



## FINAL EXAM

# Course # 171001 Managing and Improving Cash Flow

based on the electronic .pdf file(s):

### **Managing and Improving Cash Flow**

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pages



10 CPE Credit Hours  
Accounting & Auditing

*This exam sheet is made available for your convenience in answering questions while offline. Please note that you will still need to enter your answers on the online exam sheet for grading. Instructions are provided at the end of this document.*

## **Chapter 0 - Course Material**

1. Cash flow is synonymous with

- Earnings
- The movement of money into or out of a business.
- Accounting profits
- Net income

2. Factors that contribute to the crests and troughs of cash flow include all EXCEPT:

- Non regular disbursement items (equipment purchases)
- Seasonal sales
- Variations in biweekly payments
- Mortgage payments

3. Way(s) to cut costs do NOT include:

- Reduce wages
- Reduce investment outlays
- Reduce travel costs
- Reduce entertainment costs

4. Objectives of cash management do NOT include:

- Reduce the need to borrow
- Operate with cash balance as high as possible
- Minimize idle cash balances
- Maximize the returns on surplus funds

5. Which of the following is NOT a key factor that determines how much cash you should hold?

- Inflation
- Current management policy
- Rate of return
- Risk levels, economic conditions

6. One way to guard against accumulating excessive balances is to establish

- A line of credit
- Zero-balance accounts
- Reduce the number of accounts
- Consolidate the accounts

7. A small business moves on:

- Cash
- Profits
- Earnings
- Contribution margin

8. If you are to manage cash flows you need to know the difference between accounting profits and:

- Fixed assets
- Economic profits
- Receivables
- Depreciation

9. You can compute and analyze liquidity by:

- Current ratio
- Return on investment
- Inventory turnover
- Earnings per share

10. A high cash ratio of sales to cash (called cash turnover) may reveal:

- Excess cash
- High return earned
- Cash shortage
- Turnover

11. Which of the following is NOT likely an option with surplus (extra) cash?

- Pay down debt
- Invest in information technology
- Buy back own shares
- Pay dividends

12. Cash flow cycles depend on the following factors EXCEPT for:

- Vendor credit policy
- New advertising
- Customer credit terms
- Time to receive merchandise from suppliers

13. The amount of cash balance held does NOT depend on:

- The state of the economy
- Rate of return that can be earned from marketable securities
- Uncertainty associated with cash flow

Speculative demand for securities

14. Future value is best described as

The sum of receipts discounted to time zero.

The sum of payments discounted to time zero.

The value of a payment or receipts at a future time adjusted for any compounding effect.

A discounted amount of the future sum.

15. \_\_\_\_\_ is NOT a document of cash transactions:

Paid invoices

Inventory in stock

Cancelled checks

Deposit slips

16. A financial statement includes all of the following items: operating activities, financial activities and investing activities. What financial statement is this?

Statement of cash flows

Balance sheet

Income statement

Statement of retained earnings

17. Which of the following is NOT part of the typical cash budget?

Contingency section

Receipts section

Disbursement section

Cash surplus or deficit section

18. Examples of cash expenses do NOT include:

Amortization

Salaries paid

Rent paid

Postage paid

19. Embezzlement may NOT be indicated by:

Collection delays

Delays in depositing money at the bank

Unexplained shortages of merchandise

Bank reconciliation

20. To ensure the accuracy of the cash count the audit procedures include:

Inventory investigation

Preparation of a monthly bank reconciliation

Credit verification

Asset verification

21. \_\_\_\_\_ is NOT a benefit of short-term cash forecast:

Basis for a long-term forecast

Major disposal of assets

Schedule for loan repayments

Cash discounts for early payment to suppliers

22. Cash forecasting is valuable in

Allocating the sales force

Identifying areas of financial strength or deficiency

Deciding on dividend payments

Determining earnings

23. \_\_\_\_\_ is NOT an example of certain cash flows:

Cash sales

Interest receipts

Rents

Payroll

24. Which one of the following is NOT a cash management program?

Norton

Quicken

Up your cash flow

Cash Pass

25. A well-managed accounts payable system should include all EXCEPT:

Evaluate cash flow

Institute a single accounts payable system

Set goals

Establish payment priorities

26. Sound management of accounts payable includes the following principles EXCEPT for:

Prioritize

Negotiate

Accelerate cash collections

Protect credit rating

27. Which one of the following is NOT a typical symptom for accounts payable problems:

Aged payables

Early payment of taxes

Hassles from creditors

Interest penalties

28. When negotiating with vendors for more favorable terms you should never:

Check their honesty and reliability

Ask for their trade secrets

Ask for references from other customers

Ask customers if the quality of merchandise is satisfactory

29. \_\_\_\_\_ is NOT one of cash collection strategies:

Use of return envelopes

Use of merchant credit cards

Invoicing delays

Use of lockbox receivables

30. A typical list of cash outlays for leased fixed assets does NOT include:

Depreciation

Lease payments

Repairs and maintenance

Insurance

31. Tactics for delaying payments do NOT include:

Stagger payments

Decentralize the payables' operation

Mail payments late in the day or on Friday

Mail from post offices with limited service

32. \_\_\_\_\_ is NOT an advantage of buying assets (or incurring expenses) with debts:

Convenience

Deflationary protection

Safety

Subject to high interest rates

33. Danger signs of possible collection problems include all EXCEPT:

Legal action for collection against customer by other suppliers

Customer adds more payment options

Customer fails to provide requested financial information

Customer frequently changes suppliers

34. \_\_\_\_\_ is NOT a source of credit information:

- Suppliers
- Credit bureaus
- Trade association
- Credit reports

35. The bank balance is adjusted for items reflected on your records that are not on the bank statement. They include:

- Outstanding checks
- Bank charges
- Errors on the books
- Collections

36. \_\_\_\_\_ is NOT a type of delay in processing checks:

- Mail float
- Disbursement float
- Processing float
- Deposit collection float

37. Electronic Funds Transfer (EFT) can be linked electronically via communication networks EXCEPT for:

- Teleprompter
- Telephone
- Computer terminals
- Personal computers

38. A retail lockbox offers the following advantages EXCEPT for:

- Can be costly to install
- Reduced float
- Transfers workload from your business to the bank
- Reduces expenses

39. Checks used to transfer money between bank accounts are called:

- Certified checks (CC)
- Letters of credit (LC)
- Depository transfer checks (DTC)
- Automatic teller machines (UTM)

40. A lock-box system

- Reduces the need for compensating balances.
- Accelerates the inflow of funds.
- Provides security for late night deposits.
- Reduces the risk of having checks lost in the mail.

41. To receive cash sooner do NOT use the following:

- Automatic deposits to your bank account
- File taxes early for refunds
- File your insurance claim at the end of the year
- Receive child support rather than alimony

42. To select a particular way of financing you should NOT consider:

- Timing
- Maturity
- Cost
- Risk and restrictions

43. Examples of liquid securities include all EXCEPT:

- US treasury bills
- Real estate
- US treasury notes and bonds
- Short-term commercial paper

44. Which one of the following provides the best source of financing for a firm?

- Trade credit (accounts payable).
- Bank loans.
- Accounts receivable.
- Leasing.

45. Factoring of accounts receivable is:

- Discounting accounts receivables with recourse
- Restricting the rate of return on accounts receivable
- Outright sale of accounts receivable without recourse
- Partial sale of accounts receivable with recourse

46. The 5 C's of credit do NOT include:

- Character
- Convention
- Capacity
- Collateral and capital

47. Criteria lenders generally use include all EXCEPT:

- Healthy cash flow
- Unsecured loans
- Operational influences
- Lending against inventory and receivables

48. To secure a bank loan you should:

- Enlarge your balance sheet
- Set the distance between you and the crowd
- Cook your earnings
- Disclose all your liquidity problems

49. Zero balance accounts (ZBAs) are special checking accounts with the following benefit:

- Extending a disbursement float
- Overdraft potential
- Bank charge for the service
- Excessive balance in multiple accounts

50. \_\_\_\_\_ is a certified cash/treasury manager:

- CPA
- CTP
- CFP
- ChFc

*Instructions for Submitting Answers Online:*

- *Sign In at [www.ApexCPE.com](http://www.ApexCPE.com)*
- *Click the "My CPE" tab at the top of the page.*
- *Click "My CPE Courses".*
- *Find the current CPE year and click "Go to My Courses".*
- *Find this course and click the "Go to Course" link.*
- *Step 2 on the Course Syllabus page is "Take the Final Exam". Click the "Begin Final Exam" link.*
- *Enter your answers on the online exam sheet.*
- *Click the "Grade Exam" button at the bottom of the page. Your exam will be graded automatically. If your score exceeds 70%, a "Create Certificate" button will display. Otherwise, you may continue to retake the exam until you pass.*
- *A short evaluation page will display. Please provide your feedback for the course.*
- *Once the evaluation is complete, click the "Submit Evaluation & Create Certificate" button at the top of the page.*
- *You may print your Certificate of Completion by selecting File Print from your browser. Certificates remain online for at least five years from the certificate date.*

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