**31. In comparison with a financial statement prepared in conformity with generally accepted accounting principles, a managerial accounting report is less likely to:   
A. Focus upon the entire organization as the accounting entity.  
B. Focus upon future accounting periods.  
C. Make use of estimated amounts.  
D. Be tailored to the specific needs of an individual decision maker.**

**32. The following information is available about the August transactions of the Helpful Tool Co:  
    
The product costs to be deducted from revenue in August amount to:   
A. $493,000.  
B. $737,000.  
C. $718,000.  
D. $739,000.**

**40. The Fine Point Company currently produces all of the components for its one product; an electric pencil sharpener. The unit cost of manufacturing the motor for this pencil sharpener is:  
  
    
  
The company is considering the possibility of buying this motor from a subcontractor and has been quoted a price of $3.60 per unit. The relevant cost of manufacturing the motor to be considered in reaching the decision is:   
A. $4.75.  
B. $4.15.  
C. $3.55.  
D. $4.05.**

**41. Seidman Company manufactures and sells 30,000 units of product X per month. Each unit of product X sells for $16 and has a contribution margin of $7. If product X is discontinued, $85,000 in fixed monthly overhead costs would be eliminated and there would be no effect on the sales volume of Seidman Company's other products. If product X is discontinued, Seidman Company's monthly income before taxes should:   
A. Increase by $210,000.  
B. Increase by $125,000.  
C. Decrease by $210,000.  
D. Decrease by $125,000.**

**42. Speedy Co. manufactures four products. Direct materials and direct labor are available in sufficient quantities, but machine capacity is limited to 3,000 hours. Cost and revenue data for the four products are given below:  
  
    
  
Of the four products which is the most profitable for Speedy Co.?   
A. Product A.  
B. Product B.  
C. Product C.  
D. Product D.**