

ACCT130  
Online Final Exam

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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 Inventory and credit to account payable.
- c. Debit to account payable and credit to Inventory.
- d. Debit to cost of goods sold and credit to Inventory.

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

A debit to Sales Returns and Allowances and a credit to Accounts Receivable:

Select one:

- a. Is recorded when a customer takes a discount.
- b. Recognizes that a customer returned merchandise and/or received an allowance.
- c. Reflects an increase in amount due from a customer.
- d. Requires a debit memorandum to recognize the customer's return.

The correct answer is: Recognizes that a customer returned merchandise and/or received an allowance.

On May 1, 2020, Amin Company Sold merchandise of \$4,500 to a customer with a payment term 2/10,n/30. On May 4, the customer returned 5 defective items of \$500. On May 10, the customer paid the due amount. Calculate the amount of cash Amin company received on May 10, 2020 :

Select one:

- a. \$4,410.
- b. \$4,500.
- c. \$4,000.
- d. \$3,920.

The correct answer is: \$3,920.

Sales returns:

Select one:

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

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

During 2016, Wu Han Co. generated revenues of \$100,000. The company's expenses were as follows: cost of goods sold of \$47,000, operating expenses of \$16,000 and a loss on the sale of equipment of \$5,000. Wu Han's income from operations is

Select one:

- a. \$32,000.
- b. \$37,000.
- c. \$53,000.
- d. \$95,000.

The correct answer is: \$37,000.

A company purchased \$10,000 of merchandise on June 15 with terms of 3/10, n/45. On June 20, it returned \$800 of that merchandise. On June 27, the company paid the due amount to the seller, so the cash account is credited by:

Select one:

- a. \$8,924.
- b. \$10,800.
- c. \$10,000.
- d. \$9,200.

The correct answer is: \$9,200.

Two categories of expenses for merchandising companies are

Select one:

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

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



If Sales Revenue is \$60,000, Sales Return and allowances \$2,000, sales discounts \$800, and Freight-Out \$300. The net sales for the business will be:

Select one:

- a. \$ 57,700.
- b. \$ 58,900.
- c. \$ 57,200.
- d. \$ 56,900.

The correct answer is: \$ 57,200.

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

Select one:

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

The correct answer is: perpetual

Merchandise inventory is classified on the balance sheet as a

Select one:

- a. Current Liability
- b. Long-Term Asset
- c. Long-Term Liability
- d. Current Asset

The correct answer is: Current Asset