

Package Title: Test bank
Course Title: Introduction to Accounting

Question type: Multiple Choice

1. _____ is concerned with recording the financial impacts of business processes as they are executed.
 - a. Management accounting
 - b. Financial accounting (FI)
 - c. Controlling (CO)
 - d. Bank ledger accounting
 - e. None of the above

Answer: b

Difficulty: Medium
Section Reference: Learning Objectives

2. Which of the following is a key process in financial accounting?
 - a. Sales order processing
 - b. Accounts receivable accounting
 - c. Credit management
 - d. Income verification
 - e. All of the above

Answer: b

Difficulty: Easy
Section Reference: Learning Objectives

3. Which process is used to manage money owed by customers for goods and services purchased from the company?
 - a. General ledger accounting
 - b. Accounts receivable accounting
 - c. Fixed asset accounting
 - d. Bank ledger accounting
 - e. All of the above

Answer: b

Difficulty: Medium
Section Reference: Learning Objectives

4. Which process is concerned with recording data associated with bank statements?
 - a. Bank ledger accounting
 - b. Fixed asset accounting
 - c. General ledger accounting
 - d. Accounts receivable accounting
 - e. None of the above

Answer: a

Difficulty: Easy

Section Reference: Learning Objectives

5. _____ are internal divisions of an enterprise that are used to define areas of responsibility or to meet the external reporting requirements of an enterprise segment.
- Cost centers
 - Depreciation areas
 - Business areas
 - Sub-ledgers
 - None of the above

Answer: c

Difficulty: Medium

Section Reference: Organizational Data

6. Which term refers to an ordered listing of accounts that comprise a company's general ledger?
- General ledger
 - Balance sheet
 - Bank ledger
 - Chart of accounts (COA)
 - None of the above

Answer: d

Difficulty: Medium

Section Reference: Master Data

7. Which term represents what a company owns, such as cash, inventory of materials, and buildings?
- Liabilities
 - Equity
 - Assets
 - Revenues
 - None of the above

Answer: c

Difficulty: Medium

Section Reference: General Ledger Accounting

8. Which term represents what a company owes to others, including money owed to vendors and loans from financial institutions?
- Liabilities
 - Equity
 - Assets
 - Revenues
 - None of the above

Answer: a

Difficulty: Medium

Section Reference: General Ledger Accounting

9. Which term represents the monies a company earns by selling its products and services?
- a. Liabilities
 - b. Assets
 - c. Expenses
 - d. Revenue
 - e. Equity

Answer: d

Difficulty: Medium

Section Reference: General Ledger Accounting

10. Which term represents the costs associated with creating and selling products and services?
- a. Assets
 - b. Expenses
 - c. Liabilities
 - d. Equity
 - e. None of the above

Answer: b

Difficulty: Medium

Section Reference: General Ledger Accounting

11. Which element is *not* a part of the typical company code data in general ledger accounts?
- a. Tax-related data
 - b. Field status groups
 - c. Line item display
 - d. Reconciliation account data
 - e. None of the above

Answer: e

Difficulty: Difficult

Section Reference: General Ledger Accounting

12. Which term is a general ledger account that consolidates data from a group of related sub-ledger accounts?
- a. Subsidiary ledger
 - b. Sub-ledger
 - c. Reconciliation account
 - d. Line item display
 - e. None of the above

Answer: c

Difficulty: Medium

Section Reference: Subsidiary ledgers and Reconciliation Account

13. Which of the following records the impact of a transaction step on financial accounting?
- a. Financial accounting document

- b. Parallel accounting document
- c. Sub-ledger
- d. Subsidiary ledger
- e. None of the above

Answer: a

Difficulty: Medium

Section Reference: Accounting Documents

14. Which of the following is used to implement multiple ledgers and use each ledger for different purposes?

- a. Financial accounting document
- b. Subsidiary ledger
- c. Sub-ledger
- d. Parallel Accounting
- e. None of the above

Answer: d

Difficulty: Easy

Section Reference: Parallel Accounting

15. Which type of asset has a physical form?

- a. Master asset
- b. Tangible asset
- c. Informal asset
- d. Intangible asset
- e. None of the above

Answer: b

Difficulty: Easy

Section Reference: Asset Accounting

16. Which type of asset has a non-physical form?

- a. Master asset
- b. Tangible asset
- c. Informal asset
- d. Intangible asset
- e. None of the above

Answer: d

Difficulty: Easy

Section Reference: Asset Accounting

17. Which of the following is used to report data needed to meet legal and regulatory requirements?

- a. Assets
- b. Equity
- c. Tangible document
- d. Financial statement
- e. None of the above

Answer: d

Difficulty: Medium

Section Reference:

18. Which of the following best describes the operative chart of accounts?

- a. Contains the operational accounts that are used to record the financial impact of an organization's day-to-day transactions
- b. Used to enable companies to meet special country-specific reporting requirements
- c. Contains accounts that are used by multiple companies to consolidate their financial reporting
- d. Contains only accounts payable transactions
- e. Contains only accounts receivable transaction

Answer: a

Difficulty: Difficult

Section Reference: Chart of accounts

19. Which of the following is not a mode of acquiring an asset for a company?

- a. Acquiring internally via the production process
- b. Acquire from a vendor using the purchasing process
- c. Acquire from a vendor without using the purchasing process
- d. Selling equipment
- e. Acquiring without a vendor

Answer: d

Difficulty: Easy

Section Reference: Asset Accounting

20. All of the following are transaction types that occur during the life of an asset except _____ .

- a. Acquisition
- b. Depreciation
- c. Allocation
- d. Retirement

Answer: c

Difficulty: Easy

Section Reference: Asset Accounting

21. Financial statements can be generated from which of the following?

- a. Operative COA
- b. Country-specific COA
- c. Both operative and country-specific COAs
- d. Neither operative nor country-specific COAs

Answer: c

Difficulty: Easy

Section Reference: Financial Statements

Question type: Multiple Answers

22. Balance sheet accounts are grouped into which of the following categories?

- a. Revenue
- b. Assets
- c. Liabilities
- d. Equity
- e. Expenses

Answer: b, c, d

Difficulty: Medium

Section Reference: General Ledger Accounting

23. An organization can possess which of the following types of assets?

- a. Tangible
- b. Intangible
- c. Financial
- d. Economic
- e. Virtual

Answer: a, b, c

Difficulty: Medium

Section Reference: Asset Accounting

24. Tangible assets can include which of the following?

- a. Computers
- b. Bonds
- c. Production Machinery
- d. Real Estate
- e. Mortgage

Answer: a, c, d

Difficulty: Medium

Section Reference: Asset Accounting

25. What are the most common transaction types that occur during the life of an asset?

- a. Production
- b. Allocation
- c. Acquisition
- d. Depreciation
- e. Retirement

Answer: c, d, e

Difficulty: Medium

Section Reference: Asset Accounting

26. What are the primary ways in which an asset can be acquired?

- a. Internally by production
- b. Internally by inventory tracking
- c. Externally by vendor
- d. Externally without a vendor
- e. By asset liquidation

Answer: a, c, d

Difficulty: Easy

Section Reference: Acquisition

27. Which of the following are common depreciation areas used in the US?

- a. Book depreciation
- b. Cost accounting depreciation
- c. Legal depreciation
- d. Special depreciation
- e. Physical depreciation

Answer: a, b, c, d

Difficulty: Medium

Section Reference: Depreciation

28. Reporting in financial accounting is broadly divided into which of the following two categories?

- a. Posting goods issue
- b. Displaying account information
- c. Generating financial statements
- d. Recording transactions
- e. Automatic posting of accounts

Answer: b, c

Difficulty: Easy

Section Reference: Reporting

29. From which of the following can financial statements be generated?

- a. Operative chart of accounts
- b. Country-specific chart of accounts
- c. Revenue accounts
- d. Assets
- e. Liability accounts

Answer: a, b

Difficulty: Difficult

Section Reference: Financial Statements

30. What is true about a business area?

- a) It is a internal division of an enterprise
- b) It helps management monitor performance
- c) It is used for external reporting

- d) It is associated with one company code

Answer: a, b, c

Difficulty: Easy

Section Reference: Organizational Data

31. Which of the following are types of chart of accounts?
- a) Operative COA
 - b) Country specific COA
 - c) Active COA
 - d) Group COA

Answer: a, b, d

Difficulty: Medium

Section Reference: Chart of Accounts

32. What does the COA data include?
- a) Client segment
 - b) Storage location segment
 - c) Plant segment
 - d) Company code segment

Answer: a, d

Difficulty: Medium

Section General Ledger Accounts

33. The COA segment of the COA data includes which of the following?
- a) Account currency
 - b) Account number
 - c) Account group
 - d) Short text

Answer: b, c

Difficulty: Medium

Section General Ledger Accounts

34. Which of the following does the balance sheet include?
- a) Revenue
 - b) Expenses
 - c) Assets
 - d) Liabilities

Answer: c, d

Difficulty: Easy

Section General Ledger Accounts

35. Which of the following statements concerning reconciliation accounts are true?
- a) Reconciliation account for customers is accounts payable
 - b) Reconciliation account for customers is accounts receivable

- c) Reconciliation account for vendors is accounts payable
- d) Reconciliation account for vendors is accounts receivable

Answer: b, c

Difficulty: Easy

Section Subsidiary Ledgers and Reconciliation Accounts

36. Which of the following statements regarding reconciliation accounts are *not* true?
- a) Data are posted directly into them
 - b) Data are automatically posted into them after they are posted to the corresponding sub-ledger
 - c) The reconciliation account includes the sum of the postings of the sub-ledgers.
 - d) None of the above

Answer: a

Difficulty: Easy

Section Subsidiary Ledgers and Reconciliation Accounts

37. Which attributes are present in the FI document items?
- a) Amount
 - b) Document type
 - c) Posting date
 - d) Currency
 - e) Posting key

Answer: a, e

Difficulty: Medium

Section Accounting Documents

38. Which attributes are present in the FI document header?
- a) Amount
 - b) Document type
 - c) Posting date
 - d) Currency
 - e) Posting key

Answer: b, c, d

Difficulty: Medium

Section Accounting Documents

39. Which of the following statements concerning the leading ledger are true?
- a) It is a type of sub-ledger
 - b) Global accounting principles are consolidated into it
 - c) Having a leading ledger is optional
 - d) All transaction data are posted to it

Answer: b, d

Difficulty: Medium

Section Parallel Accounting

40. A cost center:

- a) Absorbs costs
- b) Can be associated with a department
- c) Is similar to a cost object
- d) Is associated with locations where costs are incurred

Answer: a, b, c, d

Difficulty: Easy

Section Concepts in Management Accounting

41. When does a debit take place?

- a) When assets and expenses decrease
- b) When assets and expenses increase
- c) When revenue and liabilities decrease
- d) When revenue and liabilities increase

Answer: b, c

Difficulty: Easy

Section General Ledger Accounting

42. Balance sheet accounts are grouped into:

- a) Assets
- b) Liabilities
- c) Equity
- d) Revenue

Answer: a, b, c

Difficulty: Easy

Section General Ledger Accounting

43. When does a credit take place?

- a) When assets and expenses decrease
- b) When assets and expenses increase
- c) When revenue and liabilities decrease
- d) When revenue and liabilities increase

Answer: a, d,

Difficulty: Easy

Section General Ledger Accounting

44. In accounts payable, which general ledger accounts are affected?

- a) Accounts payable reconciliation
- b) Vendor
- c) Supplies expense
- d) Bank

Answer: a, c, d

Difficulty: Easy

Section Accounts Payable Accounting

45. In accounts receivable, which general ledger accounts are affected?

- a) Accounts receivable reconciliation
- b) Sales revenue
- c) Bank
- d) Supplies expense

Answer: a, b, c

Difficulty: Easy

Section Accounts Receivable Accounting

Question type: True or False

46. Accounting processes are broadly divided into two main categories: financial accounting and management accounting.

Answer: True

Difficulty: Easy

Section Reference: Learning Objectives

47. Financial accounting (FI) is concerned with recording the financial impacts of business processes as they are executed.

Answer: True

Difficulty: Medium

Section Reference: Learning Objectives

48. Management accounting, or controlling (CO), is intended primarily for audiences outside the organization.

Answer: False

Difficulty: Medium

Section Reference: Learning Objectives

49. Accounts payable accounting is not associated with the procurement process.

Answer: False

Difficulty: Medium

Section Reference: Learning Objectives

50. The general ledger is used to record the financial impacts of business process steps.

Answer: True

Difficulty: Easy

Section Reference: Learning Objectives

51. The balance sheet is a snapshot of the organization at a point in time.

Answer: True

Difficulty: Easy
Section Reference: Learning Objectives

52. A segment is a division of an enterprise for which management monitors performance separately from other segments.

Answer: True

Difficulty: Medium
Section Reference: Organizational Data:

53. Business areas are external departments of an enterprise that are used to define areas of responsibility or to meet the internal requirements of a division.

Answer: False

Difficulty: Difficult
Section Reference: Organizational Data

54. A list of accounts that can be included in a general ledger is called master data.

Answer: False

Difficulty: Difficult
Section Reference: Master Data

55. A chart of accounts (COA) is an ordered listing of accounts that comprise a company's general ledger.

Answer: True

Difficulty: Easy
Section Reference: Chart of Accounts

56. Liabilities are what the company owns, such as cash, land, and buildings.

Answer: False

Difficulty: Easy
Section Reference: General Ledger Accounts

57. Assets are monies the company earns by selling its products and services.

Answer: False

Difficulty: Medium
Section Reference: General Ledger Accounts

58. Expenses are what the company owes to others, including money owed to vendors and loans from financial institutions.

Answer: False

Difficulty: Difficult
Section Reference: General Ledger Accounts

59. Account currency determines the currency in which all the transactions are recorded.

Answer: True

Difficulty: Easy

Section Reference: General Ledger Accounts

60. A reconciliation account records the impact of a transaction step on financial accounting.

Answer: False

Difficulty: Difficult

Section Reference: Subsidiary Ledgers and Reconciliation Accounts

61. A financial accounting document is a general ledger account that consolidates data from a group of sub-ledger accounts, such as customers and vendors.

Answer: False

Difficulty: Difficult

Section Reference: Accounting Documents

62. Parallel accounting consists of implementing multiple ledgers and using each ledger for different purposes.

Answer: True

Difficulty: Easy

Section Reference: Parallel Accounting

63. An increase in an asset account or an expense account results in a credit posting.

Answer: False

Difficulty: Medium

Section Reference: General Ledger Accounting

64. An increase in revenue or liability results in a debit posting.

Answer: False

Difficulty: Medium

Section Reference: General Ledger Accounting

65. Accounts payable accounting is concerned with vendors.

Answer: True

Difficulty: Easy

Section Reference: Accounts Receivable (AR) Accounting

66. Accounts receivable accounting is concerned with customers.

Answer: True

Difficulty: Easy

Section Reference: Accounts Receivable (AR) Accounting

67. Within accounts receivable accounting, when a payment is made the bank account is debited and the appropriate customer account is credited.

Answer: True

Difficulty: Medium

Section Reference: Accounts Receivable (AR) Accounting

68. Intangible assets are physical items such as buildings, machinery, and computers.

Answer: False

Difficulty: Medium

Section Reference: Asset Accounting

69. Tangible assets are non-physical items such as trademarks and patents.

Answer: False

Difficulty: Medium

Section Reference: Asset Accounting

70. Financial accounting is affected any time money either leaves or comes into the company.

Answer: True

Difficulty: Easy

Section Reference: Integration with other processes

71. Reporting within financial accounting is divided into two categories: generating financial statements and displaying account information.

Answer: True

Difficulty: Medium

Section Reference: Reporting

72. Financial statements can be generated for different organizational levels including one or more company codes and business areas.

Answer: True

Difficulty: Medium

Section Reference: Financial Statements