Package Title: Clickers

Course Title: Boone, Kurtz, Khan, Canzer, Contemporary Business, Third Canadian Edition

Chapter Number: 15

Question type: Multiple Choice

1) Accounting is the process of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) producing goods and services

b) recording, measuring, and interpreting financial data

c) obtaining funds for the firm’s operations

d) developing a marketing plan

Answer: b

2) \_\_\_\_\_\_\_\_ is anything of value owned or leased by a business.

a) A liability

b) Owner’s equity

c) Profit

d) An asset

Answer: d

3) Which one of the following is **not** one of the three basic services public accounting firms provide to clients?

a) Auditing

b) Management consulting

c) Tax preparation

d) Preparing Financial Statements

Answer: d

4) Which of the following statements best describes open-book management?

a) A management system whereby all employees are involved in financial decision-making.

b) A management system whereby all employees are allowed to view financial information to understand how their work contributes to company success.

c) A management system whereby bankers and other lenders are privy to common accounting information to evaluate a potential borrower’s financial soundness.

d) a and b only

Answer: b

5) The procedure by which accountants convert data about individual transactions to financial statements is called ­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) the accounting cycle

b) an asset

c) a liability

d) form utility

Answer: a

6) Accounting plays a key role in all of the following except \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) financing activities to provide necessary funds to start and expand a business

b) investing activities to provide valuable assets required to run a business

c) interpreting macro and micro analyses to report changes in the economy

d) operating activities that focus on selling goods and services, along with insuring sound financial management

Answer: c

7) Which one of the following users applies accounting information in order to evaluate credit ratings?

a) Shareholders

b) Union officials

c) Lenders, suppliers

d) Creditors

Answer: c

8) The \_\_\_\_\_\_\_\_ budget tracks the firm’s cash inflows and outflows.

a) sales

b) transaction

c) capital expenditures

d) cash

Answer: d

9) In Canada, which organization is primarily responsible for evaluating, setting, or adopting accounting principles related to pension plans and to private or non-profit businesses?

a) Accounting Standards Board (AcSB)

b) International Financial Reporting Standards (IFRS)

c) International Accounting Standards Board (IASB

d) International Board of Accountants (IBA)

Answer: a

10) Which one of the following is the only permanent financial statement?

a) Balance sheet

b) Income statement

c) Statement of changes in equity

d) Statement of cashflows

Answer: a

11) What question can a management accountant answer?

a) Where has the company been?

b) What strengths does the company have?

c) Will certain situations decrease the company’s exposure to excessive risk?

d) Does the firm’s information system provide detailed and timely information to all levels of management?

Answer: d

12) What guidelines or standards do accountants follow?

a) GAAP

b) AcSB

c) IFRS

d) IACB

Answer: a

13) What is the accounting equation?

a) Liabilities = Assets + Owners Equity

b) Assets = Liabilities + Owners Equity

c) Owners Equity = Liabilities + Assets

d) All of the above

Answer: b

14) A financial record of a company’s revenues, expenses, and profits over a specific period of time is called the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) balance sheet

b) statement of cash flows

c) income statement

d) statement of changes in equity

Answer: c

15) Total liabilities divided by total assets is which ratio?

a) Return on equity

b) Net profit margin

c) Debt ratio

d) Liquidity ratio

Answer: c