

1. Which one of the following is the financial statement that summarizes a firm's revenue and expenses over a period of time?

- A. Income statement
- B. balance sheet
- C. statement of cash flows
- D. tax reconciliation statement
- E. market value report

2. Which one of the following accounts is the most liquid?

- A. Inventory
- B. building
- C. accounts receivable
- D. equipment
- E. land

2. Net working capital is defined as:

- A. total liabilities minus shareholders' equity.
- B. Current liabilities minus shareholders' equity.
- C. Fixed assets minus long-term liabilities.
- D. Total assets minus total liabilities.
- E. Current assets minus current liabilities.

3. The percentage of the next dollar you earn that must be paid in taxes is referred to as the _____ tax rate.

- A. Mean
- B. residual
- C. total
- D. average
- E. marginal

4. Which of the following are current assets?

- I. Patent
 - II. Inventory
 - III. Accounts payable
 - IV. cash
- A. I and III only
 - B. II and IV only
 - C. I, II, and IV only
 - D. I, II and III only
 - E. II, III, and IV only