

Week 1 quiz

LATEST SUBMISSION GRADE

100%

1. Which of the following is out of the scope of Accounting?

1 / 1 point

- ☐ Classification of financial values expressed as equity.
- ☒ Valuation of assets.
- ☐ Classification of financial values expressed as liabilities.
- ☐ Classification of financial values expressed as assets.

 **Correct**

That's right. Accounting does not deal with the valuation of assets. Watch video: Week 1 Outline

2. The knowledge of both Accounting and Finance is integral to the good and proper management of

1 / 1 point

- ☐ Profit-oriented organisations
- ☐ Not-for-profit organisations
- ☐ Government-owned organisations
- ☒ All of the above

 **Correct**

Correct. Watch the video: Week 1 Outline

3. The term 'OE' of the Accounting Equation stands for:

1 / 1 point

- ☐ Operating earnings
- ☐ Organisational equity
- ☐ Operating expenses
- ☒ Owners' equity

**Correct**

Correct. Watch the video: Building Blocks: Accounting Theory

4. Assume that you have purchased furniture for office use on credit amounting to \$500. How can this transaction be classified in the Accounting Equation?

1 / 1 point

- ☐ Both 'A' and 'OE' will be increased by \$500
- ☒ Both 'A' and 'L' will be increased by \$500
- ☐ Both 'A' and 'OE' will be decreased by \$500
- ☐ Both 'A' and 'L' will be decreased by \$500

**Correct**

Correct.

Review the video: Building Blocks: Accounting Theory

5. Finance theory does not focus on:

1 / 1 point

- ☒ returns from assets

**Correct**

Correct, but there are more...

Watch the video: Building Blocks: Finance Theory

- ☐ balancing debits and credits

- ☒ payment for liabilities

**Correct**

Correct, but there are more...

Watch the video: Building Blocks: Finance Theory

- ☒ payment to shareholders

**Correct**

Correct, but there are more...

Watch the video: Building Blocks: Finance Theory

6. In the case of insolvency, who will be paid out first?

1 / 1 point

- ☐ Shareholders
- ☒ Debt-holders
- ☐ Equity-holders
- ☐ None of the above



Correct

Correct. Watch the video: Financial Risk and Where it Comes From

7. What does the concept 'going concern' mean?

1 / 1 point

- ☒ Business will go on living indefinitely
- ☐ Business will go on living for a certain period
- ☐ Business will remain profitable in the current year.
- ☐ None of the above



Correct

Correct. Watch the video: Financial Risk and Where it Comes From

8. Which of the following is not a form of shareholders' gain?

1 / 1 point

- ☐ Capital gain
- ☐ Dividend
- ☒ Revenues from selling goods and services
- ☐ None of the above



Correct

Correct. Revenues from selling organisational goods and services is not a form of shareholders' gain rather it is the revenues for the entire organisation

Watch the video: Financial Risk and Where it Comes From

9. Which of the following best captures what accounting is about:

1 / 1 point

- ☐ Measuring values
- ☐ Attributing values to particular labels
- ☒ Both measuring values and attributing values to particular labels
- ☐ None of the above



Correct

Correct.

Watch the video: Financial Risk and Where it Comes From

10. Why do shareholders demand returns higher than returns to debt-holders?

1 / 1 point

- ☒ The risk of investment is considerably higher as shareholder gets paid out after a debt-holder.
- ☐ The risk of investment is considerably lower as shareholder gets paid out after a debt-holder.
- ☐ The risk of share holder's investment is same as a debt-holder's investment.
- ☐ None of the above.



Correct

Correct.

Shareholders demand a higher return than debt-holders because the risk of investment is considerably higher as shareholder gets paid out after a debt-holder.

Watch the video: Financial Risk and Where it Comes From