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| --- | --- |
| **Started on** | Thursday, September 21, 2017, 1:49 AM |
| **State** | Finished |
| **Completed on** | Thursday, September 21, 2017, 3:49 AM |
| **Time taken** | 2 hours |
| **Grade** | **190.00** out of 200.00 (**95**%) |

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**Question 1**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The financial statement that describes where a company's cash came from and where it went during the period is the:

Select one:

a. Statement of financial position.

b. Statement of cash flows.

c. Balance sheet.

d. Income statement.

e. Statement of changes in owner's equity.

**Feedback**

The correct answer is: Statement of cash flows.

**Question 2**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Closing entries are required at the end of each accounting period to close all ledger accounts.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 3**

Incorrect

0.00 points out of 5.00

Flag question

**Question text**

If the Cash Over and Short account has a debit balance at the end of the period, the amount is reported as miscellaneous revenue.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 4**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The income statement shows the financial position of a business on a specific date.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 5**

Correct

5.00 points out of 5.00

Flag question

**Question text**

In the process of completing a work sheet, you determine that the Income Statement debit column totals $83,000, while the Income Statement credit column totals $65,000. To enter net income (or net loss) for the period into the work sheet would require an entry to

Select one:

a. the Adjustments debit column and the Adjustments credit column.

b. the Unadjusted Trial Balance debit column and the Adjustments credit column.

c. it is not practical to enter Net Income (or Net Loss) on the work sheet.

d. the Balance Sheet & Statement of Owner's Equity debit column and the Income Statement credit column.

e. the Income Statement debit column and the Balance Sheet & Statement of Owner's Equity credit column.

**Feedback**

The correct answer is: the Balance Sheet & Statement of Owner's Equity debit column and the Income Statement credit column.

**Question 6**

Correct

5.00 points out of 5.00

Flag question

**Question text**

A bank reconciliation explains any differences between the balance of a checking account on the depositor's records and the balance reported on the bank statement.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 7**

Correct

5.00 points out of 5.00

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 8**

Correct

5.00 points out of 5.00

Flag question

**Question text**

A contra account is an account linked with another account; it is added to that account to show the proper amount for the item recorded in the associated account.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 9**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Incurred but unpaid expenses that are recorded during the adjusting process with a debit to an expense and a credit to a liability are:

Select one:

a. Intangible expenses.

b. Prepaid expenses.

c. Unearned expenses.

d. Net expenses.

e. Accrued expenses.

**Feedback**

The correct answer is: Accrued expenses.

**Question 10**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Which of the following statements is true?

Select one:

a. Owner's capital must be closed each accounting period.

b. A post-closing trial balance should include only permanent accounts.

c. Information on the work sheet can be used in place of preparing financial statements.

d. By using a work sheet to prepare adjusting entries you need not post these entries to the ledger accounts.

e. Closing entries are only necessary if errors have been made.

**Feedback**

The correct answer is: A post-closing trial balance should include only permanent accounts.

**Question 11**

Correct

5.00 points out of 5.00

Flag question

**Question text**

A company that finances a relatively large portion of its assets with liabilities is said to have a high degree of financial leverage.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 12**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Internal users of accounting information include:

Select one:

a. Shareholders.

b. Managers.

c. Lenders.

d. Suppliers.

e. Customers.

**Feedback**

The correct answer is: Managers.

**Question 13**

Correct

5.00 points out of 5.00

Flag question

**Question text**

As a general rule, revenues should not be recognized in the accounting records until it is received in cash.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 14**

Correct

5.00 points out of 5.00

Flag question

**Question text**

A trial balance prepared before any adjustments have been recorded is:

Select one:

a. An adjusted trial balance.

b. Used to prepare financial statements.

c. An unadjusted trial balance.

d. Correct with respect to proper balance sheet and income statement amounts.

e. Only prepared once a year.

**Feedback**

The correct answer is: An unadjusted trial balance.

**Question 15**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The total amount of depreciation recorded against an asset or group of assets during the entire time the asset or assets have been owned:

Select one:

a. Is referred to as depreciation expense.

b. Is referred to as accumulated depreciation.

c. Is shown on the income statement of the final period.

d. Is only recorded when the asset is disposed of.

e. Is referred to as an accrued asset.

**Feedback**

The correct answer is: Is referred to as accumulated depreciation.

**Question 16**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Unearned revenues are:

Select one:

a. Revenues that have been earned and received in cash.

b. Revenues that have been earned but not yet collected in cash.

c. Liabilities created when a customer pays in advance for products or services before the revenue is earned.

d. Recorded as an asset in the accounting records.

e. Increases to owners' capital.

**Feedback**

The correct answer is: Liabilities created when a customer pays in advance for products or services before the revenue is earned.

**Question 17**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The primary objective of financial accounting is to provide general purpose financial statements to help external users analyze and interpret an organization's activities.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 18**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The legitimate claims of a business's creditors take precedence over the claims of the business owner.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 19**

Correct

5.00 points out of 5.00

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 20**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Income Summary is a temporary account only used for the closing process.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 21**

Correct

5.00 points out of 5.00

Flag question

**Question text**

An account used to record the owner's investments in the business is called a(n):

Select one:

a. Withdrawals account.

b. Capital account.

c. Revenue account.

d. Expense account.

e. Liability account.

**Feedback**

The correct answer is: Capital account.

**Question 22**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The first five steps in the accounting cycle include analyzing transactions, journalizing, posting, preparing an unadjusted trial balance, and recording adjusting entries.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 23**

Correct

5.00 points out of 5.00

Flag question

**Question text**

An expense resulting from failing to take advantage of cash discounts on purchases is called:

Select one:

a. Sales discounts.

b. Trade discounts.

c. Purchases discounts.

d. Discounts lost.

e. Discounts earned.

**Feedback**

The correct answer is: Discounts lost.

**Question 24**

Incorrect

0.00 points out of 5.00

Flag question

**Question text**

Flash had cash inflows from operations $62,500; cash outflows from investing activities of $47,000; and cash inflows from financing of $25,000. The net change in cash was:

Select one:

a. $40,500 increase.

b. $40,500 decrease.

c. $134,500 decrease.

d. $134,000 increase.

e. $9,500 increase.

**Feedback**

The correct answer is: $40,500 increase.

**Question 25**

Correct

5.00 points out of 5.00

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 26**

Correct

5.00 points out of 5.00

Flag question

**Question text**

A set of procedures and approvals designed to control cash disbursements and the acceptance of obligations is referred to as a(n):

Select one:

a. Internal cash system.

b. Petty cash system.

c. Cash disbursement system.

d. Voucher system.

e. Cash control system.

**Feedback**

The correct answer is: Voucher system.

**Question 27**

Correct

5.00 points out of 5.00

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 28**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The record in which transactions are first recorded is the:

Select one:

a. Account balance.

b. Ledger.

c. Journal.

d. Trial balance.

e. Cash account.

**Feedback**

The correct answer is: Journal.

**Question 29**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The matching principle requires that expenses get recorded in the same accounting period as the revenues that are earned as a result of the expenses, not when cash is paid.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 30**

Correct

5.00 points out of 5.00

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 31**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Under the accrual basis of accounting, adjustments are often made for prepaid expenses and unearned revenues.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 32**

Correct

5.00 points out of 5.00

Flag question

**Question text**

From an accounting perspective, an event is a happening that affects an entity's accounting equation, but cannot be measured.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 33**

Correct

5.00 points out of 5.00

Flag question

**Question text**

A company's ledger accounts and their end-of-period balances before closing entries are posted are shown below. What amount will be posted to Tricia DeBarre, Capital in the process of closing the Income Summary account? (Assume all accounts have normal balances.)

Select one:

a. $16,780 debit.

b. $ 7,180 credit.

c. $16,780 credit.

d. $18,280 credit.

e. $23,780 credit.

**Feedback**

The correct answer is: $16,780 credit.

**Question 34**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Closing the temporary accounts at the end of each accounting period:

Select one:

a. Serves to transfer the effects of these accounts to the owner's capital account on the balance sheet.

b. Prepares the withdrawals account for use in the next period.

c. Gives the revenue and expense accounts zero balances.

d. Causes owner's capital to reflect increases from revenues and decreases from expenses and withdrawals.

e. All of these.

**Feedback**

The correct answer is: All of these.

**Question 35**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Bookkeeping is the recording of transactions and events and is only part of accounting.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 36**

Correct

5.00 points out of 5.00

Flag question

**Question text**

The entry necessary to establish a petty cash fund should include:

Select one:

a. A debit to Cash and a credit to Petty Cash.

b. A debit to Cash and a credit to Cash Over and Short.

c. A debit to Petty Cash and a credit to Cash.

d. A debit to Petty Cash and a credit to Accounts Receivable.

e. A debit to Cash and a credit to Petty Cash Over and Short.

**Feedback**

The correct answer is: A debit to Petty Cash and a credit to Cash.

**Question 37**

Correct

5.00 points out of 5.00

Flag question

**Question text**

When a voucher system is used, recording a purchase is initiated by an invoice approval and a voucher, not an invoice.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 38**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Robert Haddon contributed $70,000 in cash and land worth $130,000 to open a new business, RH Consulting. Which of the following general journal entries will RH Consulting make to record this transaction?

Select one:

a.

b.

c.

d.

e.

**Feedback**

The correct answer is:

**Question 39**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Under the cash basis of accounting, no adjustments are made for prepaid, unearned, and accrued items.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 40**

Correct

5.00 points out of 5.00

Flag question

**Question text**

Unearned revenue is reported in the financial statements as:

Select one:

a. A revenue on the balance sheet.

b. A liability on the balance sheet.

c. An unearned revenue on the income statement.

d. An asset on the balance sheet.

e. An operating activity on the statement of cash flows.

**Feedback**

The correct answer is: A liability on the balance sheet.

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