

Name \_\_\_\_\_

Baseline Assessment

Date \_\_\_\_\_

Accounting 1

**Part 1: Instructions:** Place a check mark under the column for each account to determine which Financial Statement the accounts belongs on.

Financial Information	A. Income Statement	B. Statement of Change in Owner's Equity	C. Balance Sheet	D. SOCOE & Balance Sheet	E. Income Statement & SOCOE
1. Cash					
2. Total expenses					
3. Ending capital					
4. Accounts Payable					
5. Rent Expense					
6. Total Liabilities					
7. Commission Revenue					
8. Investment by Owner					
9. Total Assets					
10. Beginning Capital					
11. Withdrawals by Owner					
12. Net Loss					
13. Computer Equipment					
14. Net Income					
15. Service Fees					
16. Accounts Receivable					
17. Total Liabilities & Owner's Equity					

**Part 2:** Directions: Read each question below and select the best answer.

18. The normal balance of the Income Summary account is?

- a. debit
- b. no normal balance
- c. credit
- d. right side of T account

19. Which one of the following internal controls would protect cash?

- a. a camera located outside the building
- b. sign in for the same register
- c. locked safe with limited people handling
- d. locked box left in office

20. The purpose of the closing entry is to:
- a. close out the permanent accounts
  - b. close out the temporary accounts
  - c. get an up-to-date balance
  - d. to prepare the next years financial papers
21. If a business purchased a new computer system for cash the account debited would be?
- a. Accounts Receivable
  - b. Computer Equipment
  - c. Computer Software
  - d. Cash
22. Accounts Receivable is?
- a. a liability account
  - b. an asset account
  - c. an equity account
  - d. none of the above
23. Accounts Payable is?
- a. an asset account
  - b. an owner`s equity account
  - c. an equipment account
  - d. a liability account
24. The purchase of a desk on account will increase Office Furniture and will also increase:
- a. cash in bank
  - b. accounts receivable
  - c. accounts payable
  - d. owner`s capital
25. When a business buys an item on credit, it is buying?
- a. on sale
  - b. on-line
  - c. on account
  - d. on the cusp
26. An economic event that causes an increase or decrease in assets, liabilities, or owner`s equity is called?
- a. accounts receivable
  - b. a business transaction
  - c. an account
  - d. accounts payable
27. If the owner of a business transferred a telephone from her home to the business, the account credited would be?
- a. owner`s capital
  - b. cash
  - c. office equipment
  - d. company expenses
28. If an owner deposits \$3,000 in the business checking account, the two accounts affected are?
- a. accounts payable and expenses
  - b. cash in bank and owner`s capital
  - c. cash in bank and accounts payable
  - d. accounts receivable and accounts payable
29. Income earned from the sale of goods or services is called?
- a. a liability
  - b. revenue
  - c. an expense
  - d. sales allowances
30. When an owner takes cash or other assets from the business for personal use it is called?
- a. cash allowance
  - b. owner`s claim
  - c. a withdrawal
  - d. capital reduction
31. Each of the following is an expense except a payment for?
- a. advertising
  - b. utility bills
  - c. monthly rent
  - d. equipment

32. The process of determining any differences between a checkbook and a bank statement is called?
- a. reconciling the bank statement
  - b. accounting for outstanding checks
  - c. reconciling the service statement
  - d. closing the books
33. The price paid for goods or services used to operate a business is called?
- a. overhead
  - b. revenue
  - c. an asset
  - d. an expense
34. The last step in the accounting cycle is
- a. the trial balance
  - b. post-closing trial balance
  - c. the financial statements
  - d. closing entries
35. The correct order for accounts to be listed in a chart of accounts is?
- a. Revenues, Liabilities, Owner`s Equity, Assets, Expenses
  - b. Expenses, Revenue, Assets, Liabilities, Owner's Equity
  - c. Assets, Liabilities, Owner`s Equity, Revenue, Expense
  - d. Assets, Liabilities, Owner`s Equity, Expenses, Revenue
36. To keep track of accounts, a business develops?
- a. a business plan
  - b. a chart of accounts
  - c. a T account
  - d. a charter
37. After the closing process
- a. all accounts have zero balances
  - b. temporary accounts have zero balances
  - c. all accounts have the prior period ending balance
  - d. permanent accounts have zero balances
38. Liability and owner`s equity are?
- a. decreased on the credit side
  - b. increased on the credit side
  - c. decreased on the right side
  - d. not handled the same
39. Which tax form determines the amount of Federal and State tax that is withheld from your gross pay?
- a. W4
  - b. W2
  - c. W7
  - d. W10
40. An accounting system that affects at least two accounts is called?
- a. double-entry accounting
  - b. double-balance accounting
  - c. keeping two sets of books
  - d. ledger accounting
41. The process of determining any differences between a checkbook and a bank statement is called?
- a. reconciling the bank statement
  - b. accounting for outstanding checks
  - c. reconciling the service statement
  - d. closing the books

42. When reconciling the bank statement, the checks should be sorted in?
- a. date order
  - b. numerical order
  - c. date of clearance order
  - d. check order
43. Which tax form is prepared on an individual tax return?
- a. 1043 ES
  - b. 1044 IRS
  - c. 1040 EZ
  - d. 1040 IND
44. Steps taken by a business to protect cash and other assets are called?
- a. external controls
  - b. asset protection
  - c. internal controls
  - d. insurance
45. The journal entry for recording purchases of merchandise for cash is?
- a. debit Cash in Bank and credit Purchases
  - b. debit Purchases and credit Cash in Bank
  - c. debit Accounts Receivable and credit Purchases
  - d. debit Purchases and credit Accounts Receivable
46. At the beginning of an accounting period, the dollar amount of merchandise in stock is indicated by?
- a. a debit in the Merchandise Inventory account
  - b. a credit balance in the Merchandise Inventory account
  - c. a debit balance in the Purchases account
  - d. a credit balance in the Purchases account
47. The wage form used to prepare a tax return is?
- a. W7
  - b. W10
  - c. W4
  - d. W2
48. The journal entry for a cash refund is?
- a. debit Cash in Bank, credit Sales Returns and Allowances
  - b. debit Sales Returns and Allowances, credit Cash in Bank
  - c. debit Cash in Bank, credit Sales
  - d. debit Sales, credit Cash in Bank
49. Posting is the process of
- a. analyzing expenses
  - b. transferring cash to a personal account
  - c. transferring information from the general journal to individual general ledger accounts
  - d. completing the accounting cycle
50. Amounts transferred to income summary represent
- a. all the revenues of a company
  - b. increases and decreases in owner`s equity
  - c. all the expenses of a company
  - d. the asset balance of a company

**Accounting 1 Baseline assessment answer key**

<b>1 C</b>	<b>11 B</b>	<b>21 B</b>	<b>31 D</b>	<b>41 A</b>
<b>2 C</b>	<b>12 E</b>	<b>22 B</b>	<b>32 A</b>	<b>42 B</b>
<b>3 D</b>	<b>13 C</b>	<b>23 D</b>	<b>33 D</b>	<b>43 C</b>
<b>4 C</b>	<b>14 E</b>	<b>24 C</b>	<b>34 B</b>	<b>44 C</b>
<b>5 A</b>	<b>15 A</b>	<b>25 C</b>	<b>35 C</b>	<b>45 B</b>
<b>6 C</b>	<b>16 C</b>	<b>26 B</b>	<b>36 B</b>	<b>46 A</b>
<b>7 A</b>	<b>17 C</b>	<b>27 A</b>	<b>37 B</b>	<b>47 D</b>
<b>8 B</b>	<b>18 B</b>	<b>28 B</b>	<b>38 B</b>	<b>48 B</b>
<b>9 C</b>	<b>19 C</b>	<b>29 B</b>	<b>39 A</b>	<b>49 C</b>
<b>10 B</b>	<b>20 B</b>	<b>30 C</b>	<b>40 A</b>	<b>50 B</b>