



## FINAL EXAM

### Course # 771001 Real Estate Accounting and Math

based on the electronic .pdf file(s):

**Real Estate Accounting and Math**  
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pages



6 CPE Credit Hours  
Accounting & Auditing

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*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. Financial statements do NOT include:

- Balance sheet
- A budget
- Income statement
- Cash flow statement

2. The expression double-entry system is

- Used to indicate that for each transaction, a record has been made in at least two places.
- A duplication of debit and credits.
- A dual pricing system
- Used to indicate that for each transaction, assets = liabilities

3. Current assets do NOT include:

- Prepaid expenses
- Investments
- Merchandise inventory
- Accounts receivable

4. Revenue listed on the income statement does NOT include:

- Income tax refund
- Gain or loss on equipment
- Earnings
- Interest income

5. The net worth figure is useful when:

- Changing ownership
- Comparing one accounting period to another
- Paying dividends
- Determining book value of shares

6. When making comparisons, it is customary to convert income statement data to:

- Ratios
- Fractions
- Multipliers
- Digits

7. A balance sheet must show figures:

- By month
- By year
- At a single point in time
- By week

8. The processes and procedures used to record measures of dollars and cents, according to categories, are called:

- Accounting
- Accounting cycle
- Bookkeeping
- Financial accounting

9. Another name for the income statement is the:

- Statement of cash flows
- Statement of earnings
- Profit or loss statement
- Retained earnings statement

10. Most businesses recognize revenues and expenses, using the \_\_\_\_\_ method of accounting

- Cash
- Accrual
- Modified accrual
- Fund

11. Which of the following is NOT on an individual's income statement?

- Income tax refund
- State income tax withheld
- Cash value of life insurance
- Interest income

12. The basic financial statements include a

- Balance sheet, income statement, statement of retained earnings, and statement of changes in retained earnings
- Balance sheet, income statement, and cash flow statement
- Statement of financial position, income statement, statement of retained earnings, and statement of changes in retained earnings
- Balance sheet, statement of financial position, income statement, and statement of changes in retained earnings

13. For most businesses, the current ratio should be \_\_\_\_\_.

- Not less than 2:1
- Equal to 2:1
- Equal to 1:1

Greater than 1

14. The values shown for assets such as real estate and equipment will be recorded at.

Cost

Liquidation value

Market value

Depreciated value

15. Four sales representatives employed by Blue Carpet Realty earned \$2120; \$1865; \$2863; and \$2175 during the past month. What was the average of their monthly earnings?

\$2,055.25

\$1,825.50

\$2480.25

\$2,255.75

16. The Lawson's wanted to insure their house for \$275,000. The insurance company charges an annual premium rate of  $33\frac{1}{3}$  cents per \$100 insurance for this type policy. How much is their annual premium?

\$1015.50

\$915.75

\$1275.25

\$1575.75

17. Last year a family paid \$26,500 for house payments. If this is 30% of the family's annual income, how much was the annual income?

\$79,500

\$88,333

\$97,333

\$86,666

18. A farm sold 64 acres of a 480-acre farm. Express as a fraction what part of the farm sold.

$\frac{1}{6}$

$\frac{1}{8}$

$\frac{3}{10}$

$\frac{2}{15}$

19. John bought three tracts of land:  $\frac{3}{4}$  acre,  $\frac{7}{15}$  acre, and acre. How many acres did he purchase?

$3\frac{1}{5}$

$1\frac{8}{15}$

$2\frac{13}{60}$

$\frac{9}{40}$

20. A property grosses \$42,000 per month with a yearly expense of 36% of the gross income. If it was capitalized at 16%, what would be its value? (nearest thousand)

3,451,000

3,541,000

2,016,000

2,618,000

21. A property listed for \$90,000 was insured at a rate of \$3.00 per \$1,000 per year. What is the yearly insurance premium?

\$720

\$270

\$330

\$570

22. The area of a square plot of property is 3,600 square yards. How long is the side of the square plot?

36 yds

30 yds

60 yds

75 yds

23. At a cost of \$3 a square foot how much money is paid for carpeting a square with a side of 15 feet?

\$750

\$675

\$575

\$950

24. The width of a swimming pool is 25.5 feet wide, and the length is twice as much. What is the area of this swimming pool?

1,100.7 sq ft

1,300.5 ft sq

900 sq ft

1,206 sq ft

25. Compute the exact interest due on a loan of \$80,000 at 10.5% for 120 days.

\$7,261

\$2,761

\$1,761

\$6,176

26. Compute the exact interest due on a loan of \$2,100 at 8.25% from June 18 to September 1

\$37.60

\$36.07

\$63.07

\$76.03

27. Assume that it would cost \$330 in interest to use a sum of money for 18 months. If the interest rate was 11 percent, how much is the loan?

\$2,000

\$1,800

\$7,400

\$4,000

28. Find the area of a square lot that has a side of 60.1 yards.

6,321.1 sq yd

3,612.01 sq yd

1,362.05 sq yd

7,300.31 sq yd

29. A circular shaped lot has a radius of 100 ft. What is the area of this property? (use  $\pi = 3.14$ )

31,400 sq ft

43,400 sq ft

3,400 sq ft

10,000 sq ft

30. An office building is valued at \$800,000 when net operating income is capitalized at a rate of 20%. If operating expenses are 40% of gross income, what is gross income?

\$266,667

\$312,412

\$400,000

\$507,312

Instructions for Submitting Answers Online:

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