

ACCT130
Online Quiz Ch5

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Gross profit is equal to:

Select one:

- a. sales plus sales discounts less sales returns and allowances less cost of merchandise sold
- b. sales less (sales discounts and sales returns and allowances) less cost of merchandise sold
- c. sales plus sales returns and allowances less sales discounts less cost of merchandise sold
- d. sales plus (sales discounts and sales returns and allowances) plus cost of merchandise sold

The correct answer is: sales less (sales discounts and sales returns and allowances) less cost of merchandise sold

Under a perpetual inventory system, part of the merchandise purchased on account at an earlier time is now being returned. None of the goods have been paid for. The correct Journal entry for this return will be a:

Select one:

- a. Debit to cash and credit to Purchases.
- b. Debit to account payable and credit to Inventory.
- c. Debit to cost of goods sold and credit to Inventory.
- d. Debit to Inventory and credit to account payable.

The correct answer is: Debit to account payable and credit to Inventory.

Sales returns:

Select one:

- a. Refer to reductions in the selling price of merchandise sold to customers.
- b. Represent a contra asset account.
- c. Refer to merchandise that customers return to the seller after the sale.
- d. Represent cash discounts.

The correct answer is: Refer to merchandise that customers return to the seller after the sale.

A credit sale of \$3,600 is made on July 1, terms 3/10, n/30, on July 18 \$100 of the goods were returned. What amount is received as payment in full on July 15?

Select one:

- a. \$3,500
- b. \$3,395
- c. \$3,392
- d. \$3,600

The correct answer is: \$3,500

Two categories of expenses for merchandising companies are

Select one:

- a. cost of goods sold and operating expenses.
- b. cost of goods sold and financing expenses.
- c. operating expenses and financing expenses.
- d. sales and cost of goods sold

The correct answer is: cost of goods sold and operating expenses.

Gateaux Company purchased merchandise inventory with an invoice price of \$7,000 and credit terms of 2/10, n/30. What is the net cost of the goods if the Company failed to pay within the discount period?

Select one:

- a. \$6,860
- b. \$7,000
- c. \$6,300
- d. \$6,440

The correct answer is: \$7,000

A Company purchased merchandise inventory with an invoice price of \$9,000 and credit terms of 2/10, n/30. What is the net cost of the goods if the Company pays within the discount period?

Select one:

- a. \$8,820
- b. \$8,280
- c. \$9,000
- d. \$8,100

The correct answer is: \$8,820

The term "inventory" can indicate

Select one:

- a. merchandise held for sale in the normal course of business
- b. supplies
- c. any asset
- d. equipment used to manufacture products

The correct answer is: merchandise held for sale in the normal course of business

The inventory system employing accounting records that continuously disclose the amount of inventory is called

Select one:

- a. perpetual
- b. physical
- c. retail
- d. periodic

The correct answer is: perpetual

Which of the following accounts has a normal debit balance?

Select one:

- a. Interest Revenue
- b. Sales
- c. Sales Returns and Allowances
- d. Accounts Payable

The correct answer is: Sales Returns and Allowances