

Review of Business Brokerage

Practice Exam

1. Entities that generate their profit as a direct result of a product or service are defined as a _____.
 - a. hotel
 - b. business
 - c. gas station
 - d. restaurant

2. The cost of a professional business appraisal will run between \$___ and \$___ regardless of the business's size.
 - a. 500 and 1,500
 - b. 1,000 and 2,000
 - c. 5,000 and 12,000
 - d. 7,500 and 15,000

3. It is very common for small business owners to believe their businesses are worth anywhere from twice to ____ times their most likely selling price.
 - a. five
 - b. three
 - c. ten
 - d. none of the above

4. Most small businesses are sold as "_____"(as opposed to "stock sales").
 - a. asset sales
 - b. as is
 - c. schedule E
 - d. debted sales

5. By far, the single most important attribute of a business that a buyer considers is its expected future _____ generating capability.
 - a. redemption
 - b. cash flow
 - c. profit
 - d. expense

6. A firm's _____ statements are among the principal tools required for effective planning and control.
 - a. expense
 - b. appraisal
 - c. profit and loss
 - d. financial

7. Generally small business owners have difficulty understanding the significance of the _____ (a.k.a. Position Statement) and how to use it for the purpose of financial planning and control.

- a. Planning Record
- b. Balance Sheet
- c. Accounting Statement
- d. Schedule E

8. Under the _____ method, you record business income when a sale occurs, whether it is the delivery of a product or the rendering of a service on your part, regardless of when you get paid.

- a. cash
- b. accrual
- c. accounting
- d. analysis

9. Publicly traded corporations strive to report the greatest net profit possible with the limits of (GAAP) which stands for:

- a. generally accepted accounting principals
- b. generating and accounting policy
- c. goodman's accounting actuality principals
- d. none of the above

10. Depreciation and amortization expenses are different from all other types of expenses because they are " _____ " expenses.

- a. cash
- b. non-cash
- c. negotiable
- d. non-negotiable

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Practice Exam Answer Key

1. B
2. C
3. A
4. A
5. C
6. D
7. B
8. B
9. A
10. B