[Skip to main content](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1644775#maincontent)

* [nav_logo](http://www.straighterline.com/)
* [Call: (855) 836-4203](tel:18558364203)
* [LIVE CHAT](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1644775)
* [HELP CENTER](https://www.straighterline.com/help-center/)
* [Log Out](https://www.straighterline.com/customer/account/logout)

Page path

* [My Moodle](https://moodle.straighterline.com/my/) / ►
* My courses / ►
* [ACC101\_MH](https://moodle.straighterline.com/course/view.php?id=8) / ►
* [Topic 7: Assets: Cash and Controls](https://moodle.straighterline.com/course/view.php?id=8&section=8) / ►
* [Graded Exam #2](https://moodle.straighterline.com/mod/quiz/view.php?id=1465)

|  |  |
| --- | --- |
| **Started on** | Tuesday, September 19, 2017, 3:23 AM |
| **State** | Finished |
| **Completed on** | Tuesday, September 19, 2017, 5:19 AM |
| **Time taken** | 1 hour 56 mins |
| **Grade** | **138.00** out of 150.00 (**92**%) |

Top of Form

**Question 1**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Cash equivalents:

Select one:

a. Are short-term, highly liquid investment assets.

b. Include 6-month CDs.

c. Include checking accounts.

d. Are recorded in petty cash.

e. Include money orders.

**Feedback**

The correct answer is: Are short-term, highly liquid investment assets.

**Question 2**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Cash and office supplies are both classified as current assets.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 3**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Before an adjusting entry is made to recognize the cost of expired insurance for the period, Prepaid Insurance and Insurance Expense are both overstated.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 4**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

The gross method of recording purchases refers to the method of recording:

Select one:

a. Purchases at the invoice price less any cash discounts.

b. Specified amounts and timing of payments that a buyer agrees to make in return for being granted credit.

c. Purchases at the full invoice price, without deducting any cash discounts.

d. Inventory at its selling price.

e. Inventory at the lower of cost or market.

**Feedback**

The correct answer is: Purchases at the full invoice price, without deducting any cash discounts.

**Question 5**

Correct

6.00 points out of 6.00

Flag question

**Question text**

At the end of the day, the cash register tape shows $1,000 in cash sales but the count of cash in the register is $1,035. The proper entry to account for this excess includes a:

Select one:

a. Credit to Cash for $35.

b. Debit to Cash for $35.

c. Credit to Cash Over and Short for $35.

d. Debit to Cash Over and Short for $35.

e. Debit to Petty Cash for $35.

**Feedback**

The correct answer is: Credit to Cash Over and Short for $35.

**Question 6**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Which of the following errors would cause the Balance Sheet and Statement of Owner's Equity columns of a work sheet to be out of balance?

Select one:

a. Entering an asset amount in the Income Statement Debit column.

b. Entering a liability amount in the Income Statement Credit column.

c. Entering an expense amount in the Balance Sheet and Statement of Owner's Equity Debit column.

d. Entering a revenue amount in the Balance Sheet and Statement of Owner's Equity Debit column.

e. Entering a liability amount in the Balance Sheet and Statement of Owner's Equity Credit column.

**Feedback**

The correct answer is: Entering a revenue amount in the Balance Sheet and Statement of Owner's Equity Debit column.

**Question 7**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A check that was outstanding on last period's bank reconciliation was not among the cancelled checks returned by the bank this period. As a result, in preparing this period's reconciliation, the amount of this check should be:

Select one:

a. Added to the book balance of cash.

b. Deducted from the book balance of cash.

c. Added to the bank balance of cash.

d. Deducted from the bank balance of cash.

e. Ignored in preparing the period's bank reconciliation.

**Feedback**

The correct answer is: Deducted from the bank balance of cash.

**Question 8**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The Income Summary account is used:

Select one:

a. To adjust and update asset and liability accounts.

b. To close the revenue and expense accounts.

c. To determine the appropriate withdrawal amount.

d. To replace the income statement under certain circumstances.

e. To replace the capital account in some businesses.

**Feedback**

The correct answer is: To close the revenue and expense accounts.

**Question 9**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The cash basis of accounting recognizes revenues when cash payments from customers are received.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 10**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

Recording expenses early overstates current-period income; recording expenses late understates current period income.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 11**

Correct

6.00 points out of 6.00

Flag question

**Question text**

On January 1 a company purchased a five-year insurance policy for $1,800 with coverage starting immediately. If the purchase was recorded in the Prepaid Insurance account, and the company records adjustments only at year-end, the adjusting entry at the end of the first year is:

Select one:

a. Debit Prepaid Insurance, $1,800; credit Cash, $1,800.

b. Debit Prepaid Insurance, $1,440; credit Insurance Expense, $1,440.

c. Debit Prepaid Insurance, $360; credit Insurance Expense, $360.

d. Debit Insurance Expense, $360; credit Prepaid Insurance, $360.

e. Debit Insurance Expense, $360; credit Prepaid Insurance, $1,440.

**Feedback**

The correct answer is: Debit Insurance Expense, $360; credit Prepaid Insurance, $360.

**Question 12**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Adjusting entries:

Select one:

a. Affect only income statement accounts.

b. Affect only balance sheet accounts.

c. Affect both income statement and balance sheet accounts.

d. Affect only cash flow statement accounts.

e. Affect only equity accounts.

**Feedback**

The correct answer is: Affect both income statement and balance sheet accounts.

**Question 13**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Revenue accounts should begin each accounting period with zero balances.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 14**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Closing entries result in revenues and expenses being reflected in the owner's capital account.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 15**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The adjusting entry to record the earned but unpaid salaries of employees at the end of an accounting period is:

Select one:

a. Debit Unpaid Salaries and credit Salaries Payable.

b. Debit Salaries Payable and credit Salaries Expense.

c. Debit Salaries Expense and credit Cash.

d. Debit Salaries Expense and credit Salaries Payable.

e. Debit Cash and credit Salaries Expense.

**Feedback**

The correct answer is: Debit Salaries Expense and credit Salaries Payable.

**Question 16**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The clerk who has access to the cash in the cash register should not have access to the cash register tape or file.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 17**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Technologically advanced accounting systems do not need monitoring for errors because computers always process transactions correctly.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 18**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Long-term investments can include land held for future expansion.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 19**

Correct

6.00 points out of 6.00

Flag question

**Question text**

On a bank statement, deposits are listed as debits because the bank increases its cash account when the deposit is made.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 20**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Journal entries recorded at the end of each accounting period to prepare the revenue, expense, and withdrawals accounts for the upcoming period and to update the owner's capital account for the events of the period just finished are referred to as:

Select one:

a. Adjusting entries.

b. Closing entries.

c. Final entries.

d. Work sheet entries.

e. Updating entries.

**Feedback**

The correct answer is: Closing entries.

**Question 21**

Correct

6.00 points out of 6.00

Flag question

**Question text**

After preparing a bank reconciliation, adjustments must be made for items reconciling the bank balance and items reconciling the book balance.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 22**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Ben and Jerry's had total assets of $149,501,000, net income of $6,242,000, and net sales of $209,203,000. Its profit margin was 2.98%.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 23**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A check involves three parties:

Select one:

a. The writer, the cashier, and the bank.

b. The maker, the payee, and the bank.

c. The maker, the manager, and the payee.

d. The bookkeeper, the payee, and the bank.

e. The signer, the cashier, and the company.

**Feedback**

The correct answer is: The maker, the payee, and the bank.

**Question 24**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The current ratio:

Select one:

a. Is used to measure a company's profitability.

b. Is used to measure the relation between assets and long-term debt.

c. Measures the effect of operating income on profit.

d. Is used to help evaluate a company's ability to pay its debts in the near future.

e. Is calculated by dividing current assets by equity.

**Feedback**

The correct answer is: Is used to help evaluate a company's ability to pay its debts in the near future.

**Question 25**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The length of time covered by a set of periodic financial statements is referred to as the:

Select one:

a. Fiscal cycle.

b. Natural business year.

c. Accounting period.

d. Business cycle.

e. Operating cycle.

**Feedback**

The correct answer is: Accounting period.

Bottom of Form

[Finish review](https://moodle.straighterline.com/mod/quiz/view.php?id=1465)

[Skip Quiz navigation](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1644775#sb-1)

**Quiz navigation**

[Show one page at a time](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1644775&showall=0)[Finish review](https://moodle.straighterline.com/mod/quiz/view.php?id=1465)

© Copyright 2017 Straighterline.   
All Rights Reserved.

* [nav_logo](http://www.straighterline.com/)