

Accounting Chapter 3 Test

True/False

Indicate whether the statement is true or false.

- _____ 1. After each transaction, the basic accounting equation should remain in balance.
- _____ 2. A business transaction affects at least two accounts.
- _____ 3. "Assets + Liabilities = Owner's Equity" is another way to express the basic accounting equation.
- _____ 4. The increases and decreases caused by business transactions are recorded in specific accounts.
- _____ 5. The free enterprise system is based on the right to own property.
- _____ 6. One of the purposes of accounting is to provide financial information about property and the rights to that property.
- _____ 7. The owner's claims to the assets of a business are liabilities.
- _____ 8. A creditor has a financial claim to the assets of a business.
- _____ 9. An account is a record of only the increases in the balance of a specific item such as cash or equipment.
- _____ 10. The total financial claims do not have to equal the total cost of the property.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

Matching

Match each item with the correct statement below.

a. account	k. expenses
b. accounting equation	l. financial claims
c. accounts payable	m. investments
d. accounts receivable	n. liabilities
e. asset	o. on account
f. business transaction	p. owner's equity
g. capital	q. property
h. credit	r. property rights
i. creditor	s. revenue
j. equity	t. withdrawal

____ 19. An economic event that causes a change in assets, liabilities, or owner's equity is called a(n) ____.

____ 20. The owner's investment in the business is represented by the ____ account.

____ 21. The total amount of money to be received in the future for goods or services sold on credit is the ____.

____ 22. Anything of value that is owned or controlled by an individual or a business is called ____.

____ 23. When an owner takes cash or other assets out of a business for personal use, the transaction is called a(n) ____.

____ 24. Any property or item of value owned by a business is a(n) ____.

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Answer Section**TRUE/FALSE**

1. ANS: T	PTS: 1	NAT: NBEA I.A.
2. ANS: T	PTS: 1	NAT: NBEA I.A.
3. ANS: F	PTS: 1	NAT: NBEA I.A.
4. ANS: T	PTS: 1	NAT: NBEA I.A.
5. ANS: T	PTS: 1	
6. ANS: T	PTS: 1	NAT: NBEA I.A.
7. ANS: F	PTS: 1	NAT: NBEA I.A.
8. ANS: T	PTS: 1	NAT: NBEA I.A.
9. ANS: F	PTS: 1	NAT: NBEA I.A.
10. ANS: F	PTS: 1	NAT: NBEA I.A.

MULTIPLE CHOICE

11. ANS: C	PTS: 1	NAT: NBEA I.A.
12. ANS: A	PTS: 1	
13. ANS: B	PTS: 1	
14. ANS: B	PTS: 1	
15. ANS: D	PTS: 1	
16. ANS: B	PTS: 1	NAT: NBEA I.A.
17. ANS: A	PTS: 1	
18. ANS: C	PTS: 1	NAT: NBEA I.A. NBEA II.C.

MATCHING

19. ANS: F	PTS: 1	NAT: NBEA I.A.
20. ANS: G	PTS: 1	NAT: NBEA I.A.
21. ANS: D	PTS: 1	NAT: NBEA I.A.
22. ANS: Q	PTS: 1	NAT: NBEA I.A.
23. ANS: T	PTS: 1	NAT: NBEA I.A. NBEA II.C.
24. ANS: E	PTS: 1	NAT: NBEA I.A.