



Accounting and Financial Reporting – Extra Questions

Meeting 2



Welcome To Success Formula Extra Questions

What Is It?

This free set of custom questions gives you a clear taste of what to expect on the exam and helps you check if you are keeping up with the material. They are based on our Weekly Meetings and cover the key topics you need to know. The difficulty of each question is shown in the corner by the number of lit Success Formula logos. Share, discuss, and have fun testing your knowledge with them! 😊

How Does It Work?

Give the questions a go on your own! We are not giving the answers on purpose. Peeking would make it way too easy. Stuck or unsure? Come into into our WhatsApp group and discuss them with us. The link/QR is on the last slide if these questions were shared with you.



Exam Time!



Question

Which of the following statements is correct?

Answers

- A. Accrual accounting records revenues when customers make payments.
 - B. Accrual accounting records expenses when they are incurred, regardless of the cash payment.
 - C. Cash accounting records revenues when the business fulfills its performance obligation.
 - D. Cash accounting follows the revenue and expense recognition principles.
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Exam Time!



Question

Success Formula rents out its building to student consultancies in Maastricht for 1,200€ for one year starting on November 1st. The required adjusting entry on December 31st is as following:

Answers

- A. Debit Prepaid Expense 1,200€; Credit Cash 1,200€
 - B. Debit Prepaid Expense 200€; Credit Cash 200€
 - C. Debit Cash 1,200€; Credit Unearned Revenue 1,200€
 - D. Debit Unearned Revenue 200€; Credit Revenue 200€
-



Exam Time!



Question

Success Formula has just completed a fabulous year of helping students with their university work. We are now required to prepare our financial statements. We should first prepare the:

Answers

- A. Statement of Financial Position
 - B. Balance Sheet
 - C. Income Statement
 - D. Cash Flow Statement
-



Exam Time!



Question

Success Formula has incurred an expense in 2025, but will not pay it until February 2026. Using the accrual basis of accounting, the expense should appear on:

Answers

- A. The 2025 income statement
 - B. The 2026 income statement
 - C. Neither the 2025 nor the 2026 income statement
 - D. The 2026 balance sheet
-



Exam Time!



Question

During 2025, Success Formula has the following transactions:

November 1st: We receive 12,000€ cash for a 6-month tutoring contract starting immediately.

November 1st: We performed 8,000€ of services that have not yet been billed.

December 31st: Our tutors have earned 4,500€ of salaries that will be paid in early January.

December 31st: A supplies expense was recorded for 1,000€.

After recording all proper adjusting entries on December 31st, what is the net income reported?

Answers

- A. 7,500€
- B. 7,000€
- C. 6,500€
- D. 6,000€



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