

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.pass2lead.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

For capital budgeting purposes, management would select a high hurdle rate of return for certain projects because management:

- A. Wants to use equity funding exclusively.
- B. Believes bank loans are riskier than capital investments.
- C. Believes capital investment proposals involve average risk.
- D. Wants to factor risk into its consideration of projects.

Correct Answer: D

Choice "d" is correct. Management would select a high hurdle rate for certain projects to factor risk into its consideration of projects. The higher hurdle rate discounts future cash flows more, creating a smaller present value. By "devaluing" the cash flows of certain projects, risk has been compensated for. Choices "a" and "b" are incorrect. The method and cost of funding are independent of the hurdle rate for screening investments. Choice "c" is incorrect. If capital investment proposals involve average risk, no adjustment upward is needed for risk.

QUESTION 2

Which of the following statements is correct with respect to a limited partnership?

- A. A limited partner may not be an unsecured creditor of the limited partnership.
- B. A general partner may not also be a limited partner at the same time.
- C. A general partner may be a secured creditor of the limited partnership.
- D. A limited partnership can be formed with limited liability for all partners.

Correct Answer: C

Choice "c" is correct. In a limited partnership, a general partner may be a secured creditor of the limited partnership.

Choice "a" is incorrect. In a limited partnership, a limited partner may be an unsecured creditor of the limited partnership.

Choice "b" is incorrect. In a limited partnership, a general partner may also be a limited partner at the same time.

Choice "d" is incorrect. In a limited partnership, only the limited partners will have limited liability. A limited partnership must have at least one general partner and general partners have unlimited liability.

(The word "all" makes this option wrong.)

QUESTION 3

If a product has a price elasticity of demand of 2.0, the demand is said to be:

- A. Perfectly elastic.
- B. Perfectly inelastic.
- C. Relatively elastic.
- D. Relatively inelastic.

Correct Answer: C

Choice "c" is correct. A price elasticity of demand of 2.0 means demand will change by 2% (as a percentage) for any change in price. This is called elastic.

Choice "a" is incorrect. Perfectly elastic demand does not exist.

Choice "b" is incorrect. Perfectly inelastic demand means the quantity demanded will not change when price changes.

Choice "d" is incorrect. Inelastic demand responds less than 1% (as a percentage) for a change in price.

QUESTION 4

A market with many independent firms, low barriers to entry, and product differentiation is best classified as:

- A. A natural monopoly.
- B. Monopolistic competition.
- C. An oligopoly.
- D. Pure competition.

Correct Answer: B

Choice "b" is correct. A market with many independent firms, low barriers to entry, and product differentiation is best classified as monopolistic competition. There are few barriers to entry and firms exert some influence over price in such a market. Best examples are brand name consumer products. Choice "a" is incorrect. A natural monopoly exists when economic and technical conditions permit only one efficient supplier. Choice "c" is incorrect. The presence of only one company indicates a monopoly; the presence of a few companies would indicate an oligopoly. Choice "d" is incorrect. Market conditions characterizing pure competition include homogeneous, not differentiated, products.

QUESTION 5

The apparent authority of a partner to bind the partnership in dealing with third parties:

- A. Will be effectively limited by a formal resolution of the partners of which third parties are aware.
- B. Will be effectively limited by a formal resolution of the partners of which third parties are unaware.
- C. Would permit a partner to submit a claim against the partnership to arbitration.
- D. Must be derived from the express powers and purposes contained in the partnership agreement.

Correct Answer: A

Choice "a" is correct. This is really an agency question on apparent authority. Apparent authority is authority that a third party reasonably believes an agent has. If the third party is aware of a restriction on the agent's authority, the third party cannot reasonably believe that the agent has the restricted authority. Choice "b" is incorrect. A formal resolution of the partners will not be effective to destroy authority if a third party is aware of the resolution, but not if the third party is unaware of the resolution. Choice "c" is incorrect. Submitting a claim to arbitration is an extraordinary act. A partner has apparent authority only to enter into transactions apparently carrying on in the usual way the business of the partnership. There is no apparent authority to enter into an extraordinary transaction. Choice "d" is incorrect. Apparent authority is derived from what a reasonable person believes concerning the authority of a partner based on the partnership's actions toward the third party; authority derived from the express powers and purposes contained in the partnership agreement is actual authority.

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

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

[BUSINESS-ENVIRONMEN
T-AND-CONCEPTS
Braindumps](#)