

Week 4 quiz

LATEST SUBMISSION GRADE

90%

1. Which of the following types of analyses provide insights into the current trends of an organisation? Choose all that apply

1 / 1 point

☒ Horizontal analysis**Correct**

Correct

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☒ Vertical analysis**Correct**

Correct

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☒ Financial analysis**Correct**

Correct

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☐ None of the above

2. How does the horizontal analysis deal with observing trends from one period to the next?

1 / 1 point

- ☒ By observing percentage changes in financial categories
- ☐ By observing changes in absolute figures pertaining to financial categories
- ☐ By observing changes in cash flows related to financial categories
- ☐ All of the above

**Correct**

Correct

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3. Let's assume that the current year sales are \$35000, while the staffing costs are \$5000. It is expected that the amount of sales will be increased by 20% next year. How much will be the staffing costs next year?

1 / 1 point

- ☐ \$6200
- ☐ \$6300
- ☒ \$6000
- ☐ \$6100

**Correct** $\$5000/\$35000=14.286\%$ of $(\$42000)=\6000

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4. The ability to frame future performance of an organisation accurately depends on understanding of which of the following? Choose all that apply

1 / 1 point

- ☒ The external environment

**Correct**

Correct

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- ☒ The internal environment

**Correct**

Correct

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- ☐ Financial statements

☐ None of the above

5. How will profitability be affected if it is predicted that the amount of expenses will increase faster than revenue in next year, keeping all other factors constant?

1 / 1 point

- ☐ Profitability will be decreased
- ☐ No impact on profitability
- ☒ Profitability will be increased



Correct

Incorrect

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6. Which of the following aspects should a manager consider carefully during the budgeting process? Choose all that apply

1 / 1 point

☒ Focus on creating realistic goals



Correct

Correct

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☒ Free from arbitrary allocation of expenses without substantial reasoning



Correct

Correct

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☒ Consideration of expenses consistent with revenue



Correct

Correct

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☐ None of the above

7. Which of the following is NOT a purpose of preparing a Budget?

1 / 1 point

- ☐ Figuring out the ways of improving organisational overall performance
- ☐ Setting a limit on expenses on operations
- ☒ Preparing income statement
- ☐ Predicting the expected costs of operations



Correct

Correct.

Budgeting is future oriented and not focused on calculating past performance through financial statements including income statement.

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8. Which of the following can be best described as a forecasting technique?

0 / 1 point

- ☐ Preparing an owner's equity statement
- ☐ DuPont analysis
- ☐ Firm valuation
- ☒ Preparing a balance sheet



Incorrect

Incorrect

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9. Let's assume that the current year's sales figure is \$10000, while the factory overhead costs are \$2000. It is expected that the amount of sales will be increased to \$15000 next year. How much will be the overhead costs next year?

1 / 1 point

- ☒ \$3000

- ☐ \$6000
- ☐ \$5000
- ☐ 4000



Correct

Correct.

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10. Which of the following statements is correct?

1 / 1 point

- ☒ Vertical analysis involves observing trends by calculating percentage changes between two periods
- ☐ Horizontal analysis involves observing trends by comparing one item on a financial statement with another item on the same statement
- ☐ None of the above



Correct

Incorrect.

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