

ACCT130
Online Quiz Ch3

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Revenue is recognized:

Select one:

- a. at the end of the year.
- b. at the end of the month.
- c. when the service is performed. ✓
- d. when cash is received.

Which account would normally not require an adjusting entry?

Select one:

- a. Smith, Capital ✓
- b. Accounts Receivable
- c. Wages Expense
- d. Accumulated Depreciation

It dictates that efforts(expenses) be matched with results (revenues):

Select one:

- a. Revenue recognition Principle.
- b. Historical Cost Principle.
- c. Going Concern Assumption.
- d. Expense recognition Principle. ✓

A trial balance prepared after adjustments have been recorded is called a(n)

Select one:

- a. Classified balance sheet.
- b. Unadjusted trial balance.
- c. Adjusted trial balance. ✓
- d. Balance sheet.

Ramallah municipality starts its accounting year at April 1 and ends at March 31 that is one year in length, the accounting time period is referred to as

Select one:

- a. an interim period.
- b. calendar year.
- c. a fiscal year. ✓
- d. a reporting period.

The broad principle that matches expenses with revenues in the period when the company makes efforts that generate those revenues:

Select one:

- a. Cash basis of accounting.
- b. Cost principle.
- c. Revenue recognition principle.
- d. Expense recognition principle. ✓

On April 1, a company paid the \$1,800 premium on a one-year insurance policy with benefits beginning on that date. What will be the insurance expense on the annual income statement for the year ended December 31?

Select one:

- a. \$150
- b. \$1,350 ✓
- c. \$1,800
- d. \$450

Which of the following is in accordance with generally accepted accounting principles (GAAP)?

Select one:

- a. Neither accrual-basis nor cash-basis accounting
- b. Cash-basis accounting
- c. Both accrual-basis and cash-basis accounting
- d. Accrual-basis accounting ✓

Assets are recorded at their original purchase price according to:

Select one:

- a. Fair Value Principle.
- b. Matching Principle.
- c. Historical Cost Principle. ✓
- d. Time Period assumption.

The entry to adjust for the cost of supplies used during the accounting period is

Select one:

- a. debit Supplies Expense; credit Supplies ✓
- b. debit Supplies; credit Owner Capital
- c. debit Owner Capital; credit Supplies
- d. debit Accounts Payable; credit Supplies

A company made no adjusting entry for accrued and unpaid employee salaries of \$9,000 on December 31. Which of the following statements is true?

Select one:

- a. It will understate net income by \$9,000.
- b. It will understate expenses and overstate net income by \$9,000. ✓
- c. It will overstate assets and liabilities by \$9,000.
- d. It will have no effect on income.

Khalid Engineering Company pays its employees total salaries of \$ 900 every week (a week is 6 days and Friday is off). The last payment date in March was March 28, 2020. The adjusting entry at the end of March 2020 to record last 3 days of March that employees worked but not paid include a:

Select one:

- a. Credit to Salaries & Wages Expense of \$ 150.
- b. Debit to Salaries & Wages Payable of \$ 450.
- c. Credit to Salaries & Wages Payable of \$ 450. ✓
- d. Debit to Salaries & Wages Payable of \$ 150.

Which of the following statements is incorrect?

Select one:

- a. An unadjusted trial balance is a list of accounts and balances prepared before adjustments are recorded.
- b. An adjusted trial balance is a list of accounts and balances prepared after adjusting entries have been recorded and posted to the ledger.
- c. Financial statements should be prepared directly from information in the unadjusted trial balance. ✓
- d. Financial statements can be prepared directly from information in the adjusted trial balance.

Sama Company purchase supplies of \$3,000 on Jun. 1, 2019. A count of supplies on Dec. 31, 2019, indicates that supplies of \$1,000 are on hand. The adjusting entry of supplies at Dec. 31, 2019 is:

Select one:

- a. Debit supplies and Credit supplies expense of \$2,000.
- b. Debit supplies expense and Credit supplies of \$2,000. ✓
- c. Debit supplies expense and Credit supplies of \$1,000.
- d. Debit supplies and Credit supplies expense of \$1,000.

Laith company has performed \$4,000 of consultation services for a client but has not billed the client as of the end of the accounting period. What adjusting entry must Laith make?

Select one:

- a. Debit Cash and credit Unearned Service Revenue
- b. Debit Accounts Receivable and credit Service Revenue ✓
- c. Debit Accounts Receivable and credit Unearned Service Revenue
- d. Debit Unearned Service Revenue and credit Service Revenue

The time period assumption states that:

Select one:

- a. the economic life of a business can be divided into artificial time periods. ✓
- b. a transaction can only affect one period of time.
- c. assumption that the company is going to stop its operation next period.
- d. adjustments to the company's accounts can only be made in the time period when the business terminates its operations.

Nike store signed a four-month note payable in the amount of \$30,000 on September 1. The note requires interest at an annual rate of 5%. The amount of interest to be accrued at the end of September is:

Select one:

- a. \$125. ✓
- b. \$500.
- c. \$200.
- d. \$1,500.

The adjusting entry to record an accrued revenue is:

Select one:

- a. Decrease a liability; increase revenue. ✗
- b. Increase an expense; decrease an asset.
- c. Increase an expense; increase a liability.
- d. Increase an asset; increase revenue.

The correct answer is: Increase an asset; increase revenue.