|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | 1. What is the accounting equation? |  |  |  |
| |  | | --- | |  | |  |  |  |
|  |  | | | |
|  | 1. Do you use debit or credit to increase an asset? |  |  |  |
| |  | | --- | |  | |  |  |  |
| 3. | Do you use debit or credit to increase an account under Liabilities? |  |  |  |
| |  | | --- | |  | |  |  |  |

|  |  |
| --- | --- |
|  |  |
|  | 4. Do you use debit or credit to decrease an account under Owner’s/Stockholder’s Equity? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 5**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Fill in the missing number in place of the question mark:  Assets = Liabilities + Owner’s Equity  $40,000 = \_\_\_\_\_\_\_ + $30,000 |  |  |  |
| |  | | --- | |  |   $10,000 |  |  |  |

** Question 6**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | What component within the accounting equation would “Cash” fall under? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 7**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | What component within the accounting equation would “Accounts Payable” fall under? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 8**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | How would you increase a business’s “Land” account, debit or credit? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 9**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | What component within the accounting equation would “Service Revenue” fall under?  Owner’s/Stockholder’s Equity |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 10**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Do you use debit or credit to decrease an “Asset” account? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 11**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | These are main types of accounting in which businesses incorporate.  One of these is Cash Base Accounting.  What is the other one? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 12**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Fill in the blank for the following statement.  Under Cash Base Accounting, you record the transactions as \_\_\_\_\_ flows in and out of the business. |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 13**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Fill in the blank for the following statement.  Accrual Base Accounting is when the accountant records the transactions are the services and expenses are \_\_\_\_\_\_\_\_\_. |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 14**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which accounting method (Case Base vs. Accrual Base) gives a more accurate picture of the financial health of a company? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 15**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | If a company does not specify (especially in your homework) whether they practice Accrual Base Accounting vs. Cash Base Accounting, which one would you automatically assume is being utilized by the accounting team? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 16**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | The financial records of the owner and the business should NEVER be combined.  This is referred to as the, “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”. |  |  |  |
| |  | | --- | |  |   Separate Entity Assumption |  |  |  |

** Question 17**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | List the four Financial Statements in the order they would be created which a for-profit business would produce after each accounting period: |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 18**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which Financial Statement calculates Net Income/Profit for a business? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 19**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which Financial Statement shows the “The Accounting Equation” and how it balances? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 20**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which Financial Statement shows the changes in the dollar amount of Ownership within the business? |  |  |  |
| |  | | --- | |  |   Statement of Owner’s Equity |  |  |  |

** Question 21**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | An expense account is under what section of The Accounting Equation? |  |  |  |
| |  | | --- | |  |   Owner’s Equity |  |  |  |

** Question 22**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | How do you increase an expense account, debit or credit? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 23**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | How do you increase all other Owner’s/Stockholder’s Equity Account, other than expense and owner withdrawal amounts? |  |  |  |
| |  | | --- | |  |   Credit |  |  |  |

** Question 24**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | For accounts under the Owner’s/Stockholder’s Equity account which are increased with a debit, what are these referred to? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 25**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Under what part of The Accounting Equation are Prepaid Expenses listed under? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 26**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Under what section The Accounting Equation are Revenue accounts listed under? |  |  |  |
| |  | | --- | |  |   Owner’s Equity |  |  |  |

** Question 27**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | How are Revenue accounts increased, debit or credit? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 28**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Input in the missing numbers within this journal entry (labeled with a “?”)  10/1/2015 Prepaid Rental Expense $3,000  Cash $3,000  Prepaid 3 months’ worth of rent ($1,000 x 3)  10/31/2015 Rental Expense    ?  Prepaid Rental Expense    ?  (Recognized one month of expense out of Prepaid Expense Account) |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 29**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Where is the unearned revenue account listed under The Accounting Equation? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 30**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | In the general journal when entering in the debits and credits, which entry is usually on top, credit or debit? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 31**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | What are the three inventory accounting methods discussed within the lecture? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 32**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which inventory accounting method is no longer accepted by General Accepted Accounting Principles (GAAP)? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 33**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | What dictates the reason why an accountant would choose one of the three inventory accounting methods (FIFO, LIFO, or Weighted Average)? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 34**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | What is the principle called for when you match the expenses incurred with the revenue made, in which satisfies the purpose for which the expense was incurred? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 35**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which inventory method accounts for the most recent inventory purchased first within its calculation? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 36**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which inventory method accounts for the least recent inventory purchased first within its calculation? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 37**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | Which inventory method accounts for neither least recent or most recent inventory purchased first within its calculation? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 38**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | From the accounting equation, which part of the equation represents what you owe? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 39**

Needs Grading

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | |
|  | From the accounting equation, which part of the equation represents what you own? |  |  |  |
| |  | | --- | |  | |  |  |  |

** Question 40**

Needs Grading

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | | | |
|  | From the accounting equation, which part of the equation represents what you have? | |  |  |  |
|  |  |  |  |  |