

## Accounting Chapter 5 Review

A private quiz for schools

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**Challenge**

Review of Chapter 5

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**Questions (20)**


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**Q1:** Which is true regarding the balance in income summary before it is closed?

20 sec

 Balance equals capital

✘

 Balance equals net income or net loss

✔

**Q2:** Adequate Disclosure requires a company to inform users about all of the following, EXCEPT:

20 sec

- Due dates of major liabilities ✗
- Accounting methods used ✗
- Income projections for the upcoming year ✓
- Destruction of a plant prior to issuing financial stmts ✗

**Q3:** Which is not including on a worksheet?

20 sec

- Closing entries ✓
- Financial stmt information ✗
- Trial balance ✗
- Information for adjusting entries ✗

**Q4:** A debit balance in income summary prior to it being closed means?

20 sec

- The company had a net income ✗
- The company had an investment ✗

**Q5:** Which of the following accounts will appear on a post closing trial balance?

20 sec

- Sales ✘
- Prepaid Insurance ✔
- Interest Expense ✘
- Income Summary ✘

**Q6:** The purpose of making closing entries is?

20 sec

- Reduce the number of expense accounts ✘
- Prepare rev and exp for the next period ✔
- Enable accountants to prepare financial statements ✘
- Establish new balances in the balance sheet accounts ✘

**Q7:** A Credit balance in the income summary means?

20 sec

- An error was made ✘
- The company had a net loss ✘

**Q8:** Which is not a temporary account?

20 sec

- Accumulated Depreciation ✓
- Sales ✗
- Drawings ✗
- Income Summary ✗

**Q9:** An account that does not get closed is known as a \_\_\_\_\_ account.

20 sec

- Fixed ✗
- Set ✗
- Permanent ✓
- Balance Sheet ✗

**Q10:** The account representing a corporation distributes money to its stockholders?

20 sec

- Drawings ✗
- Distributions ✗

**Q11:** Which of the following is closed into the capital account?

20 sec

- Rent Expense ✘
- Accumulated Depreciation ✘
- Sales ✘
- Income Summary ✔

**Q12:** This amount is in both the income stmt debit and balance sheet credit column of a worksheet

20 sec

- Net Loss ✘
- Drawings ✘
- Net Income ✔
- Capital ✘

**Q13:** What account shows the money generated by a corporation when it initially sells stock?

20 sec

- Capital ✘
- Retained Earnings ✘

**Q14:** sales are 1200 exp 700 and Drawings 700 What is the bal in income summary prior to being closed

20 sec

- 500 Credit balance ✓
- 500 Debit Balance ✗
- 200 Credit Balance ✗
- 200 Debit Balance ✗

**Q15:** A worksheet should be viewed as?

20 sec

- a financial statement for investors ✗
- A financial statement for managers ✗
- A tool to assist accountants in preparing financial stmts ✓
- A tool to assist auditors in reviewing the business ✗

**Q16:** An account representing net income the company keeps.

20 sec

- Capital Stock ✗
- Retained Earnings ✓

**Q17:** This principle states revenue should be recorded when it is earned.

20 sec

- Recognition principle ✘
- Realization principle ✔
- Matching principle ✘
- Money principle ✘

**Q18:** The method of depreciation that you take the total cost and divide it by the useful life is?

20 sec

- Double Declining ✘
- Regular ✘
- Simple-Line ✘
- Straight Line ✔


**Q19:** This begins with the recording of transactions and ends with closing the temporary accounts.

20 sec


- Accounting System ✘
- Double Entry Accounting ✘

**Q20:** This principle states that personal and business items should be kept separate?


20 sec

 Going Concern

✘

 Cost

✘

 Monetary Unit

✘

 Business Entity

✔