

Multiple Choice**Multiple Choice Questions****QUESTIONS**

QUESTION	ANSWER
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Q1

QUESTION	ANSWER
1. A company has a profit margin of 15% and a return on assets of 10%. What is the company's asset turnover ratio?	0.67
2. A company has a profit margin of 12% and a return on assets of 8%. What is the company's asset turnover ratio?	0.67
3. A company has a profit margin of 10% and a return on assets of 7%. What is the company's asset turnover ratio?	0.70
4. A company has a profit margin of 8% and a return on assets of 5%. What is the company's asset turnover ratio?	0.63

Q2

QUESTION	ANSWER
1. A company has a profit margin of 15% and a return on assets of 10%. What is the company's asset turnover ratio?	0.67
2. A company has a profit margin of 12% and a return on assets of 8%. What is the company's asset turnover ratio?	0.67
3. A company has a profit margin of 10% and a return on assets of 7%. What is the company's asset turnover ratio?	0.70
4. A company has a profit margin of 8% and a return on assets of 5%. What is the company's asset turnover ratio?	0.63

Q3

QUESTION	ANSWER
1. A company has a profit margin of 15% and a return on assets of 10%. What is the company's asset turnover ratio?	0.67
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ANSWERS

QUESTION	ANSWER
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ONTARIO LIBRARY ASSOCIATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1997

Notes	1997 \$	1996 \$
General activities		
Revenue		
Membership fees	194,695	188,773
Government operating grant	38,080	93,389
Contract administrative fees	42,660	-
Conferences - general	11,847	27,100
- financial recovery	1,153	100
Advertising, fundraising and interest	278	1,153
	<u>288,713</u>	<u>293,605</u>
Expense (schedule)	495,926	422,177
Net general expense	<u>(207,213)</u>	<u>(128,572)</u>
Revenue & related activities		
Conferences		
Revenue	325,344	344,687
Expense (schedule)	190,711	193,773
	<u>134,633</u>	<u>150,914</u>
Sales material		
Revenue	48,448	71,183
Expense (schedule)	24,135	48,124
	<u>24,313</u>	<u>23,059</u>
Continuing education		
Revenue	50,323	70,849
Expense (schedule)	71,821	100,221
	<u>(21,498)</u>	<u>(29,372)</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)		
	10,201	(1,084)
Accumulated deficit at beginning of year	(210,217)	(209,133)
ACCUMULATED DEFICIT AT END OF YEAR	<u>(199,996)</u>	<u>(210,217)</u>

The accompanying notes are an integral part of these financial statements.

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1997

1. Incorporation

The Ontario Library Association is incorporated without share capital under the laws of the Province of Ontario and qualifies as a not-profit organization under provisions of the Income Tax Act (Canada).

2. Summary of significant accounting policies

Revenue recognition/governments grants

Ontario grants for operating purposes are allocated to income on the basis of the number of months of the Ontario fiscal year (April to March) falling within the Association's fiscal period. Other Ontario special purpose grants are applied against the cost of assets or expenses from which the expenditures to which they relate have been incurred.

Donated equipment and material

Donated equipment and materials are recorded at management's estimate of fair value.

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Inter-fund balances/special projects

Separate trust funds have been created for special projects undertaken by the Association although separate bank accounts are not always maintained. Where cash designated for special projects has been used for general operations or is carried as a current asset within the general fund, a liability to the trust fund is recorded in the general fund. Interest at bank prime rate plus 1% is charged on the net balance of marketable securities previously held by the trust funds which were liquidated to finance general operations.

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

3. Capital assets

Capital assets are recorded at cost and are amortized on the declining balance basis at the rates indicated:

	Rate	Cost	Accumulated amortization	1997 Net book value	1996 Net book value
		\$	\$	\$	\$
Office equipment	20%	57,600	41,866	15,734	13,294
Computer equipment	20%	125,374	88,273	38,751	38,707
		<u>184,974</u>	<u>130,139</u>	<u>54,525</u>	<u>52,001</u>

4. Government grants

The following summarizes Ontario grant transactions for the period:

	1997	1996
	\$	\$
General activities:		
Deferred grant revenue, beginning of year	11,200	16,785
Add:		
Grants received	<u>25,800</u>	<u>44,630</u>
	47,000	61,415
Deduct:		
Deferred grant revenue, end of year	<u>9,900</u>	<u>11,200</u>
Operating grant revenue	<u>37,100</u>	<u>50,215</u>

ONTARIO LIBRARY ASSOCIATION**NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 1987

5. Due to director

During the prior year, a director of the Association loaned funds to the Association. The loan bears interest at bank prime rate plus 1%, and was repaid in January 1988. Interest on this loan for 1987, amounting to \$1,375 has been provided for.

6. Lease commitment

The Association leases its office premises and is committed to the following minimum annual rental payments for the years ending December 31:

1988	7,888
1989	10,246
2000	12,240
2001*	8,250