

1. Award: 10.00 points

The controller, rather than the treasurer, is typically responsible for which one of the following functions?

- Depositing cash receipts
- Processing cost reports
- Analyzing equipment purchases
- Approving credit for a customer
- Paying a vendor

References

Multiple Choice Learning Objective:
01-01 Define the basic types of financial management decisions and the role of the financial manager.

Difficulty: 1 Basic Section: 1.1 Finance:
A Quick Look

2.

Award: 10.00 points

Usually, the treasurer of a corporation reports directly to the:

- board of directors.
- chair of the board.
- chief executive officer.
- president.
- vice president of finance.

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Difficulty: 1 Basic Section: 1.1 Finance:
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3.

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In a typical corporate organizational structure:

- the vice president of finance reports to the chair of the board.
- the chief executive officer reports to the president.
- the controller reports to the chief financial officer.
- the treasurer reports to the president.
- the chief operations officer reports to the vice president of production.

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4.

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Which one of the following questions involves a capital budgeting decision?

- How many shares of stock should the firm issue?
- Should the firm purchase a new machine for the production line?
- Should the firm borrow money to acquire new equipment?
- How much inventory should the firm keep on hand?
- How much money should be kept in the checking account?

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**Difficulty: 2
Intermediate** Section: 1.1 Finance:
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5.

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When evaluating the timing of a project's projected cash flows, a financial manager is analyzing:

- the amount of each expected cash flow.
- only the start-up costs that are expected to require cash resources.
- only the date of the final cash flow related to the project.
- the amount by which cash receipts are expected to exceed cash outflows.
- when each cash flow is expected to occur.

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6.

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Which one of the following questions involves a capital structure decision?

- Which one of two project proposals should the firm implement?
- How should the firm allocate its limited available funds among acceptable projects?
- How much funding should be allocated to financing customer purchases of a new product?
- How much debt should the firm incur to fund a project?
- How much inventory will be needed to support a project?

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Difficulty: 2 Intermediate Section: 1.1 Finance: A Quick Look

7.

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Determining the number of shares of stock to issue is an example of a _____ decision.

- capital rationing
- net working capital
- capital budgeting
- capital allocation
- capital structure

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8.

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Which one of the following questions is a working capital management decision?

- Should the company issue new shares of stock or borrow money?
- Should the company refurbish its equipment or replace it?
- How much inventory should the company keep on hand?
- Should the company close one of its current stores?
- How much money should the company borrow to buy a new building?

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9.

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Which one of the following is a working capital management decision?

- What equipment will be required to complete a project?
- Should the firm require immediate payment from customers or offer credit terms?
- What amount of long-term debt is required to complete a project?
- What percentage of the firm's equity should the firm issue to fund an acquisition?
- Which one of several acceptable projects should be implemented?

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10.

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Which one of the following involves a working capital management decision?

- What is the maximum level of cash to be kept in the firm's bank account?
- What is the most efficient process for producing a product?
- How many hours of overtime should manufacturing employees be allowed to work?
- When is the appropriate time to replace the delivery fleet?
- Should a newly available parcel of land be acquired?

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