



✗ Try again once you are ready.

Required to pass: 75% or higher

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

Back to Week 1

Retake



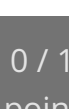
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1. Strategic Investment Group is looking to invest \$100,000 into a company. Where should Strategic Investment Group look for relevant information about the company's performance?

- ☐ The company's Budgets
- ☐ The company's Management Books
- ☐ The company's Financial Books
- ☒ The company's Tax Books

This should not be selected

Incorrect answer. Companies prepare Tax Books to facilitate the collection of tax revenue by the government. You may review by returning to the "Three Sets of Books" video.



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2. The Garden Spot, based in the U.S., is preparing its financial books. Which of the following should direct the preparation of The Garden Spot's financial books?

- ☐ U.S. Generally Accepted Accounting Principles (GAAP)
- ☐ International Financial Reporting Standards (IFRS)
- ☐ Investors and creditors
- ☒ Independent audit firms

This should not be selected

Incorrect answer. Audit firms can help ensure the integrity of financial statements, but do not direct this work. You may review by returning to the "Accounting Standards Inside the U.S." video.



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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?

- ☐ International Financial Reporting Standards (IFRS)
- ☐ International audit firms
- ☒ International investors and creditors

This should not be selected

Incorrect answer. While investors and creditors might be interested in a company's financial books, they do not direct this work. You may review by returning to the "Accounting Standards Outside the U.S." video.

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



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

- ☐ Management Books
- ☐ Income Statement
- ☒ 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.

- ☐ Statement of Cash Flows



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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
- ☒ Balance Sheet

This should not be selected

Incorrect answer. The Balance Sheet shows a company's financial position at a specific point in time, such as the end of a fiscal period. You may review by returning to "The Financial Statements" video.

- ☐ Income Statement
- ☐ Statement of Cash Flows



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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?

- ☐ Income Statement
- ☐ Budget
- ☒ Balance Sheet

This should not be selected

Incorrect answer. The Balance Sheet shows a company's financial position at a specific point in time, such as the end of a fiscal period. You may review by returning to "The Financial Statements" video.

- ☐ Statement of Cash Flows



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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?

- ☐ 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.

- ☐ Liability account
- ☐ Current Liability account



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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
- ☐ Current Liability account
- ☐ Owners' Equity 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.



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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?

- ☐ Other Equity account
- ☐ Owners' 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.

- ☐ Asset account



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10. College Computers obtains a 3-year loan of \$9,000 from a bank. In which of the following Balance Sheet accounts should College Computers record the obligation to repay the loan?

- ☐ 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.

- ☐ Asset account
- ☐ Owners' Equity account



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11. The Garden Spot issues \$50,000 worth of capital stock to investors. In which of the following Balance Sheet accounts should The Garden Spot record the change in capital stock?

- ☐ Asset account
- ☐ Current Asset account
- ☒ Liability account

This should not be selected

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

- ☐ Owners' Equity account



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12. The Garden Spot buys back \$40,000 worth of stock from investors. In which of the following Balance Sheet accounts should The Garden Spot record the change in treasury stock?

- ☐ Current Asset account
- ☒ Liability account

This should not be selected

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

- ☐ Owners' Equity account
- ☐ Asset account