Accounting Basics

(Practice Quiz)
1. The financial statement that reports the revenues and expenses for a period of time such as a year or a month is the
   - Balance Sheet
   - Income Statement
   - Statement Of Cash Flows

2. The financial statement that reports the assets, liabilities, and stockholders’ (owner’s) equity at a specific date is the
   - Balance Sheet
   - Income Statement
   - Statement Of Cash Flows

3. Under the accrual basis of accounting, revenues are reported in the accounting period when the
   - Cash Is Received
   - Service Or Goods Have Been Delivered

4. Under the accrual basis of accounting, expenses are reported in the accounting period when the
   - Cash Is Paid
   - Expense Matches The Revenues Or Is Used Up

5. Revenues minus expenses equals __________.

6. Resources owned by a company (such as cash, accounts receivable, vehicles) are reported on the balance sheet and are referred to as __________.

7. Assets are usually reported on the balance sheet at which amount?
   - Cost
   - Current Market Value
   - Expected Selling Price

8. Obligations (amounts owed) are reported on the balance sheet and are referred to as __________.

9. Liabilities often have the word __________ in their account title.

10. Unearned Revenues is what type of account?
    - Asset
    - Liability
    - Stockholders' (Owner's) Equity

11. Accounting entries involve a minimum of how many accounts?
    - One
    - Two
    - Three

Answers on page 4

You will find an interactive version of these quizzes on AccountingCoach.com.
12. The listing of all of the accounts available for use in a company’s accounting system is known as the _________.

13. Assets minus liabilities equals _________.

14. Which term is associated with “left” or “left-side”?  
   Debit       Credit

15. Which term is associated with “right” or “right-side”?  
   Debit       Credit

16. When cash is received, the account Cash will be  
   Debited       Credited

17. When a company pays a bill, the account Cash will be  
   Debited       Credited

18. What will usually cause an asset account to increase?  
   Debit       Credit

19. What will usually cause the liability account Accounts Payable to increase?  
   Debit       Credit

20. Entries to expenses such as Rent Expense are usually  
   Debits       Credits

21. Entries to revenues accounts such as Service Revenues are usually  
   Debits       Credits
Answers

1. income statement
2. balance sheet
3. service or goods have been delivered
4. expense matches the revenues or is used up
5. net income
6. assets
7. cost
   This is true because of the cost principle.
8. liabilities
9. payable
10. Liability
    The company that is to perform the service or is to deliver the product has received the cash in advance and therefore has an obligation (liability) to deliver the service or the product.
11. two
    Because of double-entry, every transaction will affect at least two accounts.
12. chart of accounts
13. stockholders’ equity or owner’s equity (net assets if a nonprofit)
14. Debit
15. Credit
16. Debited
17. Credited
18. Debit
19. Credit
20. Debits
21. Credits