

The correct answer is: Expense recognition (Matching) principle.

Question 35

Correct

Mark 1.00 out of 1.00

Flag question

A company had the following **purchases** during its first year of operations: in January 10 units at \$120, in February 20 units at \$125, in May 15 units at \$130, in September 12 units at \$135, and in November 10 units at \$140. On December 31, there were 26 units remaining in ending inventory. Using the *periodic* FIFO inventory costing method, what is the cost of the ending inventory?

Answer:

3540



The correct answer is: 3540

b. False ✓

The correct answer is: False

Question **33**

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Merchandise inventory refers to products that a company owns and plans to sell to customers.

Select one:

a. True ✓

b. False

The correct answer is: True

Question **34**

Correct

Mark 1.00 out of 1.00


d. Sales Revenue for \$2,500.

The correct answer is: Sales Discounts for \$50.

Question **21**


Correct

Mark 1.00 out of 1.00

 Flag question

Credit sales are recorded by crediting Accounts Receivable.

Select one:

- a. True
- b. False 

The correct answer is: False

Question **22**

Correct

Mark 1.00 out of 1.00

6520



The correct answer is: 6520

Question 7

Correct

Mark 1.00 out of 1.00

🚩 Flag question

The expense recognition (matching) principle does not aim to record expenses in the same accounting period as the revenue earned as a result of these expenses.

Select one:

- a. False ✓
- b. True

The correct answer is: False

Question 8

Correct

a. True ✓

b. False

The correct answer is: True

Question 11

Correct

Mark 1.00 out of 1.00

🚩 Flag question

A perpetual inventory system continually updates accounting records for merchandising transactions.

Select one:

a. True ✓

b. False

The correct answer is: True

Question 12

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Grade 40.00 out of 40.00
(100%)

Question 1

Correct

Mark 1.00 out of 1.00

🚩 Flag question

An advantage of FIFO is that it assigns the most recent costs to cost of goods sold, and does a better job of matching current costs with revenues on the income statement.

Select one:

- a. False ✓
- b. True

The correct answer is: False

Question 2

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Earned.

- d. Debit Unearned Legal Fees and credit Legal Fees Earned. ✓

The correct answer is: Debit Unearned Legal Fees and credit Legal Fees Earned.

Question 32

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Adjusting entries are made after the preparation of financial statements.

Select one:

- a. True
- b. False ✓

The correct answer is: False

Question 33

Correct



The correct answers are: \$1,275, \$1,775, \$4,500, \$4,800

Question 27

Correct

Mark 1.00 out of 1.00

Flag question

A check returned by the bank marked "NSF" means

Select one:

- a. not sufficient funds. ✓
- b. no signature found.
- c. not satisfactorily filled-out.
- d. no service fee.

The correct answer is: not sufficient funds.

Question 28

Correct

Question 25

Correct

Mark 1.00 out of 1.00

🚩 Flag question

A company has inventory of 10 units at a cost of \$10 each on June 1. On June 3, it purchased 20 units at \$12 each. 12 units are sold on June 5. Using the average-cost periodic inventory method, what is the cost of the ending inventory?

Select one:

- a. \$130.
- b. \$136.
- c. \$340.
- d. \$204. ✓

Cash balance per company books on April 30 **\$ 6,275**

Deposits in transit at month-end \$ 1,300

Outstanding checks at month-end \$ 620

Bank charge for printing new checks \$ 45

Note receivable and interest collected by bank on Donahue's behalf \$ 770

A check paid to Donahue during the month by a customer is returned by the bank as NSF \$ 480

The adjusted cash balance per the books on April 30 is:

Answer:

6520



The correct answer is: 6520



account.

- d. A decrease in the depositor's bank account. ✓

The correct answer is: A decrease in the depositor's bank account.

Question 17

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Goods that are only partially completed in a manufacturing company:

Select one:

- a. finished goods
- b. merchandise inventory
- c. raw materials
- d. work in process ✓

The correct answer is: work in process



d. no service fee.

The correct answer is: not sufficient funds.

Question 28

Correct

Mark 1.00 out of 1.00

Flag question

Revenues, expenses, and withdrawals accounts, which are closed at the end of each accounting period are:

Select one:

- a. Real accounts.
- b. Temporary accounts. ✓
- c. Permanent accounts.
- d. Closing accounts.

The correct answer is: Temporary accounts.



- c. debit to Merchandise Inventory
- d. debit to Sales

The correct answer is: credit to Merchandise Inventory

Question 9

Correct

Mark 1.00 out of 1.00

Flag question

On August 1, a **two-year** insurance policy was purchased for \$18,000 with coverage to begin immediately. What is the amount of insurance expense that would appear on the company's income statement for the first year ended December 31?

Answer:

3750



The correct answer is: 3750

Question **34**

Correct

Mark 1.00 out of 1.00

🚩 Flag question

The broad principle that requires expenses to be reported in the same period as the revenues that were earned as a result of the expenses is the:

Select one:

- a. Cost principle.
- b. Cash basis of accounting.
- c. Recognition principle.
- d. Expense recognition (Matching) principle. ✓

The correct answer is: Expense recognition (Matching) principle.

Question **35**

Correct

The correct answer is: work in process

Question **18**

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Which of the following is not true about the Allowance for Doubtful Accounts?

Select one:

- a. It is used instead of reducing accounts receivable directly.
- b. It is a contra asset account.
- c. It is debited when uncollectible accounts are written off.
- d. It is a liability account. ✓

The correct answer is: It is a liability account.

Question **19**

Correct

Mark 1.00 out of 1.00

The correct answer is: 26000

Question **15**

Correct

Mark 1.00 out of 1.00

🚩 Flag question

The following information is available for Clancy Company: Beginning inventory 600 units at \$4; First purchase 900 units at \$6; Second purchase 500 units at \$7. Assume that Clancy uses a periodic inventory system and that there are 760 units left at the end of the month. What is the cost of goods sold under LIFO method.

Answer:

7940



The correct answer is: 7940

Match the followings by pairing them together. Each answer can be chosen **ONLY ONCE**.

A patent is classified as

An intangible asset account



When prices are rising, LIFO inventory costing produces

Lowest net income



Accounts receivable are shown in the balance sheet at

Net realizable value



Allowance for doubtful accounts is considered a

A contra asset account



Salaries payable is considered a

Accrued expense account



Unearned revenue is

A current liability account





Question 23

Correct

Mark 1.00 out of 1.00

Flag question

An aging of a company's accounts receivable indicates that \$13,000 are estimated to be uncollectible. If Allowance for Doubtful Accounts has a \$1,200 credit balance, the adjustment to record bad debts for the period will require a:

Select one:

- a. debit to Allowance for Doubtful Accounts for \$11,800.
- b. debit to Bad Debt Expense for \$13,000.
- c. credit to Allowance for Doubtful Accounts for \$13,000.
- d. debit to Bad Debt Expense for \$11,800. ✓

The correct answer is: debit to Bad Debt Expense for \$11,800.

**Question 22**

Correct

Mark 1.00 out of 1.00

Flag question

A company has \$90,000 in outstanding accounts receivable and it uses the allowance method to account for uncollectible accounts. Experience suggests that 4% of outstanding receivables are uncollectible. The current balance (before adjustments) in the allowance for doubtful accounts is an \$800 debit. The journal entry to record the adjustment to the allowance account includes a debit to Bad Debts Expense for:

Answer:



The correct answer is: 4400

Salaries payable is considered a

Accrued expense account



Unearned revenue is

A current liability account



Owner's drawing is closed to the

Owner's capital account



Revenue is closed to the

Income Summary account



When prices are rising, FIFO inventory costing produces

The highest net income



Cost minus accumulated depreciation is called

Book Value



Question 31

Correct

Mark 1.00 out of 1.00

🚩 Flag question

If throughout an accounting period the fees for legal services paid in advance by clients are recorded in an account called Unearned Legal Fees, the end-of-period adjusting entry to record the portion of those fees that has been earned is:

Select one:

- a. Debit Unearned Legal Fees and credit Accounts Receivable.
- b. Debit Cash and credit Unearned Legal Fees.
- c. Debit Cash and credit Legal Fees Earned.
- d. Debit Unearned Legal Fees and credit Legal Fees Earned. ✓

The correct answer is: Debit Unearned Legal Fees and credit Legal Fees Earned.

**Question 19**

Correct

Mark 1.00 out of 1.00

Flag question

On December 1, Milton Company borrowed \$300,000, at 8% annual interest, from the Tennessee National Bank. Interest is paid when the loan matures one year from the issue date. What is the adjusting entry for accruing interest that Milton would need to make on December 31, the calendar year-end?

Select one:

- a. Debit Interest Expense, \$4,000; credit Interest Payable, \$4,000.
- b. Debit Interest Expense, \$2,000; credit Cash, \$2,000.
- c. Debit Interest Expense, \$2,000; credit Interest Payable, \$2,000. ✓
- d. Debit Interest Payable, \$2,000; credit Interest Expense, \$2,000.

3540

The correct answer is: 3540

Question **36**

Correct

Mark 1.00 out of 1.00

🚩 Flag question

Which of the following will not require a journal entry to the company's books?

Select one:

- a. NSF Check.
- b. Collection of Note Receivable.
- c. Check Printing Charges.
- d. Deposits in Transit. ✓

The correct answer is: Deposits in Transit.



The correct answer is: 7940

Question 16

Correct

Mark 1.00 out of 1.00

Flag question

Bank fees for check printing are recorded by the bank as:

Select one:

- a. An increase in the depositor's bank account.
- b. An increase in the bank's asset account.
- c. A decrease in the bank's asset account.
- d. A decrease in the depositor's bank account. ✓

The correct answer is: A decrease in the depositor's bank account.

Expense for \$11,800.

Question 24

Correct

Mark 1.00 out of 1.00

🚩 Flag question

A broad principle that requires identifying the activities of a business with specific time periods such as months, quarters, or years is the:

Select one:

- a. Expense recognition (matching) principle.
- b. Going-concern assumption.
- c. Time period assumption. ✓
- d. Operating cycle of a business.

The correct answer is: Time period assumption.

Question 25

The correct answer is: Debit Interest Expense, \$2,000; credit Interest Payable, \$2,000.

Question 20

Correct

Mark 1.00 out of 1.00

🚩 Flag question

The entry to record the receipt of payment within the discount period on a sale of \$2,500 with terms of 2/10, n/30 **will include** a debit to

Select one:

- a. Cash for \$2,500.
- b. Accounts Receivable for \$2,500.
- c. Sales Discounts for \$50. ✓
- d. Sales Revenue for \$2,500.

The correct answer is: Sales Discounts for \$50.

3750



The correct answer is: 3750

Question **10**

Correct

Mark 1.00 out of 1.00

Flag question

After adjustment, the balance in the Allowance for Doubtful Accounts has the effect of reducing Accounts Receivable to its estimated realizable value.

Select one:

- a. True ✓
- b. False

The correct answer is: True

Question **11**

Correct



The correct answer is: Temporary accounts.

Question 29

Correct

Mark 1.00 out of 1.00

Flag question

The trial balance prepared after all closing entries have been journalized and posted is called the:

Select one:

- a. Post-closing trial balance. ✓
- b. Adjusted trial balance.
- c. Work sheet.
- d. Unadjusted trial balance.

The correct answer is: Post-closing trial balance.

Question 30



balance.

Question 30

Correct

Mark 1.00 out of 1.00

Flag question

A method of estimating bad debts expense that involves a detailed examination of outstanding accounts and the length of time past due is the:

Select one:

- a. Percentage of sales method.
- b. Direct write-off method.
- c. Aging of accounts receivable method.
- d. Aging of investments method.

The correct answer is: Aging of accounts receivable method.

Question 31



The correct answer is: \$204.

Question 26

Correct

Mark 1.00 out of 1.00

Flag question

All sales are made on credit. Based on past experience, the company estimates that 0.6% of net credit sales are uncollectible. What amount should be debited to Bad Debts Expense when the year-end adjusting entry is prepared?

Select one:

- a. \$4,500
- b. \$1,275
- c. \$4,800 ✓
- d. \$1,775

The correct answers are: \$1,275, \$1,775, \$4,500, \$4,800

Question 27