



## Final Exam

1. Which business entity type is the simplest to set up and operate?
  - a. Limited partnership
  - b. Sole proprietorship
  - c. General partnership
  - d. Professional corporation
  
2. The protection from personal liability afforded by operating as a corporation is informally known as the:
  - a. Corporate umbrella
  - b. Executive privilege
  - c. Corporate veil
  - d. Liability shield
  
3. The primary tax advantage provided by a Subchapter S corporation is:
  - a. Pass through taxation
  - b. Research and development credits
  - c. Reduced capital gains rate
  - d. Exemption from state and local taxes
  
4. Owners in a limited liability company are referred to as:
  - a. Directors
  - b. Shareholders
  - c. Officers
  - d. Members
  
5. A document prepared by a business owner that sets out the goals, objectives, and projections for a business is called:
  - a. The Corporate by-laws
  - b. The employee manual
  - c. A business plan
  - d. An executive portfolio

6. In which of these cases is a business plan most necessary?
  - a. When registering your business entity
  - b. When obtaining bank financing
  - c. When interviewing prospective employees
  - d. During a tax audit
  
7. Which of the following items would not be found in an ordinary packet of financial statements?
  - a. Cost-benefit analysis
  - b. Balance sheet
  - c. Profit/Loss statement
  - d. Statement of equity
  
8. An insurance policy that covers a business owner against legal actions arising from errors made by the company is called:
  - a. General liability insurance
  - b. Professional liability insurance
  - c. Commercial property insurance
  - d. Term insurance
  
9. The single-entry method and the double-entry method refer to common methods of what practice?
  - a. Bookkeeping
  - b. Reconciliation
  - c. Cash flow projection
  - d. Payroll processing
  
10. There are two principal accounting methods used in business. They are known as the:
  - a. Ordinary method and extraordinary method
  - b. Single-entry method and double-entry method
  - c. Credit basis and debit basis
  - d. Cash basis and accrual basis
  
11. Which financial statement list the value of all assets, liabilities, and owner's equity at a specific moment in time?
  - a. Statement of equity
  - b. Income statement
  - c. Balance sheet
  - d. Cash flow statement

12. Which statement is also commonly referred to as a profit and loss report?
- Balance sheet
  - Income statement
  - Statement of equity
  - Cash flow statement
13. These taxes are paid, usually in two annual installments, by the owner of real estate:
- Sales tax
  - Income tax
  - Property tax
  - Inventory tax
14. Claims for payment held by a business for services rendered or goods supplied are known as:
- Accounts receivable
  - Accounts payable
  - Accounts in arrears
  - Accounts uncollectible
15. "Net 30 days" and "Due upon receipt" are examples of:
- Accounts receivable
  - Collection periods
  - Contractual obligations
  - Payment terms
16. Your net credit sales divided by your average accounts receivable over a specific period of time yields your:
- Accounts receivable turnover ratio
  - Profit to earnings ratio
  - Coefficient of restitution
  - Effective multiplier
17. This document is provided to employees and details the normal duties and responsibilities associated with their positions:
- Form 1099
  - Employee manual
  - Job description
  - Employment agreement

18. This document provides your employees with a convenient reference presenting your company's mission, values, rules, policies, and benefits:
- Employee policy manual
  - Employment contract
  - Business plan
  - Letter of intent
19. Paid time off granted specifically to permit an employee to tend to the death of a family member is called:
- Sick leave
  - Vacation time
  - Bereavement
  - Personal time
20. What is the threshold number of full-time employees necessary to cause the Family and Medical Leave Act to be in effect?
- 25
  - 50
  - 75
  - 100
21. Under the FMLA, an employee may take up to 12 weeks of unpaid leave for any of the following reasons except:
- The birth and care of a newborn child
  - The placement of an adopted or foster child
  - A serious health condition
  - Enrolling in college courses
22. This law was passed to prohibit job discrimination based upon age, race, disability, religion, sex, or national origin:
- The Family and Medical Leave Act
  - The Age Discrimination in Employment Act
  - The Equal Employment Opportunity Act
  - The National Labor Relations Act

23. According to the Fair Labor Standards Act, overtime pay must be paid to non-exempt employees for hours worked in excess of \_\_\_\_\_ hours in a week.
- 40
  - 44
  - 48
  - 50
24. According to the Fair Labor Standard Act, overtime pay must be paid at a rate of \_\_\_\_\_ times the employee's regular rate of pay.
- 1.25
  - 1.33
  - 1.5
  - 2.0
25. Which of the following is not a test for determining the question of exempt vs. non-exempt employees?
- Duties test
  - Professional test
  - Salary basis test
  - Salary level test
26. The value shown on a balance sheet after all the liabilities are subtracted from the assets is known as the:
- Owner's equity
  - Share value
  - Return on investment
  - Revenue
27. Cash on hand, accounts receivable, real estate, and items of value owned by the business are called:
- Equity
  - Revenue
  - Assets
  - Credits

28. The overall approach by which you present your company to the outside world is known as your:
- Style
  - Methodology
  - Philosophy
  - Brand
29. Your attorney, accountant, lawyer, and insurance agent are members of your team of:
- Assistants
  - Colleagues
  - Advisors
  - Associates
30. Which of these insurance policies protects your business against claims arising from accidents which are not the result of your company's work?
- Disability insurance
  - General liability insurance
  - Homeowners insurance
  - Errors and Omissions insurance
31. Taxes, such as social security, Medicare, and unemployment, that are withheld from employee paychecks are called:
- Income taxes
  - Property taxes
  - Use taxes
  - Employment taxes
32. What is the process by which an employer communicates with an employee in a structured situation for the purpose of reviewing the employee's performance?
- Performance review
  - Disciplinary action
  - Board meeting
  - Employee roundtable
33. A business succession in which a trust is set up and the employees gradually assume ownership of the business is called a:
- Subchapter C corporation
  - ESOP
  - Nonprofit organization
  - Closely held corporation

34. The federal agency responsible for facilitating safety in the workplace is called:
- ACSM
  - ALTA
  - NSPS
  - OSHA
35. A life insurance policy held by a company on one of its shareholders is known as a \_\_\_\_\_ policy.
- Key man
  - Accidental death
  - Executive
  - Income replacement
36. A business sale in which the value of a business is based on the value of the assets, minus the liabilities, plus a goodwill factor is known as an \_\_\_\_\_ sale.
- Stock
  - Equity
  - Book value
  - Asset
37. For a new employee, Form I-9 must be completed within how many business days of the employee's first day of work?
- 1 day
  - 3 days
  - 5 days
  - 10 days
38. Labor Law posters must be displayed:
- Where employees may easily see them
  - In the conference room
  - In the lobby or foyer
  - In the break room
39. Which of these is a benefit of purchasing equipment compared to leasing equipment?
- Irregular cash flow
  - Maintenance costs
  - Tax deductible depreciation
  - Obsolescence

40. Which of these is a benefit of leasing equipment compared to purchasing equipment?
- Even cash flow
  - Long term commitment
  - Built-up equity
  - Maintenance decisions are made by the lessor
41. One advantage of forming a sole proprietorship is:
- Outside investment is not permitted
  - The business ceases upon the death of the owner
  - There is no legal separation between the business and the owner
  - There are no administrative requirements
42. One advantage of operating as a Subchapter C corporation is:
- A separate corporate tax return is required
  - Strong protection against personal liability
  - Double taxation
  - The administrative requirements
43. A business plan will normally include all the following except:
- Letters of reference
  - Financial statements
  - Criminal background checks
  - Sources of capital
44. The money that is earned by the activity of the business is known as:
- Equity
  - Assets
  - Revenue
  - Income
45. Obligations and debts owed by a business are called:
- Liabilities
  - Bills
  - Debits
  - Operational costs

46. This statement reports on the money flowing into and out of a company over a specific period of time:
- Balance sheet
  - Profit and loss statement
  - Income statement
  - Cash flow statement
47. Taxes applied to the sale of goods and services which are paid by the customer are called:
- Income taxes
  - Sales tax
  - Revenue tax
  - Estate tax
48. Taxes which are owed as the result of the appreciation of equity in a company over time are called:
- Capital gains tax
  - Income tax
  - Equity tax
  - Excise tax
49. This tax deduction is available if a portion of the home is used strictly for business activity:
- Renter's deduction
  - Head of household deduction
  - Home office deduction
  - Homestead deduction
50. This report lists all your unpaid invoices along with how long each invoice has been outstanding:
- Accounts receivable aging report
  - Cash flow projection
  - Uncollectible accounts report
  - Work in progress report