|  |
| --- |
| **True / False***Indicate whether the statement is true or false.* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 1. Company managers typically do not want to have more cash than is currently needed in an account that pays no interest.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 2. The owner’s equity is the owner’s share of the worth of a company.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 3. When formatting a financial report, use a single line (bottom border) underneath the last figure above a total to indicate addition or subtraction.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 4. Reviewing expenses from the previous year is not helpful when preparing a budget.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 5. Voucher checks are ordinary checks with an additional portion that gives a description of the payment.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 6. If terms on an invoice are 2/10, net 30, a 2 percent discount can be taken from the invoice amount if the invoice is paid within ten days of the invoice date.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 7. A balance sheet is a document that shows incoming and outgoing cash for a given period.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 8. Vouchers typically are filed in alphabetical order by the company name.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 9. Budget reports compare the money spent in each category to the budgeted amount.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 10. An income statement shows the assets and liabilities for a company.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 11. A statement of account should show a listing of unpaid amounts from only one invoice.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 12. A purchase requisition shows the items requested and an approval to make the purchase.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 13. Accounts payable are the short-term debts the company owes to others.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 14. Electronic funds transfer (EFT) typically cannot be used to pay vendor invoices.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 15. Typically, mass production allows companies to lower costs by making large numbers of products that are exactly the same.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |
| --- |
| **Multiple Choice***Indicate the answer choice that best completes the statement or answers the question.* |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 16. A balance sheet shows

|  |  |  |
| --- | --- | --- |
|   | a.  | the condition of a company as of a specific date |
|   | b.  | the assets, liabilities, and owner’s equity |
|   | c.  | the assets and liabilities but not the owner’s equity |
|   | d.  | both A and B |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 17. When preparing data for a budget

|  |  |  |
| --- | --- | --- |
|   | a.  | do not be concerned about deadlines for submitting data |
|   | b.  | review expenses from the past year |
|   | c.  | consider any special needs for the coming year |
|   | d.  | both B and C |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 18. A document that shows the goods that were actually delivered to the company is a

|  |  |  |
| --- | --- | --- |
|   | a.  | receiving report |
|   | b.  | purchase order |
|   | c.  | invoice |
|   | d.  | credit memo |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 19. The terms on an invoice dated March 10 are 2/10, net 30. The invoice total is $3,000. What is the amount to be paid after taking any allowed discount if the invoice is paid on March 16?

|  |  |  |
| --- | --- | --- |
|   | a.  | $2940 |
|   | b.  | $2960 |
|   | c.  | $3000 |
|   | d.  | none of the above |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 20. A document that shows incoming and outgoing cash for a given period is a

|  |  |  |
| --- | --- | --- |
|   | a.  | income statement |
|   | b.  | cash flow statement |
|   | c.  | balance sheet |
|   | d.  | owner’s equity statement |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 21. A cash flow statement shows $40,000 for total cash inflows and $25,500 for total cash outflows. What is the net cash flow?

|  |  |  |
| --- | --- | --- |
|   | a.  | $65,500 |
|   | b.  | $20,000 |
|   | c.  | $14,500 |
|   | d.  | $45,500 |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 22. A company’s sales for the reporting period were $300,000 and its net income after tax was $54,000. What is the profit margin?

|  |  |  |
| --- | --- | --- |
|   | a.  | 20 percent |
|   | b.  | 18 percent |
|   | c.  | 16 percent |
|   | d.  | 22 percent |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 23. A sales invoice

|  |  |  |
| --- | --- | --- |
|   | a.  | is usually created at the time a company ships the products or performs services for a customer. |
|   | b.  | can be sent with the products |
|   | c.  | is usually due immediately |
|   | d.  | Both A and B |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 24. Petty cash

|  |  |  |
| --- | --- | --- |
|   | a.  | is typically used to pay for small expenses at the office |
|   | b.  | should always contain at least $5,000 |
|   | c.  | should not be replenished more than once per year |
|   | d.  | both B and C |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25. In which business model are many products made to meet specific customers’ needs?

|  |  |  |
| --- | --- | --- |
|   | a.  | mass production |
|   | b.  | customized production |
|   | c.  | mass customization |
|   | d.  | none of the above |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 26. A detailed plan or estimate of expected income and expenses for a period of time is a

|  |  |  |
| --- | --- | --- |
|   | a.  | balance sheet |
|   | b.  | budget |
|   | c.  | cash flow statement |
|   | d.  | none of the above |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 27. A sales invoice typically includes

|  |  |  |
| --- | --- | --- |
|   | a.  | the invoice date and invoice total |
|   | b.  | quantities and prices of items purchased |
|   | c.  | the payment terms |
|   | d.  | all the above |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 28. The terms on an invoice dated January 3 are 2/10, net 30. The invoice total is $2,000. What amount of discount can be taken if the invoice is paid on January 16?

|  |  |  |
| --- | --- | --- |
|   | a.  | $40 |
|   | b.  | $60 |
|   | c.  | none |
|   | d.  | $200 |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. A purchase order shows

|  |  |  |
| --- | --- | --- |
|   | a.  | the goods that were actually received by the company |
|   | b.  | items ordered and to what address they should be shipped |
|   | c.  | the items requested and an approval to make the purchase |
|   | d.  | what is owed for the purchases |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 30. The short-term debts the company owes to others are called

|  |  |  |
| --- | --- | --- |
|   | a.  | accounts receivable |
|   | b.  | accounts payable |
|   | c.  | assets |
|   | d.  | debtors |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31. Accounting software allows the user to

|  |  |  |
| --- | --- | --- |
|   | a.  | update accounts |
|   | b.  | create checks |
|   | c.  | create financial statements |
|   | d.  | all the above |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 32. A projected income statement

|  |  |  |
| --- | --- | --- |
|   | a.  | lists the revenues and expenses the company expects for the reporting period |
|   | b.  | shows a net loss if revenues are greater than expenses |
|   | c.  | shows a net profit if expenses are greater than revenues |
|   | d.  | all the above |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 33. A report that shows the results of operations for a company for a period of time is

|  |  |  |
| --- | --- | --- |
|   | a.  | an income statement |
|   | b.  | a budget |
|   | c.  | a balance sheet |
|   | d.  | a cash flow statement |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 34. A receiving report shows

|  |  |  |
| --- | --- | --- |
|   | a.  | the goods that were actually received by the company |
|   | b.  | items ordered and to what address they should be shipped |
|   | c.  | the items requested and an approval to make the purchase |
|   | d.  | what is owed for the purchases |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. A statement of account

|  |  |  |
| --- | --- | --- |
|   | a.  | lists paid invoices as of a certain date |
|   | b.  | provides a routine reminder of the amounts owed |
|   | c.  | can include amounts from several invoices |
|   | d.  | both B and C |

 |

|  |
| --- |
| **Matching** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Match each item with the correct statement below.*

|  |  |
| --- | --- |
| a.  | asset |
| b.  | balance sheet |
| c.  | budget |
| d.  | credit |
| e.  | credit memo |
| f.  | discount |
| g.  | expense |
| h.  | interest |
| i.  | liability |
| j.  | petty cash |
| k.  | purchase order |
| l.  | revenue |
| m.  | sales invoice |
| n.  | voucher |

 |

|  |
| --- |
| 36. A document that shows the vendor name, payment information, and an approval to make the payment |

|  |
| --- |
| 37. Money and goods or property owned |

|  |
| --- |
| 38. Money earned on an investment or paid on money that is borrowed |

|  |
| --- |
| 39. A document that shows items to be bought and to what address they should be shipped |

|  |
| --- |
| 40. Financial cost, fee, or charge |

|  |
| --- |
| 41. Debt owed to others |

|  |
| --- |
| 42. Money used for paying small expenses |

|  |
| --- |
| 43. A document that shows charges for goods or services provided to a customer |

|  |
| --- |
| 44. Permission to pay later for goods or services |

|  |
| --- |
| 45. Income, money or other gain received |

|  |
| --- |
| 46. Reduction in an amount paid or owed |

|  |
| --- |
| 47. A document that shows expected income and expenses for a period of time |

|  |
| --- |
| 48. A document that shows the financial condition of a company as of a specific date |

|  |
| --- |
| 49. A document that shows a reduction in the amount owed, such as for returned goods |