

Suggested Study Materials & Sample Questions

The class currently uses the book Using Financial Accounting Information-The Alternative to Debits and Credits by Porter & Norton, Tenth Edition. Please review Chapters 1, 2, 3, 6, and 13.

If you are unable to find that book most basic Accounting books will be very helpful in completing this test. Review the competencies for where you should focus your studies.

Below are some Sample Questions to give you a feel for what the questions will be like.

1. Which of the following best describes the term "assets"?
 - a. The amount of total profits earned by a business since it began operations.
 - b. The amount of interest or claim that the owners have in the business.
 - c. The economic resources of a business entity.
 - d. The cumulative profits earned by a business less any dividends distributed.
2. All assets are tangible in nature.
 - a. True
 - b. False
3. One effect on the accounting equation when a firm borrows money is:
 - a. Stockholders' equity decreases.
 - b. Assets increase.
 - c. Liabilities decrease.
 - d. Assets decrease.
4. Blecker Corp. made cash sales to customers. What effect does this transaction have on the accounting equation?
 - a. Liabilities increase and stockholders' equity increases.
 - b. There is no effect on the accounting equation, as one asset account increases while another asset account decreases.
 - c. Assets increase and liabilities increase.
 - d. Assets increase and stockholders' equity increases.
5. Which of the following is a **Non Current Asset** asset?
 - a. Supplies
 - b. Inventory
 - c. Cash
 - d. Buildings
6. Which of the following is a Current Liability?
 - a. Accounts Payable
 - b. Cash
 - c. Long Term Debt
 - d. Capital Stock
7. An example of a liquidity ratio
 - a. Current Ratio
 - b. Gross Profit Ratio
 - c. Profit Margin Ratio
 - d. EPS

8. Net Income was \$5,000 for the year and Net Sales was \$50,000 what is the Profit Margin Ratio
- a. 5%
 - b. 10%
 - c. 15%
 - d. 20%
9. On the bank reconciliation, interest earned on a checking accounting is a
- a. Book Addition
 - b. Book Subtraction
 - c. Bank Addition
 - d. Bank Subtraction
10. Internal controls are always 100% foolproof.
- a. True
 - b. False

Answers 1. C 2. B 3. B 4. D 5. D 6. A 7. A 8. B 9. A 10. B