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Exercise 01:

Are the following statements (sentences) true or false? Correct the false statements.

- 1- The owners of limited companies have to pay all the company's debts. *false* (1)
are not liable for the company's debts
- 2- The objectivity principle of accounting says that accounts should be based on personal feelings and opinions. *false* (1)
Accounts should be based on truth.
- 3- Accountants are people who prepare financial statements. *True* (1)
- 4- All the money coming into a company during a period of time is cost. *false* (1)
is revenue
- 5- People working on commission always get paid the same amount. *false* (1)
variable amount.
- 6- A balance sheet shows how much money a company has spent or received during a year. *false* (1)
what the company owns and what owes.
- 7- The two sides or halves of a balance sheet always have the same total. *True* (1)
- 8- Intangible assets include things that we can touch such as buildings and equipments. *false* (1)
we can't touch
- 9- Shareholders equity consists of the money paid for shares and retained earnings. *True* (1)
- 10- Shareholders equity is recorded on the balance sheet as assets, because it is belonging to the company. *false* (1)
as liabilities

- 11- The revenue of the company in the past year is shown on the balance sheet. false (1)
 // is not shown //
- 12- Liabilities are amounts of money that a company owns. false (1)
 // owes //
- 13- Long term investments are current assets. false (1)
 // are non-current assets //
- 14- A bonus is money paid to professional people such as lawyers and architects. false (1)
 // paid to employees of the company //
- 15- Tax is money paid to finance government spending. True (1)
- 16- When people want to set up or start a company, they need money, called profit. false (1)
 // called capital //
- 17- Money that is owed -that will have to be paid- to other people or businesses is a dividend. false (1)
 // is a liability //
- 18- Accounting involves recording summarizing an organization's transactions or business deals. True (1)
- 19- An internal audit is carried out by auditors who are not employees of the company. false (1)
 // who are employees //
- 20- Revenue minus the cost of sales and operating expenses, such as rent and salaries, is known as profit or net income. True (1)

Good luck dear students