

***Core Concepts of Accounting Information Systems
14th edition Simkin Test Bank***

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Chapter 2

ACCOUNTING ON THE INTERNET

True-False Questions

1. The domain address of a web page is the equivalent of its universal resource locator (URL).
2. The Internet Protocol address is a numerical translation of the text-based domain address.
3. Another name for a URL is the term “domain address.”
4. Most accountants believe that auditors do *not* need to concern themselves with IP addresses.
5. ICANN is an acronym that stands for Internet Control and Network Numbers.
6. An example of an Internet domain address is www.Wiley.com.
7. The new standard is IPv6 that uses 128 bits for Internet protocol addresses.
8. Intranets do *not* use the same software as the Internet.
9. An extranet is a network that a business might establish with its trading partners.
10. The World Wide Web is the text portion of the Internet.
11. The term “blog” is an acronym that stands for “binary login.”
12. Social media is important to marketers, but only of passing interest to accountants.
13. Surveys suggest that less than half of all companies use social media for business purposes.
14. Groupware is the technology that enables knowledge sharing and knowledge management among employees.
15. XBRL is not related to XML.
16. XBRL allows users to extract and compare financial data from many different companies.
17. HTML tags describe how data and graphics should be presented by a web browser.

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18. The SEC will *not* accept XBRL formatted data in electronically filed financial reports.
19. All electronic commerce takes place over the Internet.
20. XBRL is an acronym for “extensive business reports and liabilities.”
21. XBRL is a type of XML.
22. A set of XBRL tags identifies the data it contains as well as indicates how to display that data.
23. An advantage of XBRL is its ability to express semantic meaning—i.e., to express such relationships as “assets = liabilities + equity.”
24. IDEA is a computer system used by the Securities and Exchange Commission (SEC).
25. IDEA uses XBRL-coded data of corporate financial statements.
26. An advantage of XBRL is that the tags have been completely standardized by the XBRL International Consortium and these standards are now fixed.
27. An advantage of XBRL is that it can save companies the cost of rekeying financial data from one computer application to another.
28. An important disadvantage of XBRL is that most accounting packages *cannot* read or write documents in XBRL format.
29. E-wallets store customer data to facilitate online purchases. They do *not* store dollars.
30. ~~Bitcom is an example of a virtual currency. Use of electronic procurement systems typically raises purchasing costs. Bitcoin is an example of a virtual currency.~~
31. ~~A disadvantage of a virtual currency is the unwillingness of some to accept payments. To date, e-commerce has had less impact on accounts payable and accounts receivable than on procurement and inventory tracking.~~
A disadvantage of a virtual currency is the unwillingness of some to accept payments in such currency.
32. EDI automates the exchange of business information, particularly with respect to source documents.
33. EDI can only be used by private, for-profit businesses.
34. A major issue impacting e-business is the trade-off between accessibility and vulnerability.

35. Firewalls are virtually unbreachable and offer assurance against ~~any~~ all viruses.
36. Proxy servers can act as firewalls and can also limit employee Internet access to approved web addresses only.
37. Data encryption renders a text message unreadable during data transmission, even if intercepted.
38. Public key encryption requires the use of a pair of public/private encryption keys.
39. Digital signatures can *never* be as secure as written signatures.
40. Digital time stamping authenticates the time and sometimes the place a transmission or transaction occurred.
41. For all its exposure in the popular press media, identity theft affects a relatively small number of people and, in total, involves a small amount of losses per year.
42. Three types of access security are (1) what you have, (2) what you know, and (3) who you are.
43. Spam is annoying, but *not* a particularly costly or bothersome, to most businesses or government agencies.
44. The term “phishing” refers to the use of web pages or other means to trick viewers into revealing their passwords or other personal information.
45. Worldwide, ~~the total~~ ~~the total~~ number of phishing attacks ~~annual financial losses resulting from all phishing activities is increasing.~~ was less than \$1 billion in 2010.
46. Two types of firewall policies are protection by (1) inclusion, and (2) exclusion.
47. An advantage of a proxy server is the ability to store commonly-requested web pages in memory, thereby enabling it to respond quickly to internal user requests for them.
48. The term “B2B” is Internet slang for “back to basics.”
49. BASF is one of the world’s largest telephone companies.
50. EDI is an acronym standing for “electronic delayed interface.”
51. The term “SaaS” is an acronym standing for “software as a service.”
52. When a cloud service company hosts a client’s website, this is an example of “platform as a service.”

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53. For most businesses, cloud computing is an example of outsourcing.

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- 54. The heaviest demands on book publishing websites come in the weeks just prior to the start of a fall or spring semester.
- 55. Mozy ~~is a cloud~~ Home ~~is a cloud~~ provider of backup services.
- 56. One important personal category of cloud computing for accountants is educational services.
- 57. The Department of Justice prosecutes identity theft under the ITADA Act of 1998.
- 58. An example of a social networking site is eBay.
- 59. An example of a social networking site is FaceBook.
- 60. Businesses can use social networking sites to better understand the reactions to new products or services.
- 61. Social networks do *not* pose privacy concerns.
- 62. The most common reason businesses outsource is to increase control over their data and data processing tasks.

Multiple-Choice Questions

- 63. An example of an Internet service provider is:
 - a) General Electric
 - b) AOL
 - c) PeachTree
 - d) ISP
 - e) none of these
- 64. Another name for an Internet *domain address* is its:
 - a) URL
 - b) ISP
 - c) email address
 - d) IETF
- 65. An example of a URL is:
 - a) .gov
 - b) 100.100.100.100
 - c) www.wiley.com
 - d) Title

66. In the Internet address [www.Name.com.X](#), the term X usually stands for:
- a) A country
 - b) A city
 - c) An abbreviation such as “gov”
 - d) A transmission protocol
67. Which of these is *not* a component of an IP address?
- a) A geographic region
 - b) An organization number
 - c) A computer group
 - d) A specific computer number
 - e) A specific user number
68. This organization assigns the official registry of Internet domain names.
- a) TCP
 - b) URL
 - c) ICANN
 - d) HTTP
69. An advantage of an extranet is that:
- a) It can disseminate information corporate-wide
 - b) It can be accessed by selected trading partners
 - c) Users can employ common web browsers to access information in them
 - d) all of the above
70. The letter “p” in the acronym *http* stands for:
- a) Page
 - b) Provider
 - c) Protocol
 - d) Parity
71. All of the following are normally associated with the Internet *except*:
- a) IP addresses
 - b) URL addresses
 - c) http
 - d) MICR coding
72. These allow a user to access alternate web pages from an existing page:
- a) Hyperlinks
 - b) Golf links
 - c) html titles
 - d) The XBRL tag <Web Address>

73. This language allows its users to create web pages on the Internet:
- a) HTTP
 - b) HTML
 - c) URL
 - d) COBOL
74. The “X” in the term XBRL stands for:
- a) Extra
 - b) Extensible
 - c) X-rated
 - d) Exante
75. Which of the following is true about XBRL?
- a) It is a business application of XML
 - b) It uses tags such as like HTML
 - c) It is used by the SEC to collect and store financial information about companies
 - d) all of the above are true about XBRL
76. One advantage of XBRL tags is that:
- a) They always contain links to other web pages
 - b) Optional entries allow users to specify units of currency, such as Euros
 - c) They are now fixed standards
 - d) They cannot be used by hackers
77. IDEA is used by the Securities and Exchange Commission (SEC) to:
- a) Store the financial data of public companies
 - b) Collect lists of bankrupt companies
 - c) Store the URL’s of member firms
 - d) Collect data on individuals victimized by identity theft hackers
78. All of the following are true about XBRL tags *except*:
- a) Tags are “extensible”
 - b) Tags describe the data
 - c) Tags tell how to display data
 - d) Tags are now permanently standardized across industries
79. All of the following are benefits of XBRL *except*:
- a) Companies can file financial information in one format, avoiding the errors that may come from reentering data multiple times
 - b) The SEC accepts XBRL-format for electronic filing of financial statement reports
 - c) XBRL permits the automatic and reliable exchange of financial information across many software formats and technologies, including the Internet
 - d) all of the above are benefits of XBRL
 - e) none of the above are benefits of XBRL
80. The “A” in the term IDEA (used by the SEC) stands for:

- a) Accounting
 - b) Association
 - c) Addition
 - d) Applications
 - e) Access
81. Which of these is *not* an advantage of XBRL?
- a) It often enables businesses to avoid rekeying data downloaded from corporate websites
 - b) It constrains companies to particular formats, thus ensuring consistency
 - c) It helps standardize the storage and therefore presentation of financial information
 - d) all of these are advantages of XBRL
82. Which of these is the official website of the XBRL International Consortium?
- a) www.xbrl.com
 - b) www.xbrl.org
 - c) www.xbrl.gov
 - d) www.xbrlic.com
83. Which of these best describes the current state of XBRL?
- a) It now lacks standards, but the hope is that we will get some soon
 - b) The language is completely standardized
 - c) The language is dynamic and standards are still being developed
 - d) The language now awaits official sanction by the United Nations before being released for use
84. Retail sales on the Internet:
- a) Are growing rapidly
 - b) Were growing at first, but are now declining
 - c) Are not possible on the Internet
 - d) Have only been achieved by major retailers such as Wal-Mart
85. All of these are business advantages of social media *except*:
- a) [Enables businesses to i](#)ncrease organization recognition
 - b) [Enables businesses to e](#)valuate customer reactions to new goods or services
 - c) [Enables](#) accountants to communicate with one another on projects
 - d) [Enables businesses to m](#)anage strong reactions to firm missteps early
 - e) all of these are business advantages of social media
86. Which of these best describes a firm's use of social media for monitoring employees?
- a) It is illegal
 - b) It is legal but rarely done
 - c) It enables companies to identify employees with undesirable traits
 - d) It is a required practice that is required by most worker unions
87. This company is one of the largest "auction houses" on the web:

- a) Wal-Mart
 - b) Sears, Roebuck
 - c) eBay
 - d) Forester
88. The term “click fraud” refers to:
- a) Overcharging clients when they view a website
 - b) Overcharging companies for phantom clicks on an advertising link
 - c) Misleading users into clicking on links to web sites selling illegal goods or services
 - d) none of these refers to click fraud
89. An important characteristic of E-wallets is:
- a) It is exactly the same as regular cash
 - b) It is the same as EDI
 - c) It contains the identity of the user
 - d) Users must also supply a credit card number when using it
90. A virtual currency is money that:
- a) Doesn’t actually exist
 - b) Cannot actually be purchased by anyone who is not authorized to buy it
 - c) Operates as a medium of exchange despite the fact that no company or country stands behind it
 - d) No one has ever seen, but that Internet junkies believe exists
91. An example of a virtual currency is:
- a) Negotiable bonds
 - b) Bitcoin
 - c) A certificate of deposit
 - d) The lettered stock of a company
92. All of these are advantages of a virtual currency *except*:
- a) The ability of a company to do more business if they accept the currency
 - b) No need to pay credit-card charges or large clearing house fees
 - c) The support of the issuer’s central bank in the event of default
 - d) all of these are advantages of a virtual currency
93. Which of these is an accounting drawback of a virtual currency to a company using it?
- a) Appreciation in value is reportable for tax purposes
 - b) Floating cost bases makes accounting for such assets more difficult
 - c) No central bank guarantees its value
 - d) all of these are drawbacks of virtual currencies

94. An advantage of E-wallets is that:
- a) Users do not need to re-enter personal information each time they make an online purchase
 - b) Most E-wallet information is maintained on vendor file servers
 - c) They ensure the completion of a purchase transaction over the Internet
 - d) none of the above are advantages of E-wallets
95. All of the following are examples of EDI “documents” *except*:
- a) Purchase orders
 - b) Sales invoices
 - c) Customs documents
 - d) Bar codes
96. Which of these is *not* an advantage of cloud computing?
- a) Companies must update their own software, even if stored in the cloud
 - b) Companies save money on hardware or software costs
 - c) Gives access to distant vendors or software developers
 - d) Organizations pay as they go
97. Which of these is correct about the terms “e-business” and “e-commerce.”
- a) They are exact synonyms
 - b) They are exact opposites
 - c) e-business is a subset of e-commerce
 - d) e-commerce is a subset of e-business
98. Within the context of e-commerce, the acronym B2B stands for:
- a) Back to basics
 - b) Baltimore or bust
 - c) A non-existent public broadcasting system
 - d) Business to business
99. In recent years, the most common complaint related to identity theft is:
- a) Alteration of personal information
 - b) Imbalances in financial statements
 - c) Credit card fraud
 - d) Deletions of the personal information maintained by banks and insurance companies
100. According to the textbook, which of the following statements is true about identity theft?
- a) Most personal identities are stolen by dumpster diving
 - b) There is little individuals can do to protect themselves from identity theft; this is a corporate problem
 - c) There is much that individuals can do to protect themselves
 - d) Accountants are more vulnerable to identity theft than non-accountants

101. One form of access security is determining authentic users by “who they are.” Which of the following is an example of such authentication?
- a) Verifying a password
 - b) Biometric tests such as retina scans
 - c) Requesting that the user provide his or her mother’s maiden name
 - d) Requiring the user to show a valid driver’s license
102. One form of access security is determining authentic users by “what they have.” Which of the following would be an example of such authentication?
- a) Verifying a password
 - b) Biometric tests such as retina scans
 - c) Requesting that the user provide his or her mother’s maiden name
 - d) Requiring the user to show a valid driver’s license
103. One form of access security is determining authentic users by “what they know.” Which of the following would be an example of such authentication?
- a) Verifying a password
 - b) Biometric tests such as retina scans
 - c) Requesting that the user provide an employee identification card
 - d) Requiring the user to show a valid driver’s license
104. What is the main reason why companies prefer VANs to the Internet for implementing EDI?
- a) Cost - VANs are cheaper than the Internet
 - b) Speed - VANs are faster than the Internet
 - c) Security - VANs are thought to be more secure
 - d) Convenience - VANs are everywhere
105. The letter “N” in VPN stands for:
- a) Network
 - b) Notice
 - c) Nanosecond
 - d) Nothing
106. Tricking users into providing personal information such as a social security number on a web site is an example of:
- a) Spamming
 - b) Spoofing
 - c) Proxy serving
 - d) Phishing

107. The term “spoofing” refers to:
- a) Computer hijacking
 - b) Kidding
 - c) Posing as a legitimate computer user
 - d) Distributing junk mail
108. The purpose of a company *firewall* is to:
- a) Guard against spoofing
 - b) Assist the IETF
 - c) Deny computer hackers access to sensitive data
 - d) all of the above
109. A *proxy server* is:
- a) A type of computer network often used by companies with many employees
 - b) An alternate for a company mainframe computer
 - c) A substitute for a good waiter at a restaurant
 - d) A computer dedicated to Internet access and transfers
110. The term *data encryption* refers to:
- a) Storing data in safe places called “crypts”
 - b) Transforming data into secret codes
 - c) Scrambling data systematically
 - d) none of these
111. All of the following are associated with *data encryption* except:
- a) Plaintext
 - b) Cyphertext
 - c) DES
 - d) URL
112. The term *key* in the context of data encryption refers to:
- a) A physical key similar to a house key
 - b) A logical key similar to the primary key of a data file
 - c) A mathematical function used for encryption purposes
 - d) A computer function key that can be found on keyboards
113. An interesting dimension of *public key encryption* is that:
- a) It actually requires two keys
 - b) It only requires one key
 - c) Everyone can decode a message written in it
 - d) none of these

114. A digital signature:
- a) Is the same as a hand-written signature
 - b) Is a bitmapped representation of a hand-written signature
 - c) Is encrypted data that authenticates a transmitted message
 - d) none of these
115. Third party assurance:
- a) Provides online purchasers with some assurance regarding the security and privacy of a web site
 - b) Is unlikely to concern auditors
 - c) Is a service offered only by the American Institute of Certified Public Accountants
 - d) Is a service offered only by the Better Business Bureau
116. Which of the following is *not* true regarding user authentication?
- a) One level of authentication is who you know
 - b) An information system may require more than one level of authentication for access
 - c) One level of authentication is what you know
 - d) An example of authentication would be use of a password
117. Because Internet software is so convenient to use, many companies also create ~~these~~ the following items for ~~internal~~ communications purposes:
- a) Intranets
 - b) Extranets
 - c) Firewalls
 - d) Domain address
118. Which of the following is a group collaboration tool that allows anyone with a Web browser and some easy-to-use software to publish a personalized diary online?
- a) Electronic conferencing
 - b) Blogs
 - c) Firewalls
 - d) e-mail
119. Which of these is *not* an acronym normally associated with cloud computing?
- a) SaaS
 - b) PaaS
 - c) IDEA
 - d) all of these are cloud computing acronyms
120. Utilizing tax preparation software from a cloud service provider is an example of:
- a) SaaS
 - b) PaaS
 - c) IDEA
 - d) XML

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121. All of the following are advantages of cloud computing *except*:
- a) The client only pays for resources that it actually uses
 - b) The client gains additional control over its data
 - c) The provider, not the client, handles changes in processing volume
 - d) all of these are advantages of cloud computing
122. Which of these is *not* an example of a cloud service provider?
- a) A company that performs backup services over the Internet
 - b) A company that performs payroll processing over the Internet
 - c) A company that provides janitorial services
 - d) all of these are examples of cloud service providers
123. Companies such as Backblaze, DropBox, and Mozy are examples of companies that perform this type of cloud service:
- a) Backup services
 - b) Payroll processing
 - c) Janitorial services
 - d) Tax preparation services
 - e) Web hosting
124. Which of these is *not* an Internet search engine?
- a) Google
 - b) Bing
 - c) Yahoo
 - d) MySpace
125. Social networking sites such as Twitter or Facebook:
- a) Have only social uses, not commercial ones
 - b) Have both social and commercial uses
 - c) Have only commercial uses
 - d) May have future commercial uses that have not been realized to date
126. Which of these is a concern regarding social networks?
- a) They pose privacy issues
 - b) They are inconvenient for communicating with target audiences
 - c) none of them identify the author of a particular comment
 - d) none of these are social-networking concerns
127. Within the context of Chapter 2, the term “C2C” means:
- a. Computer to computer
 - b. Customer to computer
 - c. Correction to correction
 - d. Customer to customer
128. Which one of these acronyms does not make sense within the context of Chapter 2?

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- a. B2B
- b. C2C
- c. B2C
- d. C2B

129. Which of these describes large businesses such as Amazon selling goods to individuals?

- a. B2B
- b. B2C
- c. C2C
- d. C2B

130. The company AirBnB is an example of:

- a. B2B
- b. B2C
- c. C2C
- d. C2B

127. Within the context of Chapter 2, the term "C2C" means:

- ~~Computer to computer~~
- ~~Customer to computer~~
- ~~Correction to correction~~
- Customer to customer

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128. Which one of these acronyms does not make sense within the context of Chapter 2?

- ~~a) B2B~~
- ~~b) C2C~~
- ~~c) B2C~~
- d) C2B

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129. Which of these describes large businesses such as Amazon selling goods to individuals??

- ~~a) B2B~~
- ~~b) B2C~~
- ~~c) C2C~~
- d) C2B

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130. The company AirBnB is an example of:

- ~~a) B2B~~
- ~~b) B2C~~
- c) C2C
- ~~d) C2B~~

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Matching Questions

For the following terms find the correct definition below and place the letter of that response in the blank space next to the term. Each definition is used only once – there are five terms that are *not* used.

- ~~131~~27. _____ click fraud
- ~~132~~28. _____ DES
- ~~133~~29. _____ EDI
- ~~134~~0. _____ HTML
- ~~135~~1. _____ phishing
- ~~136~~2. _____ proxy server
- ~~137~~3. _____ TCP/IP
- ~~138~~4. _____ VPN
- ~~139~~5. _____ VoIP

Definitions:

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- A. A secure method of transmitting messages cheaply over existing Internet connections
- B. A digital time-stamping service
- C. A local area network file server typically devoted to providing Internet service
- D. A markup language designed specifically for businesses and financial reporting
- E. A transmission protocol enabling users to send voice-grade messages over the Internet
- F. A transmission protocol used to send email messages sent over the Internet
- G. An activity designed to steal a person's financial identity
- H. An authenticating document issued by a third party called a certificate authority
- I. An encryption standard used by the U.S. government
- J. An extension of HTML that allows users to create their own markup tags
- K. Inflating the number of uses of a link to an alternate website
- L. Software typically used for web conferencing
- M. The exchange of electronic documents such as contracts
- N. The markup language typically used to display web pages in a web browser

Short Answer Questions

- ~~136~~140. What does "html" stand for and what is it used for?
- ~~141~~37. Why would buyers prefer to use E-payments when making purchases ~~on~~ver the web?
- ~~142~~38. What is the difference between secret key encryption and public key encryption?