

# **ACC 561 Assignment: Week 1 Practice Quiz**

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## **Multiple Choice Question 41**

**The proprietorship form of business organization**

**combines the records of the business with the personal records of the owner.**

**is classified as a separate legal entity.**

**must have at least two owners in most states.**

**generally receives favorable tax treatment relative to a corporation.**

## **Multiple Choice Question 45**

**Most business enterprises in the United States are**

**government units.**

**partnerships.**

**proprietorships and partnerships**

**corporations.**

**Multiple Choice Question 46**

**A business organized as a separate legal entity is a government unit.**

**partnership.**

**corporation.**

**proprietor.**

**Multiple Choice Question 57**

**Which of the following is the best definition of an internal user of accounting information?**

**Creditors like banks that use accounting information to evaluate the risk of lending money.**

**Managers who use accounting information to plan, organize, and run a business.**

**Labor unions who use accounting information to examine the ability of the company to pay increased wages and benefits.**

**Investors who use accounting information to decide whether to buy or sell stock.**

**Multiple Choice Question 63**

**Which of the following groups uses accounting information primarily to insure the entity is operating within prescribed rules?**

**Labor Unions**

**Management**

**Taxing authorities**

**Regulatory agencies**

**Multiple Choice Question 65**

**Which of the following groups uses accounting information to determine whether the company can pay its obligations?**

**Chief Financial Officer**

**Creditors**

**Investors in common stock**

**Marketing managers**

**Multiple Choice Question 99**

**Which of the following financial statements is divided into major categories of operating, investing, and financing activities?**

**The retained earnings statement.**

**The statement of cash flows.**

**The income statement.**

**The balance sheet.**

**Multiple Choice Question 101**

**Ending retained earnings for a period is equal to:**

**Beginning retained earnings – Net income – Dividends**

**Beginning retained earnings + Net income – Dividends**

**Beginning retained earnings – Net income + Dividends**

**Beginning retained earnings + Net income + Dividends**

### **Multiple Choice Question 105**

**The financial statement that summarizes the changes in retained earnings for a specific period of time is the**

**balance sheet.**

**statement of cash flows.**

**income statement.**

**retained earnings statement.**

### **Multiple Choice Question 106**

**To show how successfully your business performed during a period of time, you would report its revenues and expense in the**

**balance sheet.**

**statement of cash flows.**

**income statement.**

**retained earnings statement.**

### **Multiple Choice Question 116**

**Which financial statement is prepared first?**

**Statement of cash flows**

**Balance sheet**

**Income statement**

**Retained earnings statement**

**Multiple Choice Question 117**

**An income statement shows**

**revenues, expenses, and net income.**

**assets, liabilities, and stockholders' equity.**

**expenses, dividends, and stockholders' equity.**

**revenues, liabilities, and stockholders' equity.**

**Multiple Choice Question 103**

**Dawson Corporation has the following information available for 2011:**

**(in millions)**

**Issued common stock      \$45**

**Retired common stock      \$65**

**Paid dividends      \$75**

**Net income      \$130**

**Beginning common stock balance      \$575**

**Beginning retained earnings balance      \$425**

**Based in this information, what is Dawson's Common Stock balance at the end of the year?**

**\$685**

**\$195**

**\$630**

**\$555**

**Multiple Choice Question 109**

**Declaring a cash dividend will**

**decrease retained earnings.**

**increase common stock.**

**decrease common stock.**

**increase retained earnings.**

**Multiple Choice Question 113**

**At December 31, 2012 Lowery Company had retained earnings of \$2,184,000. During 2012 they issued stock for \$98,000, and paid dividends of \$34,000. Net income for 2012 was \$402,000. The retained earnings balance at the beginning of 2012 was:**

**\$2,454,000**

**\$1,914,000**

**\$2,552,000**

**\$1,816,000**

**Multiple Choice Question 158**

**Which of the following organizations issues accounting standards for countries outside the United**

**FASB**

**IASB**

**SEC**

**GAAP**

**Multiple Choice Question 159**

**have eliminated all errors in accounting.**

**are accounting rules that are recognized as a general guide for financial reporting.**

**are accounting rules formulated by the Internal Revenue Service.**

**are sound in theory but rarely used in real life.**

**Multiple Choice Question 160**

**The agency of the United States Government that oversees the U.S. financial markets is the**

**Financial Accounting Standards Board.**

**Internal Revenue Service**

**Security Exchange Commission**

**International Auditing Standards Committee.**

**Multiple Choice Question 161**

**What organization issues U.S. accounting standards?**

**International Accounting Standards Committee.**

**International Auditing Standards Committee.**

**Financial Accounting Standards Board.**

**Security Exchange Commission.**

**Multiple Choice Question 164**

**Two of the major characteristics that make accounting information useful are**

**Relevance and Faithful representation.**

**Comparability and flexibility.**

**Understandability and consistency.**

**Verifiability and timeliness.**

**Multiple Choice Question 171**

**If accounting information has relevance, it is useful in making predictions about  
future IRS audits.**

**foreign currency exchange rates.**

**the future events of a company.**

**new accounting principles.**

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