

Chapters 1 & 2, TEST A

Name _____

Date _____

SCORING RECORD

Section	Total Possible	Deductions	Student Score
A	30		
B	30		
C	10		
D	30		
Total	100		

Section A

Directions: Each of the following statements is true or false. Indicate your choice by writing in the Answers column T for a true answer or F for a false answer. (2 points for each correct answer)

	<u>Answers</u>	<u>For Scoring</u>
1. The purpose of accounting is to provide management information about a business to individuals, agencies, and organizations.	__ F __	_____
2. The Securities and Exchange Commission (SEC) has the power to require firms to follow generally accepted accounting principles (GAAP).	__ T __	_____
3. There are only two types of business ownership: partnerships and sole proprietorships.	__ F __	_____
4. A business that produces a product to sell to retailers is called a merchandising business.	__ F __	_____
5. A sole proprietorship can have multiple owners.	__ F __	_____
6. As explained in the text, there are six major steps in the accounting process.	__ T __	_____
7. The drawing account is used to record assets distributed by the business to the owner.	__ T __	_____
8. A business transaction usually requires an exchange between the business and another outside entity.	__ T __	_____
9. Assets represent something owed to another business entity.	__ F __	_____
10. In a business, capital is equal to cash.	__ F __	_____
11. When analyzing the effects of every business transaction, the accountant must always answer the following question: "What do I owe?"	__ F __	_____
12. The concept that income determination can be made on a periodic basis is known as the accounting period concept.	__ T __	_____
13. Assets + Liabilities = Owner's Equity.	__ F __	_____
14. The balance sheet reports the earnings of the business over time.	__ F __	_____
15. The heading for all financial statements contains the company's name, the report title, and the date on which the report was prepared.	__ F __	_____

Section B

Directions: Complete each of the following statements by writing in the Answers column the letter of the word or words that correctly completes each statement or answers the question. (3 points each)

	<u>Answers</u>	<u>For Scoring</u>
1. Users of accounting information may include (A) owners; (B) managers; (C) creditors; (D) government agencies; (E) all of these.	_E_	_____
2. Looking at events that have taken place and thinking about how they affect the business is (A) analyzing; (B) recording; (C) classifying, (D) summarizing; (E) reporting.	_A_	_____
3. The Sarbanes-Oxley Act (SOX) was passed by Congress to (A) keep all managers from doing something illegal; (B) require that all companies send reports to the government; (C) improve reporting by public companies; (D) give the Securities and Exchange Commission (SEC) legal rights; (E) allow public accounting firms to provide management advising services.	_C_	_____
4. The amount by which the business assets exceed the business liabilities is (A) net income; (B) owner's equity; (C) revenue; (D) A & C; (E) B & C.	_B_	_____
5. Rod paid \$1,000 for the month's rent. This transaction would (A) increase an asset and decrease an asset; (B) increase an asset and increase a liability; (C) decrease an asset and increase owner's equity; (D) decrease an asset and decrease owner's equity; (E) increase two asset accounts.	_D_	_____
6. Ken paid \$400 cash for services he had received earlier in the month. This transaction would (A) increase an asset and decrease an asset; (B) increase an asset and decrease a liability; (C) increase an asset and increase owner's equity; (D) decrease a liability and increase owner's equity; (E) none of these.	_E_	_____
7. Owner's equity is <u>not</u> affected by (A) investments; (B) withdrawals by the owner; (C) profits; (D) losses; (E) all transactions.	_E_	_____
8. Mr. T invested \$20,000 in cash into his business. This transaction would (A) increase assets and decrease owner's equity; (B) decrease assets and increase owner's equity; (C) decrease assets and decrease liabilities; (D) increase assets and increase owner's equity; (E) none of these.	_D_	_____
9. Which of the following accounts is a liability? (A) Accounts Payable; (B) Sales; (C) Prepaid Insurance; (D) Retained Earnings; (E) Drawing.	_A_	_____
10. Which is an example of a merchandising business? (A) a car manufacturer; (B) a dentist; (C) a toy factory; (D) a pharmacy; (E) a travel agency.	_D_	_____

Chapters 1 & 2, TEST B

Name _____

Date _____

SCORING RECORD

Section	Total Possible	Deductions	Student Score
A	30		
B	30		
C	10		
D	30		
Total	100		

Section A

Directions: Each of the following statements is true or false. Indicate your choice by writing in the Answers column T for a true answer or F for a false answer. (2 points for each correct answer)

	<u>Answers</u>	<u>For Scoring</u>
1. It is important to learn the language of business in order to understand the impact of economic events on a specific company.	__ T __	_____
2. Common, everyday terms have very precise meaning when used in accounting.	__ T __	_____
3. In a corporation, the personal assets of stockholders cannot be taken to pay creditors.	__ T __	_____
4. All accountants must be licensed as Certified Public Accountants.	__ F __	_____
5. A business that purchases a product from another business to sell to customers is called a service business.	__ F __	_____
6. The heading of financial statements contains only the name of the business and the name of the statement.	__ F __	_____
7. A business entity is an individual, association, or organization that engages in economic activities but has no control over economic resources.	__ F __	_____
8. The three basic accounting elements—assets, liabilities, and owner’s equity—exist for every business.	__ T __	_____
9. If a business has no business liabilities, the owner’s equity is equal to the total assets.	__ T __	_____
10. Accounts Receivable represents the amount of money that a business owes to its creditors as a result of purchasing “on account.”	__ F __	_____
11. Other terms used for owner’s equity include net worth and capital.	__ T __	_____
12. All business transactions affect the accounting equation through specific accounts.	__ T __	_____
13. Expenses either increase liabilities or increase assets.	__ F __	_____
14. Financial statements are an important output of the accounting process.	__ T __	_____
15. The income statement is also referred to as a statement of financial position.	__ F __	_____

Section B

Directions: Complete each of the following statements by writing in the Answers column the letter of the word or words that correctly completes each statement or answers the question. (3 points each)

	<u>Answers</u>	<u>For Scoring</u>
1. Information needed by users of accounting data includes (A) the firm's profitability; (B) detailed measures of the firm's performance; (C) the firm's outstanding debt; (D) the firm's inflow and outflow of cash; (E) all of these.	_E_	_____
2. Entering financial information about business events into the accounting system is called (A) recording; (B) classifying; (C) interpreting; (D) analyzing; (E) reporting.	_A_	_____
3. A business that purchases a product from another business to sell to customers is called a (A) service business; (B) merchandising business; (C) manufacturing business; (D) nonprofit business; (E) warehousing business.	_B_	_____
4. A public accountant probably would <u>not</u> (A) advise on management issues; (B) audit financial information; (C) prepare tax returns; (D) prepare client budgets; (E) A public accountant would do all of these.	_D_	_____
5. If assets are \$130,000 and liabilities are \$25,000, owner's equity is (A) \$155,000; (B) \$130,000; (C) \$105,000; (D) \$25,000; (E) \$0.	_C_	_____
6. Alva provided services totaling \$800 on account for a customer. This transaction would (A) increase an asset and decrease an asset; (B) increase a liability and increase an asset; (C) decrease an asset and decrease a liability; (D) increase an asset and increase owner's equity; (E) decrease two asset accounts.	_D_	_____
7. Torilyn bought a \$45,000 delivery van on account. This transaction would (A) increase an asset and decrease an asset; (B) decrease an asset and decrease owner's equity; (C) decrease a liability and increase owner's equity; (D) increase a liability and increase an asset; (E) increase an expense and decrease owner's equity.	_D_	_____
8. The income statement provides information about (A) assets; (B) revenues; (C) owner's equity; (D) liabilities; (E) all of these.	_B_	_____
9. Which of the following would <u>not</u> decrease owner's equity? (A) sales; (B) withdrawals of cash by the owner; (C) more expenses than revenues during the period; (D) expenses incurred; (E) none of these.	_A_	_____
10. Which in <u>not</u> an example of a service business? (A) a hair salon; (B) a doctor; (C) an accountant; (D) a bookstore; (E) all are service businesses.	_D_	_____

Section C

Directions: Match the letter corresponding to one of the basic elements of accounting to each of the accounts below. A = Asset, L = Liability, and O = Owner's Equity. (2 points for each correct answer)

- a. Accounts Receivable A
- b. Supplies A
- c. Fees for Services O
- d. C. Fallon, Capital O
- e. Prepaid Utilities A

Section D

Felix Ruiz has started his own business. During the first month, the following transactions occurred.

- (a) He invested \$59,000 cash in the business.
 (b) Purchased supplies for cash, \$3,000.
 (c) Provided services on account, \$3,700.
 (d) Purchased a computer on account, \$850.
 (e) Received \$500 cash on account from a client.
 (f) Withdrew \$2,000 for personal use.

Directions: Using the lines provided below, show the effect of each transaction on the basic elements of the accounting equation: assets, liabilities, and owner's equity. Compute the new amounts for each element after each transaction to show that the accounting equation has remained balanced. (30 points total)

<u>ASSETS</u>			<u>LIABILITIES</u>		<u>OWNER'S EQUITY</u>
(a)	+\$59,000	=			+\$59,000
Bal.	59,000	=			59,000
(b)	- 3,000	=			
	+ 3,000				
Bal.	59,000	=			59,000
(c)	+ 3,700	=			+ 3,700
Bal.	62,700	=			62,700
(d)	+ 850	=	+\$850		
Bal.	63,550	=	850		62,700
(e)	- 500	=			
	+ 500				
Bal.	63,550	=	850		62,700
(f)	- 2,000	=			- 2,000
Bal.	\$61,550	=	\$850		\$60,700

Chapter 1—Introduction to Accounting

1. The purpose of accounting is to provide financial information about the current operations and financial conditions of a business to individuals and organizations.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.01 - LO 1-1
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

2. Since financial information is communicated in accounting terms, accounting is said to be the "language of business."

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.01 - LO 1-1
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

3. Interpreting refers to reviewing events that have taken place and determining how they affect a business.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

4. A partnership is owned by stockholders or shareholders and is managed by them.

- a. True
- b. False

ANSWER: False

Chapter 1—Introduction to Accounting

POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

5. A business that makes a product to sell is called a manufacturing business.
- True
 - False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.05 - LO 1-5
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

6. A public accountant can achieve professional recognition as a Certified Public Accountant by meeting certain educational and experience requirements as determined by each state.
- True
 - False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

7. The six major steps of the accounting process are analyzing, recording, classifying, summarizing, reporting, and interpreting.
- True
 - False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement

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TOPICS: BUSPROG: Analytic
ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

8. Generally accepted accounting principles are procedures and guidelines to be followed in the accounting/reporting process.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.03 - LO 1-3
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-02-GAAP
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

9. Accountants design accounting information systems and analyze and interpret information.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

10. Writing or using one of the latest technological advances to enter a transaction in the accounting records is called summarizing.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

Chapter 1—Introduction to Accounting

11. The Financial Accounting Standards Board develops generally accepted accounting principles to provide some assurance that companies are reporting business activities in a similar manner.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.03 - LO 1-3
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-02-GAAP
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

12. Stockholders may have very little influence on business decisions.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

13. Cost accounting is used to develop a financial plan for a company.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-02-GAAP
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

14. The principal accounting officer of a company is called a public accountant.

- a. True
- b. False

ANSWER: False

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POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

15. A CMA is a Certified Marketing Auditor.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

16. Which of the following types of businesses is owned by stockholders?

- a. proprietorship
- b. corporation
- c. partnership with more than ten partners
- d. partnership with only two partners

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

17. A business that purchases a product from another business to sell to customers is called a

- a. service business.
- b. manufacturing business.
- c. merchandising business.
- d. nonprofit business.

ANSWER: c
POINTS: 1

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<i>DIFFICULTY:</i>	Easy
<i>LEARNING OBJECTIVES:</i>	COLL.HEIN.17.05 - LO 1-5
<i>ACCREDITING STANDARDS:</i>	AICPA FN-Measurement BUSPROG: Analytic
<i>TOPICS:</i>	ACBSP: APC-03-Business Forms
<i>KEYWORDS:</i>	Bloom's: Remembering
<i>NOTES:</i>	1 min.

18. A person who reviews the operating and accounting control procedures adopted by management to make sure the controls are adequate and are being followed may be referred to as a(n)

- a. bookkeeper.
- b. accountant.
- c. information processor.
- d. internal auditor.

<i>ANSWER:</i>	d
<i>POINTS:</i>	1
<i>DIFFICULTY:</i>	Easy
<i>LEARNING OBJECTIVES:</i>	COLL.HEIN.17.06 - LO 1-6
<i>ACCREDITING STANDARDS:</i>	AICPA FN-Measurement BUSPROG: Analytic
<i>TOPICS:</i>	ACBSP: APC-01-Purpose
<i>KEYWORDS:</i>	Bloom's: Remembering
<i>NOTES:</i>	1 min.

19. Since financial information is communicated in accounting terms and is the eyes and ears of management, accounting is said to be

- a. the language of business.
- b. public.
- c. private.
- d. nonprofit.

<i>ANSWER:</i>	a
<i>POINTS:</i>	1
<i>DIFFICULTY:</i>	Easy
<i>LEARNING OBJECTIVES:</i>	COLL.HEIN.17.01 - LO 1-1
<i>ACCREDITING STANDARDS:</i>	AICPA FN-Measurement BUSPROG: Analytic
<i>TOPICS:</i>	ACBSP: APC-01-Purpose
<i>KEYWORDS:</i>	Bloom's: Understanding
<i>NOTES:</i>	1 min.

20. A corporation is usually managed by

- a. stockholders.
- b. a professional manager.
- c. a proprietor.
- d. two or more partners.

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ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

21. A person who records, sorts, and files accounting information in accounting records may be referred to as a(n)
- budgeter.
 - journalist.
 - accounting clerk.
 - scribe.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

22. An internal auditor can achieve professional recognition in internal auditing by receiving which of the following certificates?
- GAAP
 - CIA
 - CMA
 - CLU

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

23. The accounting function of classifying is
- thinking about how events affect the business.
 - gathering similar events to provide information that is easy to understand.
 - sorting and grouping similar items together.

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d. deciding the meaning and importance of the information in various reports.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

24. Bringing together various items of information to determine or explain a result is

- a. summarizing.
- b. interpreting.
- c. recording.
- d. classifying.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

25. Examining a transaction or event to determine its fundamental significance to the business so that the relevant information may be properly processed is called

- a. recording.
- b. analyzing.
- c. classifying.
- d. interpreting.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

26. Which of the following does NOT use nonprofit accounting guidelines and procedures?

- a. proprietorships
- b. hospitals

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- c. educational institutions
- d. churches

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

27. Cost accountants provide a wide variety of services including
- a. designing and implementing accounting information systems.
 - b. auditing reviews.
 - c. performing general accounting services.
 - d. analyzing the cost effectiveness of products produced and services provided.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

28. Public accountants do NOT offer which of the following services?
- a. auditing
 - b. tax preparation
 - c. management consulting
 - d. marketing analysis

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

29. Looking at events that have taken place and thinking about how they affect a business is called

_____.
ANSWER: analyzing

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POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

30. One who assumes all risks for the business and whose personal assets can be taken to pay creditors is called a(n) _____.

ANSWER: sole proprietor
owner
partner

POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

31. Rules that businesses must follow when preparing financial statements are called _____.

ANSWER: generally accepted accounting principles
GAAP

POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.03 - LO 1-3
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-02-GAAP
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

32. The accountant who oversees the entire accounting process and is the principal accounting officer of the company is called the _____.

ANSWER: controller
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

Chapter 1—Introduction to Accounting

33. A business that buys a product from another business to sell to customers is called a(n) _____ business.

ANSWER: merchandising
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.05 - LO 1-5
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

34. Entering financial information about events affecting the company into the accounting system is called _____.

ANSWER: recording
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Remembering
NOTES: 1 min.

35. _____ design the accounting information system and focus on analyzing and interpreting information by studying the impact of alternative decisions.

ANSWER: Accountants
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-01-Purpose
KEYWORDS: Bloom's: Understanding
NOTES: 1 min.

36. The owners of a corporation are called _____.

ANSWER: stockholders
shareholders
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4
ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic
TOPICS: ACBSP: APC-03-Business Forms

Chapter 1—Introduction to Accounting

KEYWORDS: Bloom's: Remembering

NOTES: 1 min.

37. _____ is the aggregation of many similar events to provide information that is easy to understand.

ANSWER: Summarizing

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2

ACCREDITING STANDARDS: AICPA FN-Measurement

BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose

KEYWORDS: Bloom's: Understanding

NOTES: 1 min.

38. _____ is the process by which accountants help managers develop a financial plan.

ANSWER: Budgeting

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6

ACCREDITING STANDARDS: AICPA FN-Measurement

BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose

KEYWORDS: Bloom's: Understanding

NOTES: 1 min.

39. A business that makes a product to sell is called a(n) _____ business.

ANSWER: manufacturing

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.05 - LO 1-5

ACCREDITING STANDARDS: AICPA FN-Measurement

BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose

KEYWORDS: Bloom's: Understanding

NOTES: 1 min.

40. _____ includes preparing various reports and financial statements and analyzing operating, investing, and financing decisions.

ANSWER: Financial accounting

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6

ACCREDITING STANDARDS: AICPA FN-Measurement

BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose

Chapter 1—Introduction to Accounting

KEYWORDS: Bloom's: Understanding

41. _____ involves the application of standard review and testing procedures to be certain that proper accounting policies and practices have been followed.

ANSWER: Auditing

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.06 - LO 1-6

ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose

KEYWORDS: Bloom's: Understanding

NOTES: 1 min.

42. A(n) _____ is owned by two or more people who assume the risks for the business and whose assets may be taken to pay creditors.

ANSWER: partnership

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.04 - LO 1-4

ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic

TOPICS: ACBSP: APC-03-Business Forms

KEYWORDS: Bloom's: Understanding

NOTES: 1 min.

43. _____ is deciding the meaning and importance in various reports, which may include ratio analysis to help explain how pieces of information relate to one another.

ANSWER: Interpreting

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2

ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose

KEYWORDS: Bloom's: Understanding

NOTES: 1 min.

Match the terms with the definitions.

- a. accountant
- b. accounting
- c. accounting clerk
- d. analyzing
- e. auditing
- f. bookkeeper

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- g. budgeting
- h. Certified Public Accountant
- i. classifying
- j. controller
- k. corporation
- l. cost accounting
- m. financial accounting
- n. generally accepted accounting principles
- o. internal auditing
- p. interpreting
- q. manufacturing business
- r. merchandising business
- s. para-accountant
- t. partnership
- u. recording
- v. reporting
- w. service business
- x. sole proprietorship
- y. summarizing
- z. tax accounting

DIFFICULTY: Easy

LEARNING OBJECTIVES: COLL.HEIN.17.02 - LO 1-2
COLL.HEIN.17.03 - LO 1-3
COLL.HEIN.17.04 - LO 1-4
COLL.HEIN.17.05 - LO 1-5
COLL.HEIN.17.06 - LO 1-6

ACCREDITING STANDARDS: AICPA FN-Measurement
BUSPROG: Analytic

TOPICS: ACBSP: APC-01-Purpose
ACBSP: APC-02-GAAP
ACBSP: APC-03-Business Forms

KEYWORDS: Bloom's: Remembering | Bloom's: Understanding

NOTES: 7 min.

44. Looking at events that have taken place and thinking about how they affect the business.

ANSWER: d

POINTS: 1

45. Specializes in cash, payroll, accounts receivable, accounts payable, inventory, or purchases.

ANSWER: c

POINTS: 1

46. A business that buys a product from another business to sell to customers.

ANSWER: r

POINTS: 1

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47. Reviewing the operating and accounting control procedures adopted by management to make sure the controls are adequate and being followed; assuring that accurate and timely information is provided.

ANSWER: o

POINTS: 1

48. Deciding the meaning and importance of the information in various reports.

ANSWER: p

POINTS: 1

49. The rules that businesses must follow when preparing financial statements.

ANSWER: n

POINTS: 1

50. Includes preparing various reports and financial statements and analyzing operating, investing, and financing decisions.

ANSWER: m

POINTS: 1

51. Determining the cost of producing specific products or providing services and analyzing for cost effectiveness.

ANSWER: l

POINTS: 1

52. A type of ownership structure in which there are many owners who usually employ professional managers.

ANSWER: k

POINTS: 1

53. Sorting and grouping similar items together rather than merely keeping a simple, diary-like record of numerous events.

ANSWER: i

POINTS: 1

54. The process in which accountants help managers develop a financial plan.

ANSWER: g

POINTS: 1

55. Reviewing and testing to be certain that proper accounting policies and practices have been followed.

ANSWER: e

POINTS: 1

56. A system of gathering financial information about a business and reporting this information to users.

ANSWER: b

POINTS: 1

57. A type of ownership structure in which one person owns the business.

ANSWER: x

POINTS: 1

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58. A business that provides a service.

ANSWER: w

POINTS: 1

59. Bringing various items of information together to determine a result.

ANSWER: y

POINTS: 1

60. Entering financial information about events affecting the company into the accounting system.

ANSWER: u

POINTS: 1

61. A type of ownership structure in which more than one person owns the business.

ANSWER: t

POINTS: 1

62. Telling the results of the financial information.

ANSWER: v

POINTS: 1

63. A business that makes products to sell.

ANSWER: q

POINTS: 1

64. Focusing on tax planning, preparing tax returns, and dealing with the Internal Revenue Service and other governmental agencies.

ANSWER: z

POINTS: 1

65. Generally supervises the work of accounting clerks, helps with daily accounting work, and summarizes accounting information.

ANSWER: f

POINTS: 1