



✗ Try again once you are ready.

Required to pass: 75% or higher

You can retake this quiz up to 3 times every 8 hours.

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Retake



1 / 1 point

1. International Investment Group is looking to invest \$95,000 into a company. Where should International Investment Group look for relevant information about the company's performance?

☒ The company's Financial Books

Correct

Correct answer. Companies prepare Financial Books to communicate their economic performance and financial position to external audiences including investors and creditors.

☐ The company's Tax Books

☐ The company's Budgets

☐ The company's Management Books



0 / 1 point

2. College Computers, based in the U.S., is preparing its financial books. Which of the following should direct the preparation of College Computer's financial books?

☐ Investors and creditors

☐ U.S. Generally Accepted Accounting Principles (GAAP)

☒ International Financial Reporting Standards (IFRS)

This should not be selected

Incorrect answer. IFRS is a set of standards that direct the preparation of financial statements for many international companies. You may review by returning to the "Accounting Standards Inside the U.S." video.

☐ Independent audit firms



1 / 1 point

3. Popdot, based in the European Union, is preparing its financial books. Which of the following should direct the preparation of Popdot's financial books?

☐ U.S. Generally Accepted Accounting Principles (GAAP)

☐ International audit firms

☒ International Financial Reporting Standards (IFRS)

Correct

Correct answer. IFRS is a set of standards that direct the preparation of financial statements for many international companies.

☐ International investors and creditors



1 / 1 point

4. Near the end of a fiscal period, The Garden Spot is working on reporting its financial position, to share with investors and creditors. Which financial statement should The Garden Spot use to report this information?

☐ Income Statement

☐ Statement of Cash Flows

☐ Management Books

☒ Balance Sheet

Correct

Correct answer. The Balance Sheet shows a company's financial position at a specific point in time, such as the end of a fiscal period.



1 / 1 point

5. The Garden Spot is working on reporting its net earnings for a year. Which financial statement should The Garden Spot use to report this information?

☐ Tax Books

☐ Statement of Cash Flows

☒ Income Statement

Correct

Correct answer. The Income Statement shows the results of a company's operations over a period of time, including a company's net income/earnings.

☐ Balance Sheet



0 / 1 point

6. The Garden Spot is working on reporting changes in the company's cash balance during a quarter. Which financial statement should The Garden Spot use to report this information?

☐ Balance Sheet

☐ Budget

☒ Income Statement

This should not be selected

Incorrect answer. The Income Statement shows the results of a company's operations over a period of time, including a company's net income/earnings. You may review by returning to "The Financial Statements" video.

☐ Statement of Cash Flows



1 / 1 point

7. The Garden Spot purchases \$20,000 worth of trees they hope to resell to customers. In which of the following Balance Sheet accounts should The Garden Spot record the trees purchased?

☐ Liability account

☐ Current Liability account

☐ Owners' Equity account

☒ Asset account

Correct

Correct answer. The inventory is now owned/controlled by the company and is expected to provide future economic benefits, so the inventory purchased should be recorded in an Asset account.



1 / 1 point

8. College Computers delivers \$9,000 worth of laptop computers to the School of Business who will pay for them next month. In which of the following Balance Sheet accounts should College Computers record the amount it is owed by the customer?

☐ Liability account

☒ Asset account

Correct

Correct answer. The right to collect payment is now owned/controlled by the company and is expected to provide future economic benefits, so the customer's future payment should be recorded in an Asset account.

☐ Owners' Equity account

☐ Current Liability account



1 / 1 point

9. The Garden Spot purchases \$30,000 worth of trees from Trees Direct this month and will pay Trees Direct next month. In which of the following Balance Sheet accounts should The Garden Spot record the obligation to pay Trees Direct?

☐ Asset account

☐ Owners' Equity account

☐ Other Equity account

☒ Liability account

Correct

Correct answer. Since a future payment is probable and the event (purchasing the inventory) has occurred, the obligation to pay the supplier should be recorded in a Liability account.



1 / 1 point

10. The Garden Spot obtains a 4-year loan of \$10,000 from a bank. In which of the following Balance Sheet accounts should The Garden Spot record the obligation to repay the loan?

☐ Asset account

☐ Other Equity account

☒ Liability account

Correct

Correct answer. Since a future payment is probable and the event (obtaining the loan) has occurred, the obligation to repay the loan should be recorded in a Liability account.

☐ Owners' Equity account



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11. College Computers issues \$45,000 worth of capital stock to investors. In which of the following Balance Sheet accounts should College Computers record the change in capital stock?

☒ Current Asset account

This should not be selected

Incorrect answer. The company should record the change in capital stock, but not under Current Assets. You may review by returning to "The Balance Sheet" lesson videos.

☐ Liability account

☐ Asset account

☐ Owners' Equity account



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12. College Computers buys back \$35,000 worth of stock from investors. In which of the following Balance Sheet accounts should College Computers record the change in treasury stock?

☐ Asset account

☒ Current Asset account

This should not be selected

Incorrect answer. The company should record the change in treasury stock, but not under Current Assets. You may review by returning to "The Balance Sheet" lesson videos.

☐ Owners' Equity account

☐ Liability account