

# [Intro to financial management flashcard](https://assignbuster.com/intro-to-financial-management-flashcard/)

Quiz’s for Intro to financial management Chapter 1 (Quiz 1) \* Question 1 2 out of 2 points | | | A firm created as a separate and distinct legal entity that may be owned by one or more individuals or entities is called a: Answer| | | | | Correct Answer:|    corporation. | | | | | \* Question 2 2 out of 2 points | | | Paul is the owner of Paul’s Cabinets, which is a sole proprietorship. The firm cannot pay its bills because a large customer defaulted on payment. Which one of the following statements is correct given this situation?

Answer| | | | | Correct Answer:|    Paul is personally liable for the entire debt of Paul’s Cabinets. | | | | | \* Question 3 2 out of 2 points | | | A sole proprietorship is defined as a business: Answer| | | | | Correct Answer:|    owned by a single individual. | | | | | \* Question 4 2 out of 2 points | | | What is the goal of financial management for a sole proprietorship? Answer| | | | | Correct Answer:|    maximize the market value of the equity| | | | | \* Question 5 2 out of 2 points | | | Capital structure refers to the: Answer| | | | Correct Answer:|    mixture of debt and equity a firm uses to finance its operations. | | | | | \* Question 6 2 out of 2 points | | | A firm’s current assets and current liabilities are referred to as the firm’s: Answer| | | | | Correct Answer:|    working capital. | | | | | \* Question 7 2 out of 2 points | | | Which one of the following functions should be assigned to the controller rather than the treasurer? Answer| | | | | Correct Answer:|    tax management| | | | | \* Question 8 2 out of 2 points | | The process of managing a firm’s long-term investments is called: Answer| | | | | Correct Answer:|    capital budgeting. | | | | | \* Question 9 2 out of 2 points | | | Evaluating the potential risks and rewards of investing in financial assets, such as domestic stocks, is part of which one of the following financial areas? Answer| | | | | Correct Answer:|    investments| | | | | \* Question 10 2 out of 2 points | | | Anyone other than a firm’s stockholders or creditors who potentially has a claim on the cash flows of a firm is called a: Answer| | | | | Correct Answer:|    stakeholder. | | | | |