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| --- | --- |
| **Started on** | Friday, August 25, 2017, 11:43 PM |
| **State** | Finished |
| **Completed on** | Saturday, August 26, 2017, 1:35 AM |
| **Time taken** | 1 hour 51 mins |
| **Grade** | **108.00** out of 150.00 (**72**%) |
| **Feedback** | You’re off to a good start. "A course grade of 70% is required to request a transcript. You’ve met that for the first exam already, but if you want to reattempt for a higher grade you can retake this assessment (only the first graded assessment in this course can be retaken). Study hard for each exam, and consider using tutoring anytime you get stuck. Remember that 10 hours of tutoring are provided to you through your StraighterLine membership. |

Top of Form

**Question 1**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The area of accounting aimed at serving the decision making needs of internal users is:

Select one:

a. Financial accounting.

b. Managerial accounting.

c. External auditing.

d. SEC reporting.

e. Bookkeeping.

**Feedback**

The correct answer is: Managerial accounting.

**Question 2**

Correct

6.00 points out of 6.00

Flag question

**Question text**

If assets are $99,000 and liabilities are $32,000, then equity equals:

Select one:

a. $32,000.

b. $67,000.

c. $99,000.

d. $131,000.

e. $198,000.

**Feedback**

The correct answer is: $67,000.

**Question 3**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

On April 30, Holden Company had an Accounts Receivable balance of $18,000. During the month of May, total credits to Accounts Receivable were $52,000 from customer payments. The May 31 Accounts Receivable balance was $13,000. What was the amount of credit sales during May?

Select one:

a. $ 5,000.

b. $47,000.

c. $52,000.

d. $57,000.

e. $32,000.

**Feedback**

The correct answer is: $47,000.

**Question 4**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A balance column ledger account is:

Select one:

a. An account entered on the balance sheet.

b. An account with debit and credit columns for posting entries and another column for showing the balance of the account after each entry is posted.

c. Another name for the withdrawals account.

d. An account used to record the transfers of assets from a business to its owner.

e. A simple form of account that is widely used in accounting to illustrate the debits and credits required in recording a transaction.

**Feedback**

The correct answer is: An account with debit and credit columns for posting entries and another column for showing the balance of the account after each entry is posted.

**Question 5**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A partnership:

Select one:

a. Is also called a sole proprietorship.

b. Has unlimited liability.

c. Has to have a written agreement in order to be legal.

d. Is a legal organization separate from its owners.

e. Has owners called shareholders.

**Feedback**

The correct answer is: Has unlimited liability.

**Question 6**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

A balance sheet covers a period of time such as a month or year.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 7**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A sole proprietorship is a business owned by one or more persons.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 8**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Reebok had income of $150 million and average invested assets of $1,800 million. Its return on assets is:

Select one:

a. 8.3%.

b. 83.3%.

c. 12%.

d. 120%.

e. 16.7%.

**Feedback**

The correct answer is: 8.3%.

**Question 9**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

Return on assets is:

Select one:

a. Also called return on investment.

b. ROA.

c. Computed by dividing net income by average total assets.

d. Used in helping evaluate management.

e. All of these.

**Feedback**

The correct answer is: All of these.

**Question 10**

Correct

6.00 points out of 6.00

Flag question

**Question text**

An accounting information system communicates data to help businesses make better decisions.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 11**

Correct

6.00 points out of 6.00

Flag question

**Question text**

On December 15, 2007, Myers Legal Services signed a $50,000 contract with a client to provide legal services to the client in 2008. Which accounting principle would require Myers Legal Services to record the legal fees revenue in 2008 and not 2007?

Select one:

a. Monetary unit principle

b. Going-concern principle

c. Cost principle

d. Business entity principle

e. Revenue recognition principle

**Feedback**

The correct answer is: Revenue recognition principle

**Question 12**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A collection of all accounts and their balances used by a business is called a:

Select one:

a. Journal.

b. Book of original entry.

c. General Journal.

d. Balance column journal.

e. Ledger.

**Feedback**

The correct answer is: Ledger.

**Question 13**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

The purchase of supplies appears on the statement of cash flows as an investing activity because it involves the purchase of assets.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 14**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The business entity principle means that a business will continue operating for an indefinite period of time.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 15**

Correct

6.00 points out of 6.00

Flag question

**Question text**

If a company purchases land paying cash, the journal entry to record this transaction will include a debit to Cash.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 16**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

Generally, the ordering of accounts in a trial balance typically follows their identification number from the chart of accounts, that is, assets first, then liabilities, then owner's capital and withdrawals, followed by revenues and expenses.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 17**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The Financial Accounting Standards Board is the private group that sets both broad and specific accounting principles.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 18**

Correct

6.00 points out of 6.00

Flag question

**Question text**

External auditors examine financial statements to verify that they are prepared according to generally accepted accounting principles.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 19**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Regulators often have legal authority over certain activities of organizations.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 20**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The Sarbanes-Oxley Act (SOX) requires each issuer of securities to disclose whether is has adopted a code of ethics for its senior financial officers and the contents of that code.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 21**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A limited liability company offers the limited liability of a partnership or proprietorship and the tax treatment of a corporation.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 22**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

In which of the following situations would the trial balance not balance?

Select one:

a. A $1,000 collection of an account receivable was erroneously posted as a debit to Accounts Receivable and a credit to Cash.

b. The purchase of office supplies on account for $3,250 was erroneously recorded in the journal as $2,350 debit to Office Supplies and credit to Accounts Payable.

c. A $50 cash receipt for the performance of a service was not recorded at all.

d. The purchase of office equipment for $1,200 was posted as a debit to Office Supplies and a credit to Cash for $1,200.

e. The cash payment of a $750 account payable was posted as a debit to Accounts Payable and a debit to Cash for $750.

**Feedback**

The correct answer is: The cash payment of a $750 account payable was posted as a debit to Accounts Payable and a debit to Cash for $750.

**Question 23**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

Planning activities:

Select one:

a. Are the means organizations use to pay for resources.

b. Involve the acquiring and disposing of resources that an organization uses to acquire and sell its products or services.

c. Involve defining the ideas, goals, and actions of an organization.

d. Are the carrying out of an organization's plans.

e. Involve using resources to research, develop, purchase, produce, and market products and services.

**Feedback**

The correct answer is: Involve defining the ideas, goals, and actions of an organization.

**Question 24**

Correct

6.00 points out of 6.00

Flag question

**Question text**

If Tim Jones, the owner of Jones Hardware proprietorship, uses cash of the business to purchase a family automobile, the business should record this use of cash with an entry to:

Select one:

a. Debit Salary Expense and credit Cash.

b. Debit Tim Jones, Salary and credit Cash.

c. Debit Cash and credit Tim Jones, Withdrawals.

d. Debit Tim Jones, Withdrawals and credit Cash.

e. Debit Automobiles and credit Cash.

**Feedback**

The correct answer is: Debit Tim Jones, Withdrawals and credit Cash.

**Question 25**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A simple account form widely used in accounting as a tool to understand how debits and credits affect an account balance is called a:

Select one:

a. Withdrawals account.

b. Capital account.

c. Drawing account.

d. T-account.

e. Balance column sheet.

**Feedback**

The correct answer is: T-account.

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| **Started on** | Friday, September 1, 2017, 12:39 AM |
| **State** | Finished |
| **Completed on** | Friday, September 1, 2017, 2:39 AM |
| **Time taken** | 2 hours |
| **Grade** | **138.00** out of 150.00 (**92**%) |
| **Feedback** | You’re off to a good start. "A course grade of 70% is required to request a transcript. You’ve met that for the first exam already, but if you want to reattempt for a higher grade you can retake this assessment (only the first graded assessment in this course can be retaken). Study hard for each exam, and consider using tutoring anytime you get stuck. Remember that 10 hours of tutoring are provided to you through your StraighterLine membership. |

Top of Form

### Question 1

Correct

6.00 points out of 6.00

Flag question

#### Question text

Accounting information is communicated to various parties through financial statements.

Select one:

True

False

#### Feedback

The correct answer is 'True'.

### Question 2

Correct

6.00 points out of 6.00

Flag question

#### Question text

A net loss occurs when revenues exceed expenses.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 3

Correct

6.00 points out of 6.00

Flag question

#### Question text

Fees earned (but not yet received in cash) by a business in exchange for services it provided appear on which of the following statements?

Select one:

a. Balance sheet.

b. Income statement.

c. Statement of owner's equity.

d. Statement of cash flows.

e. Both A and B.

#### Feedback

The correct answer is: Both A and B.

### Question 4

Correct

6.00 points out of 6.00

Flag question

#### Question text

Management Services, Inc. provides services to clients. On May 1, a client prepaid Management Services $60,000 for 6-months services in advance. Management Services' general journal entry to record this transaction will include a

Select one:

a. Debit to Unearned Management Fees for $60,000.

b. Credit to Management Fees Earned for $60,000.

c. Credit to Cash for $60,000.

d. Credit to Unearned Management Fees for $60,000.

e. Debit to Management Fees Earned for $60,000.

#### Feedback

The correct answer is: Credit to Unearned Management Fees for $60,000.

### Question 5

Correct

6.00 points out of 6.00

Flag question

#### Question text

The statement of owner's equity:

Select one:

a. Reports how equity changes at a point in time.

b. Reports how equity changes over a period of time.

c. Reports on cash flows for operating, financing, and investing activities over a period of time.

d. Reports on cash flows for operating, financing, and investing activities at a point in time.

e. Reports on amounts for assets, liabilities, and equity at a point in time.

#### Feedback

The correct answer is: Reports how equity changes over a period of time.

### Question 6

Correct

6.00 points out of 6.00

Flag question

#### Question text

A transaction that decreases an asset account and increases a liability account must also affect one or more other accounts.

Select one:

True

False

#### Feedback

The correct answer is 'True'.

### Question 7

Correct

6.00 points out of 6.00

Flag question

#### Question text

A balance sheet covers a period of time such as a month or year.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 8

Correct

6.00 points out of 6.00

Flag question

#### Question text

Investing activities involve the buying and selling of assets such as land and equipment that are held for long-term use in the business.

Select one:

True

False

#### Feedback

The correct answer is 'True'.

### Question 9

Correct

6.00 points out of 6.00

Flag question

#### Question text

A revenue account normally has a debit balance.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 10

Correct

6.00 points out of 6.00

Flag question

#### Question text

A compound journal entry affects no more than two accounts.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 11

Correct

6.00 points out of 6.00

Flag question

#### Question text

A column in journals and ledger accounts used to cross reference journal and ledger entries is the:

Select one:

a. Account balance column.

b. Debit column.

c. Posting reference column.

d. Credit column.

e. Description column.

#### Feedback

The correct answer is: Posting reference column.

### Question 12

Correct

6.00 points out of 6.00

Flag question

#### Question text

Which of the following statements is true about assets?

Select one:

a. They are economic resources owned or controlled by the business.

b. They are expected to provide future benefits to the business.

c. They appear on the balance sheet.

d. Claims on them can be shared between creditors and owners.

e. All of these.

#### Feedback

The correct answer is: All of these.

### Question 13

Correct

6.00 points out of 6.00

Flag question

#### Question text

At the beginning of the current year, Taunton Company's total assets were $248,000 and its total liabilities were $175,000. During the year, the company reported total revenues of $93,000, total expenses of $76,000 and owner withdrawals of $5,000. There were no other changes in owner's capital during the year and total assets at the end of the year were $260,000. Taunton Company's debt ratio at the end of the current year is:

Select one:

a. 70.6%.

b. 67.3%.

c. 32.7%.

d. 48.6%.

e. Cannot be determined from the information provided.

#### Feedback

The correct answer is: 67.3%.

### Question 14

Correct

6.00 points out of 6.00

Flag question

#### Question text

An income statement reports on investing and financing activities.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 15

Correct

6.00 points out of 6.00

Flag question

#### Question text

The Maximum Experience Company acquired a building for $500,000. Maximum Experience had the building appraised, and found that the building was easily worth $575,000. The seller had paid $300,000 for the building 6 years ago. Which accounting principle would require Maximum Experience use to record the building on its records at $500,000?

Select one:

a. Monetary unit principle

b. Going-concern principle

c. Cost principle

d. Business entity principle

e. Revenue recognition principle

#### Feedback

The correct answer is: Cost principle

### Question 16

Correct

6.00 points out of 6.00

Flag question

#### Question text

The financial statement that reports whether the business earned a profit and also lists the types and amounts of the revenues and expenses is called:

Select one:

a. A Balance sheet.

b. A Statement of owner's equity.

c. A Statement of cash flows.

d. An Income statement.

e. A Statement of financial position.

#### Feedback

The correct answer is: An Income statement.

### Question 17

Correct

6.00 points out of 6.00

Flag question

#### Question text

Source documents include all of the following *except*:

Select one:

a. Sales tickets.

b. Ledgers.

c. Checks.

d. Purchase orders.

e. Bank statements.

#### Feedback

The correct answer is: Ledgers.

### Question 18

Correct

6.00 points out of 6.00

Flag question

#### Question text

The journal is known as the book of final entry because financial statements are prepared from it.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 19

Correct

6.00 points out of 6.00

Flag question

#### Question text

Debit means the right side of an account.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 20

Correct

6.00 points out of 6.00

Flag question

#### Question text

The process of transferring general journal information to the ledger is:

Select one:

a. Double-entry accounting.

b. Posting.

c. Balancing an account.

d. Journalizing.

e. Not required unless debits do not equal credits.

#### Feedback

The correct answer is: Posting.

### Question 21

Incorrect

0.00 points out of 6.00

Flag question

#### Question text

A corporation:

Select one:

a. Is a business legally separate from its owners.

b. Is controlled by the FASB.

c. Has shareholders who have unlimited liability for the acts of the corporation.

d. Is the same as a limited liability partnership.

e. All of these.

#### Feedback

The correct answer is: Is a business legally separate from its owners.

### Question 22

Correct

6.00 points out of 6.00

Flag question

#### Question text

On June 30 of the current year, the assets and liabilities of Phoenix Phildell are as follows: Cash $20,500; Accounts Receivable, $7,250; Supplies, $650; Equipment, $12,000; Accounts Payable, $9,300. What is the amount of owner's equity as of July 1 of the current year?

Select one:

a. $8,300

b. $13,050

c. $20,500

d. $31,100

e. $40,400

#### Feedback

The correct answer is: $31,100

### Question 23

Incorrect

0.00 points out of 6.00

Flag question

#### Question text

A liability created by the receipt of cash from customers in payment for products or services that have not yet been delivered to the customers is:

Select one:

a. Recorded as a debit to an unearned revenue account.

b. Recorded as a debit to a prepaid expense account.

c. Recorded as a credit to an unearned revenue account.

d. Recorded as a credit to a prepaid expense account.

e. Not recorded in the accounting records until the earnings process is complete.

#### Feedback

The correct answer is: Recorded as a credit to an unearned revenue account.

### Question 24

Correct

6.00 points out of 6.00

Flag question

#### Question text

The owner's withdrawal account normally has a credit balance since it is an equity account.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

### Question 25

Correct

6.00 points out of 6.00

Flag question

#### Question text

The monetary unit assumption means that all international transactions must be expressed in dollars.

Select one:

True

False

#### Feedback

The correct answer is 'False'.

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