

Q1: All of the following are characteristics of a partnership, except:

- A. is not considered a separate legal entity.
- B. the owners are liable for corporation's debts.
- C. It has a definite life.
- D. has two or more owners, and called stockholders.

Q2: Unlimited liability and definite business life are characteristics of a partnership and sole proprietorship

- ☐ True
- ☐ False

Q3: Limited liability and separate taxation are characteristics of a sole proprietorship and corporation.

- ☐ True
- ☐ False

Q4: Internal users include employees, managers, officers, and customers.

- ☐ True
- ☐ False

Q5: A limited liabilities company is a business owned by two or more people.

- ☐ True
- ☐ False

Q6: All of the following are characteristics of partnership, except:

- A. Is not considered a separate legal entity.
- B. Has two or more owners, and called stockholders.
- C. It has a definite life.
- D. The owners are liable for corporation's debts.

Q7: On November 1, ABC company purchased building for \$700,000. The market value of building is \$1,000,000. ABC company has recorded the building in the balance sheet for \$1,000,000. This would contradict:

- A. Measurement principle.
- B. Time period assumption.
- C. Monetary unit assumption.
- D. Expense recognition principle.

Q8: The rule that requires financial statements to reflect the assumption that the business will continue operating instead of being closed or sold, unless evidence shows that it will not continue, is the:

- A. Going-concern assumption.
- B. Business entity assumption.
- C. Objectivity principle.
- D. Cost Principle.
- E. Monetary unit assumption.

Q9: To include the personal assets and transactions of a business's owner in the records and reports of the business would be in conflict with the:

- A. Objectivity principle.
- B. Monetary unit assumption.
- C. Business entity assumption.
- D. Going-concern assumption.
- E. Revenue recognition principle.

Q10: The accounting principle that requires accounting information to be based on actual cost and requires assets and services to be recorded initially at the cash or cash-equivalent amount given in exchange, is the:

- A. Accounting equation.

- B. Cost principle
- C. Going-concern assumption.
- D. Realization principle.
- E. Business entity assumption.

Q11: The accounting assumption that requires every business to be accounted for separately from other business entities, including its owner or owners is known as the:

- A. Time-period assumption.
- B. Business entity assumption
- C. Going-concern assumption.
- D. Revenue recognition principle.
- E. Cost principle.