

- . The general journal is used to
 - a. record daily business transactions as they occur
 - b. summarize account activities
 - c. keep track of amounts owed by customers
 - d. show the current balance of the checkbook

. The Landry Company has assets of \$19,600; liabilities of \$5,900.

- What is the amount of the Landry Co.'s Owner's Equity account? _____
- a. \$12,100
 - b. \$ 6,200
 - c. \$ 7,500
 - d. \$13,700

- . When reconciling the bank statement, outstanding checks are checks
 - a. customers still need to give to the business
 - b. written but not showing on the statement
 - c. returned due to insufficient funds
 - d. appearing on the statements

- If liabilities for a company are = ^(8,270) \$8,270; revenue = \$16,300; expenses are = \$7,410; and owner's equity is \$15,000; what are the total amount of assets? _____
- a. \$24,750
 - b. \$32,160
 - c. \$23,910
 - d. \$14,360

. Listed below are the account titles and account balances for a business owned by Kobe Brandt

Accounts Payable	\$7,000	Equipment	\$15,000
Accounts Receivable	\$4,000	Brandt, Capital	\$21,000
Cash-in-bank	\$6,000	Office Supplies	\$ 3,000

- What are the total assets of Kobe Brandt's business? _____
- a. \$ 6,000
 - b. \$25,000
 - c. \$28,000
 - d. \$21,000

Comparing expenses incurred in an accounting period with the revenue earned during the same period is known as

- a. the matching principle
- b. going concern
- c. component percentage
- d. the current ratio

The ratio that shows the numeric relationship of current assets to current liabilities is the _____

- a. Financial Ratio
- b. Working Capital Ratio
- c. Asset-Liability Ratio
- d. Current Ratio

The series of accounting activities included in recording financial information for a fiscal period is called a(n) _____

- a. Fiscal Cycle
- b. Accounting Cycle
- c. Financial Cycle
- d. Business Cycle

The financial statement that reports assets, liabilities, and owner's equity on a specific date is the _____

- a. Owner's Equity Statement
- b. Income Statement
- c. Balance Sheet
- d. Source and Application of Funds Statement

If a business has assets of \$228,000 and liabilities of \$90,000, what is the amount of owner's equity? _____

- a. \$ 90,000
- b. \$138,000
- c. \$228,000
- d. \$318,000

The formula for calculating the net income component percentage is _____

- a. Net Income divided by total sales
- b. Total Sales divided by total expenses
- c. Total Sales minus total expenses divided by net income
- d. Total Sales divided by net income

An endorsement consisting only of the endorser's signature is called a _____

- a. Endorsement
- b. Blank Endorsement
- c. Special Endorsement
- d. Restrictive Endorsement

The accounts listed on a post-closing trial balance are _____

- a. General Ledger accounts with balances after the closing entries are posted
- b. All general ledger accounts
- c. Those that have no balances after adjusting and closing entries
- d. Those that appear in the worksheet's trial balance column

If a business's assets are \$83,550, what are the liabilities if owner's equity is \$57,980

- a. \$25,750
- b. \$57,980
- c. \$26,570
- d. \$25,570

The accounting concept that is applied when a business's financial information is recorded and reported separately from the owner's personal information is called the _____ concept.

- a. Preferred
- b. Business Entity
- c. Liquidity
- d. Legal Entity

The standards and rules that accountants follow while recording and reporting financial activities are _____ principles.

- a. GAAP
- b. FASB
- c. CAP
- d. APB

What is not an advantage of a proprietorship? _____.

- a. Ease of formation
- b. Total control by the owner
- c. Profits are shared
- d. Fewer government regulations than for other business structures

An organization with the legal rights of a person and which may be owned by many people is a _____.

- a. Corporation
- b. Partnership
- c. Proprietorship
- d. Limited Liability Co.

Accounts used to cumulate information from one fiscal period to the next are called _____.

- a. Temporary accounts
- b. Capital accounts
- c. Income accounts
- d. Permanent accounts

Expenses incurred in one fiscal period, but not paid until a later fiscal period is a(n) _____.

- a. Prepaid Expense
- b. Accrual Expense
- c. Timed Expense
- d. Future Expense

When an owner wants to determine the balance of a particular account, they should refer to the _____.

- a. general journal
- b. ledger
- c. bank statement
- d. source document

An equation showing the relationship among assets, liabilities, and owner's equity is a(n) _____.

- a. Entity Equation
- b. Financial Equation
- c. Accounting Equation
- d. Business Equation

Account Identification

Directions: For each account name listed below, specify its classification, its normal balance, and on which financial statement the account appears.

<u>Classification</u>	<u>Normal Balance</u>	<u>Financial Statement</u>
A=Asset	DR=Debit	BS=Balance Sheet
L=Liability	CR=Credit	IS=Income Statement
OE=Owner's Equity	N=Neither	
R=Revenue		
E=Expense		

Account Name	Classification	Normal Balance	Financial Statement
Cash	_____	_____	_____
Sales	_____	_____	_____
Accts. Receivable	_____	_____	_____
Accounts Payable	_____	_____	_____
Insurance Expense	_____	_____	_____
Withdrawals	_____	_____	_____
Supplies	_____	_____	_____

THE ACCOUNTING CYCLE FOR A BUSINESS

Directions: Listed below are the normal accounting activities for a service business. Arrange the sequence of the steps by writing the number from 1-8 to the left of each entry.

- _____ A worksheet, including a trial balance, is prepared from the general ledger.
- _____ Transactions from information on source documents are recorded in a journal.
- _____ Source documents are checked for accuracy, and transactions are analyzed into debit and credit parts.
- _____ Journal entries are posted to the general ledger.
- _____ Adjusting and closing entries are journalized from the worksheet.
- _____ A post-closing trial balance of the general ledger is prepared.
- _____ Financial Statements are prepared from the worksheet.
- _____ Adjusting and closing entries are posted to the general ledger.