

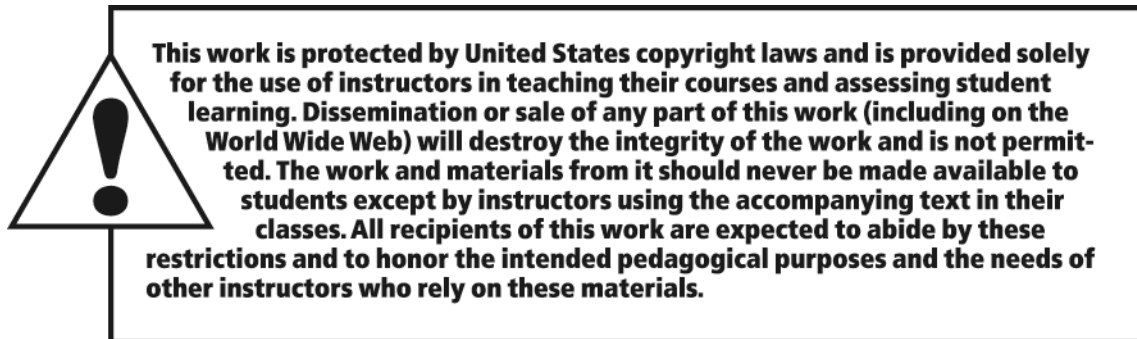
# TEST BANK

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## BUSINESS ANALYTICS THIRD EDITION

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***Business Analytics, 3e (Evans)***  
**Test Bank - Table of Contents**

Chapter 1: Introduction to Business Analytics	1
Chapter 1: Appendix A1 Basic Excel Skills	16
Chapter 2: Database Analytics	24
Chapter 3: Data Visualization	37
Chapter 4: Descriptive Statistics	50
Chapter 5: Probability Distributions and Data Modeling	92
Chapter 6: Sampling and Estimation	108
Chapter 7: Statistical Inference	127
Chapter 8: Trendlines and Regression Analysis	145
Chapter 9: Forecasting Techniques	163
Chapter 10: Introduction to Data Mining	184
Chapter 11: Spreadsheet Modeling and Analysis	198
Chapter 12: Simulation and Risk Analysis	223
Chapter 13: Linear Optimization	237
Chapter 14: Integer and Nonlinear Optimization Models	260
Chapter 15: Optimization Analytics	295
Chapter 16: Decision Analysis	313



***Business Analytics, 3e (Evans)***

**Chapter 1: Introduction to Business Analytics**

1) Descriptive analytics:

A) can predict risk and find relationships in data not readily apparent with traditional analyses.

B) helps companies classify their customers into segments to develop specific marketing campaigns.

C) helps detect hidden patterns in large quantities of data to group data into sets to predict behavior.

D) can use mathematical techniques with optimization to make decisions that take into account the uncertainty in the data.

Answer: B

Diff: 1

Blooms: Remember

Topic: Descriptive, Predictive, and Prescriptive Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive analytics.

2) A manager at Gampco Inc. wishes to know the company's revenue and profit in its previous quarter. Which of the following business analytics will help the manager?

A) prescriptive analytics

B) normative analytics

C) descriptive analytics

D) predictive analytics

Answer: C

Diff: 1

Blooms: Apply

AACSB: Analytic Skills

Topic: Descriptive, Predictive, and Prescriptive Analytics

LO1: Explain the difference between descriptive, predictive, and prescriptive analytics.

3) Predictive analytics:

A) summarizes data into meaningful charts and reports that can be standardized or customized.

B) identifies the best alternatives to minimize or maximize an objective.

C) uses data to determine a course of action to be executed in a given situation.

D) detects patterns in historical data and extrapolates them forward in time.

Answer: D

Diff: 2

Blooms: Remember

Topic: Descriptive, Predictive, and Prescriptive Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive analytics.

4) A trader who wants to predict short-term movements in stock prices is likely to use \_\_\_\_\_ analytics.

- A) predictive
- B) descriptive
- C) normative
- D) prescriptive

Answer: A

Diff: 1

Blooms: Apply

AACSB: Analytic Skills

Topic: Descriptive, Predictive, and Prescriptive Analytics

LO1: Explain the difference between descriptive, predictive, and prescriptive analytics.

5) Which of the following questions will prescriptive analytics help a company address?

- A) How many and what types of complaints did they resolve?
- B) What is the best way of shipping goods from their factories to minimize costs?
- C) What do they expect to pay for fuel over the next several months?
- D) What will happen if demand falls by 10% or if supplier prices go up 5%?

Answer: B

Diff: 2

Blooms: Understand

AACSB: Analytic Skills

Topic: Descriptive, Predictive, and Prescriptive Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive analytics.

6) The demand for coffee beans over a period of three months has been represented in the form of an L-shaped curve. Which form of model was used here?

- A) mathematical model
- B) visual model
- C) kinesthetic (tactile) model
- D) verbal model

Answer: B

Diff: 1

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Explain the concept of a model and various ways a model can be characterized.

7) Decision variables:

- A) cannot be directly controlled by the decision maker.
- B) are assumed to be constant.
- C) are always uncertain.
- D) can be selected at the discretion of the decision maker.

Answer: D

Diff: 2

Blooms: Understand

Topic: Models in Business Analytics

LO1: Define and list the elements of a decision model.

8) Identify the uncontrollable variable from the following inputs of a decision model.

A) investment returns

B) machine capacities

C) staffing levels

D) intercity distances

Answer: A

Diff: 1

Blooms: Apply

Topic: Models in Business Analytics

LO1: Define and list the elements of a decision model.

9) Which of the following inputs of a decision model is an example of data?

A) estimated consumer demand

B) inflation rates

C) costs

D) investment allocations

Answer: C

Diff: 1

Blooms: Remember

Topic: Data for Business Analytics

LO1: Define and list the elements of a decision model.

10) Descriptive decision models:

A) aim to predict what will happen in the future.

B) describe relationships but do not tell a manager what to do.

C) help analyze the risks associated with various decisions.

D) do not facilitate evaluation of different decisions.

Answer: B

Diff: 2

Blooms: Understand

Topic: Models in Business Analytics

LO1: Explain the concept of a model and various ways a model can be characterized.

11) Prescriptive decision models help:

A) make predictions of how demand is influenced by price.

B) make trade-offs between greater rewards and risks of potential losses.

C) decision makers identify the best solution to decision problems.

D) describe relationships and influence of various elements in the model.

Answer: C

Diff: 1

Blooms: Remember

Topic: Models in Business Analytics

LO1: Define the terms optimization, objective function, and optimal solution.

12) The manager at Soul Walk Inc., a shoe manufacturing company, wants to set a new price (P) for a shoe model to maximize total profit. The demand (D) as a function of price is represented as:

$$D = 1,500 - 2.5P$$

The total cost (C) as a function of demand is represented as:

$$C = 3,200 + 3.5D$$

Which of the following is a model for total profit as a function of price?

A)  $(1,508.75 \times \text{price}) - (2.5 \times \text{price}^2) - 8,450$

B)  $(3.5 \times \text{price}^2) + 3,200 - (1925.50 \times \text{price})$

C)  $(1,250 \times \text{price}) + (5 \times \text{price}^2) - 8,320$

D)  $[4521 + (4.5 \times \text{price})] \times \text{price} - 9684.25$

Answer: A

Diff: 3

Blooms: Apply

Topic: Models in Business Analytics

LO1: Define the terms optimization, objective function, and optimal solution.

13) Which decision model incorporates the process of optimization?

A) predictive

B) prescriptive

C) descriptive

D) normative

Answer: B

Diff: 1

Blooms: Remember

Topic: Models in Business Analytics

LO1: Define the terms optimization, objective function, and optimal solution.

14) Which of the following is the first phase in problem solving?

A) defining the problem

B) analyzing the problem

C) recognizing the problem

D) structuring the problem

Answer: C

Diff: 1

Blooms: Remember



Topic: Problem Solving and Decision Making

LO1: List and explain the steps in the problem-solving process.

15) Middle managers in operations:

- A) develop staffing plans.
- B) determine product mix.
- C) develop advertising plans.
- D) make pricing decisions.

Answer: A

Diff: 1

Blooms: Remember

Topic: Problem Solving and Decision Making

LO1: List and explain the steps in the problem-solving process.

16) The product mix is determined by the:

- A) accounting staff.
- B) middle managers.
- C) finance managers.
- D) top managers.

Answer: D

Diff: 1

Blooms: Remember

Topic: Problem Solving and Decision Making

LO1: List and explain the steps in the problem-solving process.

17) During which phase in problem solving is a formal model often developed?

- A) analyzing the problem
- B) structuring the problem
- C) defining the problem
- D) implementing the solution

Answer: B

Diff: 1

Blooms: Remember

Topic: Problem Solving and Decision Making

LO1: List and explain the steps in the problem-solving process.

18) Which of the following is true about problem solving?

- A) Recognizing problems involves stating goals and objectives.
- B) Analyzing the problem involves characterizing the possible decisions.
- C) Decision making involves translating the results of the model in the organization.
- D) Structuring the problem involves identifying constraints.

Answer: D

Diff: 2

Blooms: Understand

Topic: Problem Solving and Decision Making

LO1: List and explain the steps in the problem-solving process.

The manager at Goody Woods Inc., a manufacturer of wooden utensil sets, has observed that when the company sells its sets at \$240, 1,540 units are sold, and when the price is raised to \$320, demand falls to 1,220 units. Use this information to answer the following two questions.

19) Develop a linear model relating the demand for Goody Woods' units to the price.

Answer: Economic theory tells us that demand for a product is negatively related to its price.

The linear model to predict demand as a function of price is:

$$D = a - bP$$

where D is the quantity demanded, P is the unit price, a is a constant that estimates the demand when the price is zero, and b is the slope of the demand function.

Substituting the values given in the data:

$$1,540 = a - (b \times 240)$$

$$1,220 = a - (b \times 320)$$

By solving the two equations, values of a and b can be found.

a = 2,500, which indicates the demand for wood units when price is zero,

b = 4, which is the slope of the demand function.

Substituting values of a and b in the linear demand prediction model:

$$D = 2,500 - 4P$$

Diff: 3

Blooms: Apply

AACSB: Analytic Skills

Topic: Predictive Spreadsheet Models.

LO1: Build spreadsheet models for descriptive, predictive, and prescriptive applications.

20) Develop a prescriptive model that will help Goody Woods identify the price that maximizes the total revenue.

Answer: Having found out the model for demand as a function of price, sales (S) can be expressed as:

$$S = 2,500 - 4P$$

$$\text{Revenue (R)} = \text{Sales} \times \text{Price} = (2,500 - 4P) \times P = 2,500P - 4P^2$$

Thus, Goody Woods Inc. can identify the price that maximizes the total revenue using:

$$R = 2,500P - 4P^2$$

Diff: 3

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Define the terms optimization, objective function, and optimal solution.

21) Decision support systems evolved from efforts to improve military operations prior to and during World War II.

Answer: FALSE

Diff: 1

Blooms: Remember

Topic: Evolution of Business Analytics

LO1: Summarize the evolution of business analytics and explain the concepts of business intelligence, operations research and management science, and decision support systems.

22) A deterministic model is one in which all model input information is either known or assumed to be known with certainty.

Answer: TRUE

Diff: 1

Blooms: Remember

Topic: Models in Business Analytics

LO1: Explain the difference between a deterministic and stochastic decision model.

23) The complexity of a problem increases when the problem belongs to an individual rather than a group.

Answer: FALSE

Diff: 1

Blooms: Remember

Topic: Problem Solving and Decision Making

LO1: List and explain the steps in the problem-solving process.

24) A goal of Korel & Marke, a dot-com company, is to gain strategic advantage over its rival firms. How can Korel & Marke use analytics and exploit social media to accomplish this goal?

Answer: Analytics is helping businesses learn from social media and exploit social media data for strategic advantage. Using analytics, Korel & Marke can integrate social media data with traditional data sources such as customer surveys, focus groups, and sales data. It can also understand trends and customer perceptions of its products; and create informative reports to assist its marketing managers and product designers.

Diff: 2

Blooms: Understand

Topic: What is Business Analytics?

LO1: State some typical examples of business applications in which analytics would be beneficial.

25) What are the three components of decision support systems (DSS)?

Answer: DSSs include three components:

Data management - The data management component includes databases for storing data and allows the user to input, retrieve, update, and manipulate data.

Model management - The model management component consists of various statistical tools and management science models and allows the user to easily build, manipulate, analyze, and

Communication system - The communication system component provides the interface necessary for the user to interact with the data and model management components.

Diff: 2

Blooms: Remember

Topic: Evolution of Business Analytics

LO1: Summarize the evolution of business analytics and explain the concepts of business intelligence, operations research and management science, and decision support systems.

26) Explain how data are used by accountants, economists, and operations managers.

Answer: Following are the ways data are used:

Accountants conduct audits to determine whether figures reported on a firm's balance sheet fairly represent the actual data by examining samples (that is, subsets) of accounting data, such

Economists use data to help companies understand and predict population trends, interest rates, industry performance, consumer spending, and international trade.

Operations managers use data on production performance, manufacturing quality, delivery times, order accuracy, supplier performance, productivity, costs, and environmental compliance to manage their operations.

Diff: 2

Blooms: Remember

Topic: Data for Business Analytics

LO1: State examples of how data are used in business.

27) Data used in business analytics need to be reliable and valid. Explain.

Answer: Sample data do not always reflect reality. People do not always behave the same when observed, nor do they always act as they say they act. Poor data can result in poor decisions.

Hence, care must be taken when working with data, and every effort should be made to ensure that data are sufficiently accurate.

Diff: 2

Blooms: Remember

Topic: Data for Business Analytics

LO1: State examples of how data are used in business.

28) Why do predictive decision models incorporate uncertainty?

Answer: The future is always uncertain. Uncertainty is imperfect knowledge of what will happen; risk is associated with the consequences of what actually happens. Even though uncertainty may exist, there may be no risk. However, risk is an outcome of uncertainty, though not always. Thus, many predictive models incorporate uncertainty and help decision makers

analyze the risks associated with their decisions.

Diff: 2

Blooms: Understand

Topic: Models in Business Analytics

LO1: Explain the difference between uncertainty and risk.

29) Which of the following is not a challenge faced by organizations that want to develop analytics capabilities?

- A) a lack of understanding of how to use analytics.
- B) competing business priorities.
- C) understanding benefits versus perceived costs of analytics studies.
- D) difficulty in getting good data and sharing information.

Answer: C

Diff: 1

Blooms: Remember

Topic: What is Business Analytics?

LO1: Explain why analytics is important in today's business environment.

30) Prescriptive analytics:

- A) summarizes data into meaningful charts and reports that can be standardized or customized.
- B) identifies patterns and relationships existing in large data sets.
- C) uses data to determine a course of action to be executed in a given situation.
- D) detects patterns in historical data and extrapolates them forward in time.

Answer: C

Diff: 2

Blooms: Remember

Topic: Descriptive, Predictive, and Prescriptive Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive analytics.

Use the table below to answer the following question(s).

Fiberia Accessories, a clothing retailer, is planning to introduce a new line of sweaters as part of the winter collection for \$65 with an inventory of 1500. The main selling season is 60 days between November and December. The store then sells the remaining units in a clearance sale at 65 percent discount. Out of the 60 main retail days, Fiberia sells the sweaters at full retail price for only 45 days, while giving a discount of 25 percent for the remaining 15 days. The demand functions  $a$ , and  $b$  are given as 79.5 and 1.1 respectively.

<b>Marked Down Pricing Model for Fiberia Accessories's new sweater</b>	
<b>Data</b>	
<b>Retail Price</b>	\$65
<b>Inventory</b>	1500
<b>Selling Season (days)</b>	60
<b>Days at Full Retail</b>	45
<b>Intermediate Markdown</b>	25 percent
<b>Clearance Markdown</b>	65 percent
<b>Demand Function</b>	
<b>A</b>	79.5
<b>B</b>	1.1

31) What is the average daily sale during the full retail sales period?

- A) 15
- B) 33.33
- C) 8
- D) 24.55

Answer: C

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

32) Calculate the total number of units sold during the full retail sales period.

- A) 33.33
- B) 520
- C) 187.5
- D) 360

Answer: D

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

33) Calculate the total revenue during the full retail sales period.

A) \$23,400

B) \$16,200

C) \$2,880

D) \$17,550

Answer: A

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

34) Calculate the daily sales during the discount sales period.

A) 39.28

B) 133.3

C) 388.13

D) 25.88

Answer: D

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

35) Calculate the total units sold during the discount sales period.

A) 388.13

B) 25.88

C) 133.3

D) 39.28

Answer: A

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

36) Calculate the total revenue during the discount sales period.

A) \$4,478.91

B) \$18,921.09

C) \$10,042.73

D) \$43,321.09

Answer: B

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

37) Calculate the revenue for the clearance sales period.

A) \$18,921.09

B) \$23,400

C) \$48,871.88

D) \$17,105.16

Answer: D

Diff: 3

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

38) Calculate the total revenue for the new line of sweaters.

A) \$59,426.25

B) \$48,871.88

C) \$23,400

D) \$43,231.09

Answer: A

Diff: 1

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.



Use the table below to answer the following question(s).

In the spreadsheet below, there is data on the price, cost, demand, and quantity produced for an item. There are also different "what if" values that can help a manager to calculate costs and revenue with variability in demand.

	A	B	C
1	<b>Profit Model</b>		
2			
3	<b>Data</b>		<b>What-If Demand Values</b>
4			20,000
5	<b>Unit Price (\$)</b>	50	40,000
6	<b>Unit Cost (\$)</b>	25	55,000
7	<b>Fixed Cost (\$)</b>	550,000	60,000
8	<b>Demand</b>	60,000	65,000
9	<b>Quantity Produced</b>	55,000	
10			

39) Which of the following is the Excel formula to determine the number of units sold?

- A) =B8
- B) =MIN(0,B8,B9)
- C) =MIN(B8,B9)
- D) =MAX(0,B8,B9)

Answer: C

Diff: 1

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

40) If  $D$  is demand,  $P$  is the unit price, and  $c$  and  $d$  are constants (where  $d > 0$  is the price elasticity), which of the following is a nonlinear demand prediction model?

- A)  $D = d + (c \times P)$
- B)  $D = (d \times P)c$
- C)  $D = cd \times P$
- D)  $D = cP^{-d}$

Answer: D

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

Use the chart below to answer the following two questions:



41) What is the slope of the sales function  $D = a - bP$ ?

- A) 4
- B) 9
- C) 12
- D) 17

Answer: C

Diff: 3

Blooms: Apply

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

42) How many gallons will be sold if the price is increased to \$4.75?

- A) 833.26
- B) 843
- C) 798.72
- D) 818

Answer: B

Diff: 3

Blooms: Apply

AACSB: Analytic Skills

Topic: Models in Business Analytics

LO1: Illustrate examples of descriptive, predictive, and prescriptive models.

43) What does business analytics use to help managers make better decisions?

- A) data and information technology.
- B) statistical analysis and quantitative methods.

- C) mathematical or computer-based models.
- D) all of the above.

Answer: D

Diff: 1

Blooms: Remember

Topic: What is Business Analytics?

LO1: Define business analytics.

***Business Analytics (Evans)***

**Chapter 1 Appendix A1 Basic Excel Skills**

1) Which of the following symbols is used to represent exponents in Excel?

- A) ^
- B) \*
- C) #
- D) !

Answer: A

Diff: 1

Blooms: Remember

Topic: Excel Formulas and Addressing

LO1: Find buttons and menus in the Excel 2010 ribbon.

2) Which of the following ways would  $10^2 \times 5^3 / 100 - 73$  be represented in an Excel spreadsheet?

- A) 10(2) \* 5(3) / 100 ^ 73
- B) 10(2) ^ 5(3) / 100 - 73
- C) 10^2 \* 5^3 / 100 - 73
- D) 10\*2 ^ 5\*3 / 100 - 73

Answer: C

Diff: 1

Blooms: Understand

Topic: Excel Formulas and Addressing

LO1: Write correct formulas in an Excel worksheet.

3) Which of the following is a difference between relative addressing and absolute addressing when using cell formulas in Excel?

- A) A relative address uses a dollar sign before either the row or column label; an absolute address uses the ampersand symbol before either the row or column label.
- B) A relative address uses a dollar sign before either the row or column label; an absolute address uses just the row and column label in the cell reference.
- C) A relative address uses just the row and column label in the cell reference; an absolute address uses a dollar sign before either the row or column label.
- D) A relative address uses only the column label in the cell reference; an absolute address uses the row.

Answer: C

Diff: 2

Blooms: Remember

Topic: Excel Formulas and Addressing

LO1: Apply relative and absolute addressing in Excel formulas.

Use the data given below to answer the following question(s)

Below is the spreadsheet for demand prediction of a company that sells chocolates.

	A	B	C
1	<b>Demand Prediction Models</b>		
2			
3	<b>Linear Model</b>		
4	A	10,000	
5	B	10	
6			
7	<b>Price</b>	<b>Demand</b>	
8	\$50	9,500	
9	\$55	9,450	
10	\$45	9,550	
11			

4) Given that  $D = a - bP$ , where D, is demand, "a" and "b," are linear constants, and P, is price, from the below spreadsheet, how will the formula in B9 be represented in Excel using relative addressing?

- A) B4-B5\*A9
- B) C5-C6\*A10
- C) B4-B5\*A10
- D) B5-B6\*A10

Answer: A

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Formulas and Addressing

LO1: Copy formulas from one cell to another or to a range of cells.

5) If a dollar sign is used after the column in B5 (B\$5), how will the formula at B8 be represented in C9 using absolute addressing?

- A) C3-B\$5\*C9
- B) C5-C\$6\*B9
- C) C5-C\$6\*C9
- D) C5-C\$5\*B9

Answer: D

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Formulas and Addressing

LO1: Apply relative and absolute addressing in Excel formulas.

6) If a dollar sign is used before the column label B4 (\$B4), how will the formula at B10 be represented in C11 using absolute addressing?

- A) \$B5-C6\*B11
- B) \$C5-C6\*A10
- C) \$B4-C5\*B11
- D) \$A5-C6\*B11

Answer: A

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Formulas and Addressing

LO1: Apply relative and absolute addressing in Excel formulas.

7) If, in the spreadsheet, cells B9 and B10 were empty, which of the following formulas should be entered in B8 so that the formula can be dragged to B9 and B10 to obtain their correct values?

- A) B4-B5\*A8
- B) B4-B5\*\$A8
- C) \$B4-B5\*\$A8
- D) \$B\$4-\$B\$5\*\$A8

Answer: D

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Formulas and Addressing

LO1: Copy formulas from one cell to another or to a range of cells.

8) Using a \$ sign before a column label \_\_\_\_\_.

- A) keeps the reference to both the row and column fixed
- B) keeps the reference to the row fixed, but allows the column reference to change
- C) keeps the reference to column fixed, but allows the row reference to change
- D) allows both the row and column references to change

Answer: C

Diff: 1

Blooms: Remember

AACSB: Analytic Skills

Topic: Excel Formulas and Addressing

LO1: Copy formulas from one cell to another or to a range of cells.

9) To copy a formula from a single cell or range of cells down a column or across a row, first \_\_\_\_\_, click and hold the mouse on the small square in the lower right-hand corner of the cell, and drag the formula to the "target" cells which you wish to copy.

- A) press Ctrl-C
- B) select the cell or range
- C) press Ctrl-Enter
- D) select the whole spreadsheet

Answer: B

Diff: 1

Blooms: Remember

AACSB: Analytic Skills

Topic: Excel Formulas and Addressing

LO1: Copy formulas from one cell to another or to a range of cells.

10) Trace the process of copying and pasting a cell, which has a formula in it, such that the formula is not retained in the pasted cell.

- A) Home - Paste - Paste Special - Paste Values
- B) Home - Paste - Paste Special - Paste Validation
- C) Home - Paste - Paste Special - Paste Formats
- D) Home - Paste - Paste Special - Paste Formulas

Answer: A

Diff: 1

Blooms: Remember

Topic: Miscellaneous Excel Functions and Tools

LO1: Copy formulas from one cell to another or to a range of cells.

Use the data given below to answer the following question(s).

Below is a spreadsheet of purchase orders for a computer hardware retailer.

	A	B	C	D	E	F	G	H
1	<b>Purchase Orders</b>							
2								
3	<b>Supplier</b>	<b>Item Description</b>	<b>Item Cost</b>	<b>Quantity</b>	<b>Cost per Order</b>	<b>A/P Terms (Months)</b>	<b>Order No.</b>	<b>Order Size</b>
4	Rex Technologies	Graphics Card	\$ 89	35	\$3115	20	AL123	Large
5	Rex Technologies	Monitor	\$150	15	\$2250	25	AL234	Small
6	Rex Technologies	Keyboard	\$ 15	40	\$600	15	AL345	Large
7	Rex Technologies	Speakers	\$ 15	20	\$300	25	AL456	Small
8	Max's Wavetech	HD Cables	\$ 5	10	\$50	25	KO876	Small
9	Max's Wavetech	Processor	\$278	27	\$6950	30	KO765	Large
10	Max's Wavetech	Hard disk	\$120	18	\$2160	20	KO654	Small
11								
12								

11) To find the total order cost, what Excel formula should be used in A12?

A) =COUNT(C4:C10)

B) =COUNT(C4:C7)

C) =MAX(C4:C10)

D) =SUM(E4:E10)

Answer: D

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Functions

LO1: Use basic and advanced Excel functions.

12) For which of the following columns can the COUNT function be performed?

A) column G

B) column E

C) column B

D) column A



Answer: B

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Functions

LO1: Use basic and advanced Excel functions.

13) To find the average of the total cost of orders from Rex Technologies, what Excel formula should be used in A12?

A) =AVERAGE(C4:C10)

B) =AVERAGE(C4:C7)

C) =AVERAGE(E4:E7)

D) =AVERAGE(E4:E10)

Answer: C

Diff: 2

Blooms: Apply

AACSB: Analytic Skills

Topic: Excel Functions

LO1: Use basic and advanced Excel functions.

14) The easiest way to locate a particular function is to select a cell and click on the Insert function button represented by \_\_\_\_\_ on the Excel ribbon.

A)  $f_x$

B)  $\Sigma$

C) \$

D) %

Answer: A

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Find buttons and menus in the Excel 2010 ribbon.

15) What is the Insert function in Excel?

Answer: The easiest way to locate a particular function is to select a cell and click on the Insert function button  $f_x$ , which can be found under the ribbon next to the formula bar and also in the *Function Library* group in the *Formulas* tab. You may either type in a description in the search field, such as "net present value," or select a category, such as "Financial," from the drop-down box. This feature is particularly useful if you know what function to use but are not sure of what arguments to enter because it will guide you in entering the appropriate data for the function arguments.

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Use basic and advanced Excel functions.

16) The Excel function of \_\_\_\_\_ is used to find the largest value in a range of cells.

- A) SUM(range)
- B) COUNT(range)
- C) MAX(range)
- D) COUNTIF(range, criteria)

Answer: C

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Apply logical functions in Excel formulas.

17) \_\_\_\_\_ measures the worth of a stream of cash flows, taking into account the time value of money.

- A) Accounting rate of return
- B) Net present value
- C) Internal rate of return
- D) Adjusted present value

Answer: B

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Design simple Excel templates for descriptive analytics.

18) The \_\_\_\_\_ reflects the opportunity costs of spending funds now versus achieving a return through another investment, as well as the risks associated with not receiving returns until a later time.

- A) modified internal rate of return
- B) payback period
- C) accounting rate of return
- D) discount rate

Answer: D

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Design simple Excel templates for descriptive analytics.

19) Identify the equation for calculating the net present value for a stated period of time, where  $F_t$  = cash flow in period  $t$ , and  $i$  is the discount rate.

A) 
$$NPV = \sqrt[n]{\sum_{t=0}^n \frac{F_t + i}{2}}$$

$$\text{B) NPV} = \sum_{t=0}^n F_t(1+i)^t$$

$$\text{C) NPV} = \sum_{t=0}^n \frac{F_t}{(1+i)^t}$$

$$\text{D) NPV} = \sum_{t=0}^n \frac{F_t}{i} \sqrt{(1+i)^t}$$

Answer: C

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Design simple Excel templates for descriptive analytics.

20) A positive NPV means that the investment will provide added value because the projected return exceeds the \_\_\_\_\_.

A) modified internal rate of return

B) discount rate

C) accounting rate of return

D) adjusted present value

Answer: B

Diff: 1

Blooms: Remember

Topic: Excel Functions

LO1: Design simple Excel templates for descriptive analytics.

21) Describe the method of calculating the net present value (NPV) in Excel.

Answer: The Excel function NPV (rate, value1, value2,...) calculates the net present value of an investment by using a discount rate and a series of future payments (negative values) and income (positive values). Rate is the rate of discount over the length of one period (i), and value1, value2,... are 1 to 29 arguments representing the payments and income. The values must be equally spaced in time and are assumed to occur at the end of each period. The NPV investment begins one period before the date of the value1 cash flow and ends with the last cash flow in the list. The NPV calculation is based on future cash flows. If the first cash flow (such as an initial investment or fixed cost) occurs at the beginning of the first period, then it must be added to the NPV result and not included in the function arguments.

Diff: 1

Blooms: Remember

Topic: Excel Template Design

LO1: Design simple Excel templates for descriptive analytics.