

Name: _____

Sample Exam 2**Multiple-choice** (2.5 each question)

1. Listing products in descending order of their individual dollar contribution to the firm is called
 - a. product-by-value analysis
 - b. value analysis
 - c. value engineering
 - d. all of the above
 - e. none of the above

2. A route sheet
 - a. list the operations necessary to produce the component
 - b. is an instruction to make a given quantity of a particular item
 - c. shows in schematic form how a product is assembled
 - d. all of the above
 - e. none of the above

3. The probability that a machine, part, or product will function properly for a given period of time is called
 - a. maintenance
 - b. quality control
 - c. reliability
 - d. all of the above
 - e. none of the above

4. Low-volume, high-variety processes are also known as
 - a. continuous processes
 - b. intermittent processes
 - c. repetitive processes
 - d. product focused
 - e. none of the above

5. Efficiency is given by
- expected capacity divided by capacity
 - capacity divided by utilization
 - actual output divided by effective capacity
 - actual capacity divided by expected capacity
 - none of the above
6. The maximum output of a system in a given period is called
- the breakeven point
 - the capacity
 - the effective capacity
 - the efficiency
 - none of the above
7. Costs that continue even if no units are produced are called
- fixed costs
 - variable costs
 - ABC costs
 - total costs
 - none of the above
9. As the quantity produced increases and you move toward product-focused production
- the variable cost per unit increases
 - the total fixed cost for the production increases
 - the equipment utilization rate decreases
 - more general purpose equipment is used
 - all of the above
10. Two of the new techniques to address process reengineering are
- Compact and APT
 - time and motion study
 - work-flow analysis and time-function mapping
 - work-flow analysis and motion study
 - none of the above

Problem 1:

Income Statement in Thousands of Dollars:

Net Sales	1,955
Cost of Goods Sold	-1,250
SG&A Expenses	-523
Earnings Before Interest and Taxes	182
Interest Expenses	-90
Income Before Tax	92
Income Tax (40%)	-36.8
Net Income	55.2

Balance Sheet in Thousands of Dollars:

ASSETS		LIABILITIES	
Current Assets		Current Liabilities	
Cash	56	Accounts Payable	196
Receivable	540	Accrued Expenses	149
Inventory	497	Short-term Debt	250
Other Current Assets	42	Total Current Liabilities	595
Total Current Assets	1,135	Long-term Liabilities	
Fixed Assets		Long-term Debt	
Property, Land	649	Total Long-term Liabilities	750
Equipment	411	Owners' Equity	
Other Fixed Assets	150	Common Stock	500
Total Fixed Assets	1,210	Retained Earnings	500
		Total Owner's Equity	1,000
TOTAL ASSETS	2,345	TOTAL LIABILITIES	2,345

Calculate the company's Economic Value Added (Economic Profit EP).
CCR=10%