

Accounting Basics

(Practice Quiz)

Accounting
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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

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**