OLO1 Introduction to Business Accounting Exam Version 1

Section: Business & Finance • **Total Questions:** 10 • **Format:** Verified Q&A

1. A pharmaceutical company has nine divisions that operate relatively independently with local decision-making power. Which overall management type is ideal for a company structured like this?

(A) Human resource management
(B) Hierarchical management
(C) Decentralized management
(D) Centralized management

2. Which type of organization purchases finished goods from a supplier or wholesaler to need it then to customers for print?

(A) Merchandising
(B) Service
(C) Manufacturing
(D) Governmental

3. Whole Pine Inc. took out notes payable from the bank which are due four years from today. Where should this be classified on the balance sheet?

(A) Current asset
(B) Non-current asset
(C) Non-current liability
(D) Current liability

4. What does it mean when a company experiences an unfavorable sales mix variance?

(A) It reduced fixed costs below budgeted levels.
(B) It experienced higher total sales volume than projected.
(C) It sold a higher proportion of lower-margin products.
(D) It increased selling prices across all product categories.

5. We've type of accounting system includes developing the income statement, balance sheet, and statement of cash flows for external users?

(A) Financial accounting
(B) Auditing
(C) Tax accounting
(D) Managerial accounting

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6. Which account or accounts have an unfavorable variance above $100 during the month?

(A) Revenue and utilities expense
(B) Cost of goods sold
(C) Salaries and insurance
(D) Revenue and cost of goods sold

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7. A gasoline producer has costs that include plant assembly line worker wages, CEO salary, plant maintenance costs, and oil. Which cost is categorized as manufacturing overhead cost?

(A) Plant maintenance costs
(B) CEO salary
(C) Plant assembly line worker wages
(D) Oil

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9. A company is reviewing its financial position and wants to increase liquidity. Which action should help?

(A) Converting cash into long-term investments
(B) Purchasing additional fixed assets
(C) Selling inventory for cash
(D) Using cash to pay down debt

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10. Which costs are considered prime costs?

(A) Direct labor and indirect labor

(B) Indirect materials and indirect labor

(C) Direct materials and direct labor

(D) Direct materials and indirect materials