

...UNIT 2: Introduction to Accounting and Business - Review

1. Which of the following best describes accounting

Answer: B - is an information system that provides reports to stakeholders.

2. Which of the following group of companies are all examples of a merchandising business?

Answer: C - GamesStop, Best Buy, Gap

3. Which of the following is the best description of accounting's role in business

Answer: A - Accounting provides information to managers to operate the business and to other stakeholders to make decisions regarding the economic condition of the company.

4. Smith Company purchased \$105,000 of computer equipment from Brown Company Smith Company paid for the equipment using cash that had been obtained from the initial investment by Connie Smith. The transaction involving the computer equipment should be recorded on the accounting records of which of the following entities?

Answer: B - Smith Company and Brown Company

5. Equipment with an estimated market value of \$45,000 is offered for sale at \$65,000. The equipment is acquired for \$10,000, in cash and a note payable of \$40,000 due in 30 days. The amount used in the buyer's accounting records to record this acquisition is

Answer: D - \$50,000

6. From Problem 1-3A what is total Net Income for Mariner Financial Services?

Answer: A - \$23,665

7. From Problem 1-3A what is the net cash flow used from operating activities for Mariner Financial Services?

Answer: B - \$ 29,140

8. From Problem 1-6A what is supplies expense (b) for Cayenne Realty?

Answer: D - \$12,000

9. From, 1-6A what is the ending capital balance (g) from Cayenne Realty?

Answer: C - \$1,85,600

10. From Problem 1-6A what is the ending total assets (h) for Cayenne Realty?

Answer: C - \$192,000