## THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

- 1. What is the purpose of the accounting cycle?
- 2. Provide an example of each of the professional practices expected of accountants.
- - b. financial transactions
  - c. the accounting cycle
  - d. the accounting equation
- 4. True or False? \_\_\_\_\_ Accounting deals with the financial future of a business while finance deals with its past.
- 5. Which of the following is not a purpose of completing the accounting cycle?
  - a. to ensure the completeness and accuracy of accounting records
  - b. to prepare summary financial statements
  - c. to close the books of a company in order to report on its financial condition as of a specific date
  - d. all of the above are purposes
- 6. True or False? \_\_\_\_\_ A business should use common and consistent financial reporting periods in order to compare past, current, and future financial performance.
- The accounting principle of \_\_\_\_\_\_ states that a company's financial statements and supporting information should contain all relevant facts and explanations.
  a. revenue recognition
  - b. historic costs
  - c. full disclosure
  - d conservatism
  - d. conservatism
- 8. Which of the following is a responsibility of finance rather than accounting?
  - a. organizing a system of financial records
  - b. recording financial data
  - c. analyzing and choosing among investment alternatives
  - d. preparing financial statements
- 9. Which of the following is the first step in the accounting cycle?
  - a. financial statements are prepared
  - b. a trial balance of accounts is prepared
  - c. journal entries are posted in the appropriate accounts
  - d. transactions are recorded in journals
- 10. The accounting procedure that recognizes revenues and expenses when they are incurred rather than when cash is received or spent is known as \_\_\_\_\_
  - a. expense and revenue matching
  - b. accrual accounting
  - c. the accounting cycle
  - d. full disclosure