



BUSINESS-ENVIRONMENT-AND- CONCEPTS^{Q&As}

Certified Public Accountant (Business Environment & Concept)

Pass Test Prep BUSINESS-ENVIRONMENT-AND- CONCEPTS Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

<https://www.passapply.com/business-environment-and-concepts.html>

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by Test Prep
Official Exam Center



- ⚙️ **Instant Download** After Purchase
- ⚙️ **100% Money Back** Guarantee
- ⚙️ **365 Days** Free Update
- ⚙️ **800,000+** Satisfied Customers





QUESTION 1

The length of time required to recover the initial cash outlay of a capital project is determined by using the:

- A. Discounted cash flow method.
- B. Payback method.
- C. Net present value method.
- D. Accounting rate of return method.

Correct Answer: B

Choice "b" is correct. The payback method measures the time required to recover the initial investment.

Choice "a" is incorrect. Discounted cash flows are used for several methods of capital budgeting; this is a generic term.

Choice "c" is incorrect. The NPV method does not measure the length of time required to recover the initial cash outlay.

Choice "d" is incorrect. The accounting rate of return does not measure the time to recover the initial investment.

QUESTION 2

In 1990, Amber Corp., a closely held corporation, was formed by Adams, Frank, and Berg as incorporators and stockholders. Adams, Frank, and Berg executed a written voting agreement which provided that they would vote for each other as directors and officers. In 1994, stock in the corporation was offered to the public. This resulted in an additional 300 stockholders. After the offering, Adams holds 25%, Frank holds 15%, and Berg holds 15% of all issued and outstanding stock. Adams, Frank, and Berg have been directors and officers of the corporation since the corporation was formed. Regular meetings of the board of directors and annual stockholders meetings have been held. For this question refer to the formation of Amber Corp. and the rights and duties of its stockholders, directors, and officers. Amber Corp.'s directors are elected by its:

- A. Officers.
- B. Outgoing directors.
- C. Stockholders.

Correct Answer: C

Choice "c" is correct. Directors are elected by the stockholders.

QUESTION 3



Acorn Corp. wants to acquire the entire business of Trend Corp. Which of the following methods of business combination will best satisfy Acorn's objectives without requiring the approval of the shareholders of either corporation?

- A. A merger of Trend into Acorn, whereby Trend shareholders receive cash or Acorn shares.
- B. A sale of all the assets of Trend, outside the regular course of business, to Acorn, for cash.
- C. An acquisition of all the shares of Trend through a compulsory share exchange for Acorn shares.
- D. A cash tender offer, whereby Acorn acquires at least 90% of Trend's shares, followed by a short-form merger of Trend into Acorn.

Correct Answer: D

Choice "d" is correct. A parent corporation owning 90% or more of a subsidiary may merge the subsidiary (short form merger) into the parent without the approval of the shareholders of either corporation or the approval of the subsidiary's board. Choices "a", "b", and "c" all require at least one of the corporations to follow the general procedure for fundamental corporate changes (i.e., board resolution notice, approval by majority shares, and filing).

QUESTION 4

Under monopolistic competition, strategic plans focus on:

- A. Profitability from production levels that maximize profits.
- B. Maintaining the market share and being responsive to market conditions related to sales price.
- C. Maintaining the market share and planning for enhanced product differentiation.
- D. Maintaining the market share, ensuring product differentiation, and adapting to price changes or required changes in production volume.

Correct Answer: C

Choice "c" is correct. Under monopolistic competition, strategic plans include maintaining the market share (as with pure competition), but they also likely include plans for enhanced product differentiation and allocation of resources to advertising, product research, etc.

Choices "a", "b", and "d" are incorrect because they are characteristics of other types of market structures.

QUESTION 5

Which of the following correctly lists the three ways to increase the money supply?

- A. Raise the required reserve ratio, increase the discount rate, sell bonds in the open market.
- B. Raise the required reserve ratio, increase the discount rate, buy bonds in the open market.
- C. Lower the required reserve ratio, increase the discount rate, buy bonds in the open market.
- D. Lower the required reserve ratio, decrease the discount rate, buy bonds in the open market.



Correct Answer: D

Choice "d" is correct. The three ways the Fed can increase the money supply are: (1) buy (purchase) government securities in the open market, (2) lower the discount rate, and (3) lower the required reserve ratio.

Choice "a" is incorrect, per above Explanation.

Choice "b" is incorrect, per above Explanation.

Choice "c" is incorrect, per above Explanation.

[BUSINESS-ENVIRONMEN
T-AND-CONCEPTS
Practice Test](#)

[BUSINESS-ENVIRONMEN
T-AND-CONCEPTS Study
Guide](#)

[BUSINESS-ENVIRONMEN
T-AND-CONCEPTS Exam
Questions](#)