

ACCT130
Online Quiz Ch3

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Grade 10.00 out of 10.00 (100%)

Question 1

Correct

Mark 1.00 out of 1.00

Flag question

All of the following are True regarding prepaid expenses except:

Select one:

- a. The adjusting entry for prepaid expenses increases expenses and increases liabilities. ✓
- b. They are paid for in advance of receiving their benefits.
- c. When they are used, their costs become expenses.
- d. They are assets.

The correct answer is: The adjusting entry for prepaid expenses increases expenses and increases liabilities.

Question 2

Correct

Mark 1.00 out of 1.00

Flag question

Which one of the following accounts below would likely be included in a deferral adjusting entry?

Select one:

- a. Accounts Receivable
- b. Salaries Payable
- c. Unearned Revenue ✓
- d. Interest Revenue

The correct answer is: Unearned Revenue

Question 3

Correct

Mark 1.00 out of 1.00

Flag question

Adjusting entries:

Select one:

- a. Affect both income statement and balance sheet accounts. ✓
- b. Affect only income statement accounts.
- c. Affect only balance sheet accounts.
- d. Affect only equity accounts.

The correct answer is: Affect both income statement and balance sheet accounts.

Question 4

Correct

Mark 1.00 out of 1.00

Flag question

By matching revenues and expenses in the same period in which they incur

Select one:

- a. net income or loss will be properly reported on the income statement ✓
- b. net income or loss will always be underestimated.
- c. net income or loss will not be determined.
- d. net income or loss will always be overestimated.

The correct answer is: net income or loss will be properly reported on the income statement

Question 5

Correct

Mark 1.00 out of 1.00

Flag question

Assuming unearned revenues are originally recorded in balance sheet accounts, the adjusting entry to record earning of unearned revenue is:

Select one:

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

The correct answer is: Decrease a liability; increase revenue

Question 6

Correct

Mark 1.00 out of 1.00

Flag question

The cash basis of accounting records revenues and expenses when the cash is exchanged while the accrual basis of accounting

Select one:

- a. records revenues and expenses when they are incurred. ✓
- b. records revenues when cash is received and expenses when they are incurred.
- c. records revenues and expenses when the company needs to apply for a loan.
- d. records revenues when they are earned and expenses when they are paid

The correct answer is: records revenues and expenses when they are incurred.

Question 7

Correct

Mark 1.00 out of 1.00

Flag question

On November 1, 2019 Amin Telecom Company received \$1,600 from a customer for services expected to be completed by March 31, 2020. The ending balance of Unearned Service Revenue account at December 31, 2019 after journalizing & posting the related adjusting entry is:

Select one:

- a. A credit Balance of \$ 960. ✓
- b. A credit Balance of \$ 640.
- c. A debit Balance of \$ 960.
- d. A debit Balance of \$ 640.

The correct answer is: A credit Balance of \$ 960.

Question 8

Correct

Mark 1.00 out of 1.00

Flag question

The failure to properly record an adjusting entry to accrue a revenue item will result in an:

Select one:

- a. Understatement of revenues and an understatement of liabilities.
- b. Understatement of net income and an understatement of assets. ✓
- c. Overstatement of revenues and an overstatement of liabilities.
- d. Overstatement of net income and an overstatement of assets.

The correct answer is: Understatement of net income and an understatement of assets.

Question 9

Correct

Mark 1.00 out of 1.00

Flag question

Grand Company purchased equipment for \$9,600 on January 1, 2016. The company expects to use the equipment for 4 years. It has no salvage value. Monthly depreciation expense on the asset is

Select one:

- a. \$9,600.
- b. \$200. ✓
- c. \$0.
- d. \$2,400.

The correct answer is: \$200.

Question 10

Correct

Mark 1.00 out of 1.00

Flag question

Generally accepted accounting principles requires that companies use the ____ of accounting.

Select one:

- a. deferral basis
- b. accrual basis ✓
- c. cash basis
- d. account basis

The correct answer is: accrual basis