

Financial & Managerial Accounting 15th edition
Warren Test Bank

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TRUE/FALSE

1 : Accounts are records of increases and decreases in individual accounting equation elements.

A : true

B : false

Correct Answer : A

2 : A chart of accounts is a listing of accounts that make up the journal.

A : true

B : false

Correct Answer : B

3 : The chart of accounts should be the same for each business.

A : true

B : false

Correct Answer : B

4 : Accounts payable are accounts that you expect will be paid to you.

A : true

B : false

Correct Answer : B

5 : Consuming goods and services in the process of generating revenues results in expenses.

A : true

B : false

Correct Answer : A

6 : Prepaid expenses are an example of an expense.

A : true

B : false

Correct Answer : B

7 : The Unearned Revenues account is an example of a liability.

A : true

B : false

Correct Answer : A

8 : The Dividends account is an expense.

A : true

B : false

Correct Answer : B

9 : Accounts in the ledger are usually maintained in alphabetical order.

A : true
B : false

Correct Answer : B

10 : Depending on the account title, the right side of the account is referred to as the credit side.
A : true
B : false

Correct Answer : B

11 : To determine the balance in an account, always subtract credits from debits.
A : true
B : false

Correct Answer : B

12 : An account in its simplest form has three parts to it: a title, an increase side, and a decrease side.
A : true
B : false

Correct Answer : A

13 : The T account got its name because it resembles the letter "T."
A : true
B : false

Correct Answer : A

14 : The right side of a T account is known as a debit and the left side is known as a credit.
A : true
B : false

Correct Answer : B

15 : Debiting the cash account will increase the account.
A : true
B : false

Correct Answer : A

16 : A credit to the cash account will increase the account.
A : true
B : false

Correct Answer : B

17 : The cash account will always be debited.
A : true
B : false

Correct Answer : B

18 : The recording of cash receipts to the cash account will be done by debiting the account.

A : true

B : false

Correct Answer : A

19 : The recording of cash payments from the cash account is done by entering the amount as a credit.

A : true

B : false

Correct Answer : A

20 : The balance of the account can be determined by adding all of the debits, adding all of the credits, and adding the amounts together.

A : true

B : false

Correct Answer : B

21 : Liabilities are debts owed by the business entity.

A : true

B : false

Correct Answer : A

22 : The accounts payable account is listed in the chart of accounts as an asset.

A : true

B : false

Correct Answer : B

23 : A dividends account represents the amount of earnings paid to the stockholders.

A : true

B : false

Correct Answer : A

24 : Revenues are equal to the difference between cash receipts and cash payments.

A : true

B : false

Correct Answer : B

25 : Expenses result from selling services or products to customers.

A : true

B : false

Correct Answer : B

26 : Stockholders' equity is reduced by the amount in the dividends account.

A : true

B : false

Correct Answer : A

27 : When an owner invests assets in the business, the retained earnings account increases due to revenue being earned.

A : true

B : false

Correct Answer : B

28 : When an account receivable is collected in cash, the total assets of the business increase.

A : true

B : false

Correct Answer : B

29 : When an account payable is paid with cash, the stockholders' equity in the business decreases.

A : true

B : false

Correct Answer : B

30 : For a month's transactions for a typical medium-sized business, the salary expense account is likely to have only credit entries.

A : true

B : false

Correct Answer : B

31 : When a business receives a bill from the utility company, no entry should be made until the invoice is paid.

A : true

B : false

Correct Answer : B

32 : A debit is abbreviated as Db. and a credit is abbreviated as Cr.

A : true

B : false

Correct Answer : B

33 : For a month's transactions for a typical medium-sized business, the accounts payable account is likely to have only credit entries.

A : true

B : false

Correct Answer : B

34 : Dividends decrease stockholders' equity and are listed on the income statement as a deduction from revenue.

A : true
B : false

Correct Answer : B

35 : The normal balance of revenue accounts is a credit.

A : true
B : false

Correct Answer : A

36 : The normal balance of the dividends account is a debit.

A : true
B : false

Correct Answer : A

37 : The normal balance of an expense account is a credit.

A : true
B : false

Correct Answer : B

38 : Expense accounts are increased by credits.

A : true
B : false

Correct Answer : B

39 : Revenue accounts are increased by credits.

A : true
B : false

Correct Answer : A

40 : Liability accounts are increased by debits.

A : true
B : false

Correct Answer : B

41 : Journalizing transactions using the double-entry bookkeeping system will eliminate fraud.

A : true
B : false

Correct Answer : B

42 : Transactions are listed in the journal chronologically.

A : true
B : false

Correct Answer : A

43 : Journalizing is the process of entering amounts in the ledger.

A : true

B : false

Correct Answer : B

44 : The process of recording a transaction in the journal is called journalizing.

A : true

B : false

Correct Answer : A

45 : Transactions are initially entered into a record called a journal.

A : true

B : false

Correct Answer : A

46 : The double-entry accounting system records each transaction twice.

A : true

B : false

Correct Answer : B

47 : The increase side of an account is also the side of the normal balance.

A : true

B : false

Correct Answer : A

48 : Journal entries include both debit and credit accounts for each transaction.

A : true

B : false

Correct Answer : A

49 : A transaction that is recorded in the journal is called a journal entry.

A : true

B : false

Correct Answer : A

50 : Assets are increased with debits and decreased with credits.

A : true

B : false

Correct Answer : A

51 : Liabilities are increased with debits and decreased with credits.

A : true

B : false

Correct Answer : B

52 : Debits will increase unearned revenues and revenues.

A : true

B : false

Correct Answer : B

53 : All stockholders' equity accounts record increases to the accounts with credits.

A : true

B : false

Correct Answer : B

54 : Journalizing always eliminates fraudulent activity.

A : true

B : false

Correct Answer : B

55 : Journal entries can have more than two accounts as long as the debits equal the credits.

A : true

B : false

Correct Answer : A

56 : The process of transferring the data from the journal to the ledger accounts is called posting.

A : true

B : false

Correct Answer : A

57 : The post reference notation used in the ledger is the account number.

A : true

B : false

Correct Answer : B

58 : The post reference notation used in the journal is the page number.

A : true

B : false

Correct Answer : B

59 : A notation in the post reference column of the general journal indicates that the amount has been posted to the ledger.

A : true

B : false

Correct Answer : A

60 : The order of the flow of accounting data is (1) record in the ledger, (2) record in the journal, (3) prepare the financial statements.

A : true
B : false

Correct Answer : B

61 : The process of transferring the debits and credits from the journal entries to the accounts is known as posting.

A : true
B : false

Correct Answer : A

62 : Postings made to standard account forms show a new balance after each entry.

A : true
B : false

Correct Answer : A

63 : A trial balance determines the complete accuracy of the numbers.

A : true
B : false

Correct Answer : B

64 : Even when a trial balance is in balance, there may be errors in the individual accounts.

A : true
B : false

Correct Answer : A

65 : The totals at the bottom of the trial balance and the totals at the bottom of the balance sheet both show equality and balancing, and therefore should be equal.

A : true
B : false

Correct Answer : B

66 : A proof of the equality of debits and credits in the ledger at the end of an accounting period is called a balance sheet.

A : true
B : false

Correct Answer : B

67 : If the trial balance is in balance, it can be assumed that all journal entries were posted correctly and no errors were made.

A : true
B : false

Correct Answer : B

68 : Posting a part of a transaction to the wrong account will cause the trial balance totals to be unequal.

A : true
B : false

Correct Answer : B

69 : The erroneous arrangement of digits, such as writing \$45 as \$54, is called a slide.

A : true
B : false

Correct Answer : B

70 : Journalizing a transaction with both the debit and the credit for \$69 instead of \$96 will cause the trial balance to be out of balance.

A : true
B : false

Correct Answer : B

71 : The erroneous moving of an entire number one or more spaces to the right or left, such as writing \$85 as \$850, is called a transposition.

A : true
B : false

Correct Answer : B

SHORT RESPONSE

72 : The chart of accounts classifies the accounts to make identification of the accounts easier. Describe the numbering system businesses use in setting up the chart of accounts.

Correct Answer : A chart of accounts is set up by assigning 2-digit numbers to each of the accounts for use as references. The first digit indicates the major account group of the ledger in which the account is located. Accounts beginning with 1 represent assets; 2, liabilities; 3, stockholders' equity; 4, revenue; 5, expenses. The second digit indicates the location of the account within its group. Large companies may have additional digits to accommodate a large number of accounts.?

73 : On January 31, the cash account balance was \$96,750. During January, cash receipts totaled \$305,000 and cash payments totaled \$375,880. Determine the cash balance on January 1.

Correct Answer : $??? + \$305,000 - \$375,880 = \$96,750$ Cash balance at January 1 is \$167,630

74 : Organize the following accounts into the usual sequence of a chart of accounts. Miscellaneous Expense Accounts Payable Accounts Receivable Cash Common Stock Fees Earned Prepaid Rent Salaries Expense Unearned Revenue Dividends

Correct Answer : Cash Accounts Receivable Prepaid Rent Accounts Payable Unearned Revenue Common Stock Dividends Fees Earned Salaries Expense Miscellaneous Expense

75 : Organize the following accounts into the usual sequence of a chart of

accounts. Miscellaneous Expense Accounts Payable Accounts Receivable Cash Common
Stock Fees Earned Prepaid Rent Salaries Expense Unearned Revenue Dividends

Correct Answer : (a) \$69,250 (\$31,750 + \$63,000 - \$25,500) (b) \$52,250 (\$22,500 + \$45,000 - \$15,250)

76 : Organize the following accounts into the usual sequence of a chart of accounts. Miscellaneous Expense Accounts Payable Accounts Receivable Cash Common
Stock Fees Earned Prepaid Rent Salaries Expense Unearned Revenue Dividends

Correct Answer : Type of Account Increase
Side (1) A Dr. (2) R Cr. (3) N Cr. (4) L Cr. (5) E Dr. (6) N Cr. (7) A Dr. (8) A Dr. (9) L Cr.

77 : Organize the following accounts into the usual sequence of a chart of accounts. Miscellaneous Expense Accounts Payable Accounts Receivable Cash Common
Stock Fees Earned Prepaid Rent Salaries Expense Unearned Revenue Dividends

Correct Answer : ? Account Debited Account Credited Transaction Type Effect Type Effect
(1) asset + equity + (2) asset + liability + (3) asset + asset + (4) asset + revenue + (5) liability + (6) expense + asset + (7) asset + revenue + (8) equity + asset + (9) asset + asset +

78 : On June 1, the cash account balance was \$96,750. During June, cash receipts totaled \$305,000 and the June 30 balance was \$75,880. Determine the cash payments made during June.

Correct Answer : \$75,880 = \$96,750 + \$305,000 - Cash payments = \$325,870

79 : On June 1, the cash account balance was \$96,750. During June, cash receipts totaled \$305,000 and the June 30 balance was \$75,880. Determine the cash payments made during June.

Correct Answer : Transactions Account(s) Debited Account(s) Credited a. 19b. 131c. 61, 7d. 58

80 : On June 1, the cash account balance was \$96,750. During June, cash receipts totaled \$305,000 and the June 30 balance was \$75,880. Determine the cash payments made during June.

Correct Answer : Transactions Account(s) Debited Account(s) Credited a. 31b. 41c. 12d. 81e. 111

81 : On June 1, the cash account balance was \$96,750. During June, cash receipts totaled \$305,000 and the June 30 balance was \$75,880. Determine the cash payments made during June.

Correct Answer : Transactions Account(s) Debited Account(s) Credited a. 211b. 158c. 141d. 12e. 121f. 101

82 : On June 1, the cash account balance was \$96,750. During June, cash receipts totaled \$305,000 and the June 30 balance was \$75,880. Determine the cash payments made during June.

Correct Answer : Debit Credited a. 129b. 91c. 141d. 120

83 : On June 1, the cash account balance was \$96,750. During June, cash receipts totaled

\$305,000 and the June 30 balance was \$75,880. Determine the cash payments made during June.

Correct Answer : (a) Cash Common

Stock (1) 12,500 (3) 5,500 (1) 12,500 (5) 4,700 (6) 1,400 (7) 3,100 (8)

1,500 Bal. 11,900 ? Accounts

Receivable Dividends (4) 7,440 (7) 3,100 (8) 1,500 Bal. 4,340 ? Supplies Professional

Fees (2) 6,250 (4) 7,440 (5) 4,700 Bal. 12,140 ? Accounts Payable Operating

Expenses (6) 1,400 (2) 6,250 (3) 5,500 Bal. 4,850 ? (b) Potter Pool Services Unadjusted Trial

Balance June 30 Cash 11,900 Accounts Receivable 4,340 Supplies 6,250 Accounts

Payable 4,850 Common Stock 12,500 Dividends 1,500 Professional Fees 12,140 Operating

Expenses 5,500 29,490 29,490 ? (c) (1) \$5,140 (\$12,140 ? \$5,500 ? \$1,500) (2) \$16,140

(\$12,500 + \$5,140 ? \$1,500)

84 : On September 1, Erika Company purchased land for \$47,500 cash. Provide the journal entry for this transaction.

Correct Answer : Sept. 1 Land 47,500 Cash 47,500 Purchased land for the company.

85 : On October 10, Nikle Company purchased supplies for \$1,800 on account. On October 25, Nikle Company paid the invoice. (a) Provide the journal entry for the purchase on account. (b) Provide the journal entry for the payment of the invoice.

Correct Answer : (a) Oct. 10 Supplies 1,800 Accounts Payable 1,800 Purchased supplies on account. (b) Oct. 25 Accounts Payable 1,800 Cash 1,800 Paid for supplies on account.

86 : On October 17, Nikle Company purchased a building and a plot of land for \$750,000. The building was valued at \$500,000 while the land carried a value of \$250,000. Nikle paid \$300,000 down in cash and signed a note payable for the balance. Provide the journal entry for this transaction.

Correct Answer : Oct. 17 Building 500,000 Land 250,000 Cash 300,000 Notes Payable 450,000 Purchased building and land with cash down payment.

87 : On December 1, Nikle Company made a cash payment of \$200,000 on a note payable that was generated in the purchase of a building and land. Provide the journal entry for this transaction.?

Correct Answer : Dec. 1 Notes Payable 200,000 Cash 200,000 Made payment on note payable. ??

88 : On January 7, stockholders invest \$45,000 in JumpStart in exchange for common stock. Provide the journal entry for this transaction.

Correct Answer : Jan. 7 Cash 45,000 Common Stock 45,000 Issued common stock for cash ???

89 : On August 30, JumpStart incurred the following expenses: Payment to the landlord for August rent, \$2,300 Payment to the Gas & Electric Company for August's bill, \$525 Payment of employee wages for the last half of August, \$1,750 Payment of shopping center's parking lot cleaning fee, \$275? Journalize these payments as one journal entry.

Correct Answer : Aug. 30 Rent Expense 2,300 Utilities Expense 525 Wages

Expense 1,750 Maintenance Expense 275 Cash 4,850 Paid expenses.

90 : On October 30, JumpStart pays \$3,330 in dividends to its stockholders. Provide the journal entry for this transaction.

Correct Answer : Oct. 30 Dividends 3,330 Cash 3,330 Paid dividends.

91 : On October 30, JumpStart pays \$3,330 in dividends to its stockholders. Provide the journal entry for this transaction.

Correct Answer : ? Assets = Liabilities + Stockholders' Equity (a) Cash sales are made. I NE I (b) Equipment is purchased on credit. I I NE (c) Payment is made for the equipment purchased on credit in (b). D D NE (d) The company sold excess supplies to another company on credit. NE NE NE (e) Cash is collected from customers for accounts receivable balances. NE NE NE ?

92 : On October 30, JumpStart pays \$3,330 in dividends to its stockholders. Provide the journal entry for this transaction.

Correct Answer : March 1 Accounts Receivable 800 Fees Earned 800 9 Office Furniture 1,060 Office Supplies 160 Accounts Payable 1,220 15 Accounts Payable 1,220 Cash 1,220 23 Electricity Expense 430 Accounts Payable 430 31 Salaries Expense 850 Cash 850

93 : For the following, mark a "D" if the following account normally has a debit balance and mark a "C" if the following account normally has a credit balance. ? 1. Notes Payable 2. Mortgage Payable 3. Dividends 4. Accounts Receivable 5. Common Stock 6. Rent Revenue 7. Unearned Revenue 8. Utility Expense 9. Automobiles

Correct Answer : 1.C 2.C 3.D 4.D 5.C 6.C 7.C 8.D 9.D

94 : For the following, mark a "D" if the following account normally has a debit balance and mark a "C" if the following account normally has a credit balance. ? 1. Notes Payable 2. Mortgage Payable 3. Dividends 4. Accounts Receivable 5. Common Stock 6. Rent Revenue 7. Unearned Revenue 8. Utility Expense 9. Automobiles

Correct Answer :

(a)(b)(1)Cr.Cr.(2)Dr.Dr.(3)Cr.Dr.(4)Cr.Cr.(5)Cr.Cr.(6)Cr.Dr.(7)Cr.Dr.(8)Dr.Dr.(9)Dr.Dr.(10)Cr.Dr.

95 : For the following, mark a "D" if the following account normally has a debit balance and mark a "C" if the following account normally has a credit balance. ? 1. Notes Payable 2. Mortgage Payable 3. Dividends 4. Accounts Receivable 5. Common Stock 6. Rent Revenue 7. Unearned Revenue 8. Utility Expense 9. Automobiles

Correct Answer : (a) Cash 18,000 Common Stock 18,000 (b) Equipment 27,000 Cash 10,000 Notes Payable 17,000 (c) Rent Expense 2,300 Cash 2,300 (d) Supplies 1,500 Accounts Payable 1,500 (e) Accounts Receivable 9,800 Fees Earned 9,800 (f) Cash 7,500 Fees Earned 7,500 (g) Accounts Payable 1,200 Cash 1,200 (h) Wages

Expense 3,425 Cash 3,425 (i) Cash 7,900 Accounts
Receivable 7,900 (j) Dividends 1,875 Cash 1,875

96 : On January 12, JumpStart Co. purchased \$870 in office supplies.?(a) Journalize this transaction as if JumpStart paid cash.?(b) (1) Journalize this transaction as if JumpStart purchased the supplies on account.?(b) (2) On January 18, JumpStart pays the amount due. Journalize this event.

Correct Answer : (a) Jan. 12 Office Supplies 870 Cash 870 (b) (1) Jan. 12 Office
Supplies 870 Accounts Payable 870 (b) (2) Jan. 18 Accounts Payable 870 Cash 870

97 : Prepare a journal entry for the purchase of a truck on April 4 for \$85,700, paying \$15,000 cash and the remainder on account. Omit explanation.

Correct Answer : April 4 Truck 85,700 Cash 15,000 Accounts Payable 70,700

98 : On November 10, JumpStart Co. provides \$2,900 in services to clients. At the time of service, the clients paid \$600 in cash and put the balance on account.(a) Journalize this event.?(b) On November 20, JumpStart Co. clients paid an additional \$900 on their accounts due. Journalize this event.?(c) Calculate the accounts receivable balance on November 30.

Correct Answer : (a) Nov. 10 Cash 600 Accounts Receivable 2,300 Fees Earned 2,900 (b)
Nov. 20 Cash 900 Accounts Receivable 900 (c) Original invoice \$2,900 Less cash paid upon
completion 600 Original amount on accounts receivable \$2,300 Less Nov. 20 payment
900 Accounts receivable balance \$1,400

99 : On November 10, JumpStart Co. provides \$2,900 in services to clients. At the time of service, the clients paid \$600 in cash and put the balance on account.(a) Journalize this event.?(b) On November 20, JumpStart Co. clients paid an additional \$900 on their accounts due. Journalize this event.?(c) Calculate the accounts receivable balance on November 30.

Correct Answer : ?Date Description Post. Ref. Debit Credit Jan. 1 Cash 14,000 Common
Stock 14,000 2 Cash 9,500 Revenues 9,500 3 Accounts Receivable 4,200
Revenues 4,200 4 Advertising Expense 700 Cash 700 5 Cash 2,500 Accounts
Receivable 2,500 6 Dividends 1,010 Cash 1,010 7 Telephone
Expense 900 Accounts Payable 900 8 Accounts Payable 900 Cash 900

100 : On December 1, JumpStart Company provides \$2,800 in services to clients.(a) Journalize this event as if the clients had paid cash at the time the services were rendered.?(b)(1) Journalize this event as if the clients had been rendered the services on account.?(b)(2) Assume that the clients paid \$1,200 of the amount on account on December 30. Journalize this transaction.

Correct Answer : (a) Dec. 1 Cash 2,800 ? Fees Earned 2,800 (b) (1) Dec.
1 Accounts Receivable 2,800 ? Fees Earned 2,800 (b) (2) Dec. 30 Cash 1,200 ? Accounts
Receivable 1,200

101 : On December 1, JumpStart Company provides \$2,800 in services to clients.(a) Journalize this event as if the clients had paid cash at the time the services were rendered.?(b)(1) Journalize this event as if the clients had been rendered the services on account.?(b)(2) Assume that the clients paid \$1,200 of the amount on account on December 30. Journalize this transaction.

Correct Answer : TransactionEffect on the accounting equation(a)5(b)4(c)8(d)6(e)7(f)1

102 : Prepare a journal entry on October 12 for the fees earned on account, \$14,600. Omit explanation.

Correct Answer : Oct. 12Accounts Receivable14,600 Fees Earned? 14,600

103 : Prepare a journal entry on October 12 for the fees earned on account, \$14,600. Omit explanation.

Correct Answer : 1. Credit entries only, normal credit balance2. Debit entries only, normal debit balance3. Both debit and credit entries, normal credit balance4. Both debit and credit entries, normal debit balance5. Both debit and credit entries, normal debit balance6. Both debit and credit entries, normal debit balance

104 : Prepare a journal entry on October 12 for the fees earned on account, \$14,600. Omit explanation.

Correct Answer : (a)Accounts Receivable200 Supplies 200 Supplies500 Accounts Payable 500 (b)Cash5,000 Fees Earned 5,000

105 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : Nov. 30 Office Equipment550 Office Supplies550

106 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : a.Dividends5,000 Office Expense 5,000?b.Fees Earned7,800 Accounts Receivable 7,800

107 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : a.The totals are equal.b.The totals are unequal. The credit total is higher by \$1,800.c.The totals are unequal. The credit total is higher by \$6,000.

108 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : (1)a. The debit column is added incorrectly; the sum is actually \$289,780.b. The trial balance should be dated January 31, rather than "For the Month of January"c. The Accounts Receivable balance should be in the debit column.d. The Accounts Payable balance should be in the credit column.e. The Dividends balance should be in the debit column.f. The Miscellaneous Expense balance should be in the debit column.(2) Dawson Designs Co.Unadjusted Trial BalanceJanuary 31 DebitsCreditsCash23,000 Accounts Receivable49,700 Prepaid Insurance11,300 Equipment150,500 Accounts Payable 6,050Salaries Payable 4,250Common Stock 110,000Dividends18,500 Service

Revenue 236,600 Salary Expense 98,930 Miscellaneous Expense 4,970
356,900 356,900

109 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : ? Sophie Designs Trial Balance April 30 Cash 6,700 Accounts Receivable 3,450 Supplies 3,125 Equipment 14,500 Accounts Payable 4,100 Common Stock 17,800 Dividends 7,500 Fees Earned 45,425 Salary Expense 14,000 Rent Expense 11,500 Utilities Expense 4,000 Supplies Expense 1,700 Miscellaneous Expense 850
? 67,325 67,325

110 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : (a)(1) In the heading, the date should be April 30, not for a period of time. (2) The Cash balance should be a debit. (3) The Accounts Receivable balance is missing. (4) The Supplies balance should be a debit. (5) The Prepaid Insurance balance should be a debit and this account should follow Supplies. (6) The Common Stock balance should be a credit. (7) The Dividends balance should be a debit. (8) Rent Expense should be a debit. (9) Utilities Expense should appear after Supplies Expense. (10) The trial balance does not balance. (b) The new total for credits would be \$69,100 (\$2,500 accounts payable + \$49,600 fees earned + \$17,000 common stock). Accounts receivable would be \$3,075 (\$69,100 total credits - \$66,025 corrected debits).

111 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : Error Totals Difference in Totals Larger of
Totals (1) equal — (2) equal — (3) equal — (4) unequal \$ 90 debit (5) unequal 1,530 credit (6) unequal 17,000 credit (7) unequal 4,000 debit (8) unequal 300 credit (9) unequal 200 credit

112 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : ? Ralston Sports Company Unadjusted Trial Balance September 30 Cash 9,000 Accounts Receivable 200 Supplies 12,500 Equipment 9,500 Accounts Payable 1,900 Common Stock 25,000 Dividends 7,000 Fees Earned 21,800 Operating Expense 10,500 48,700 48,700

113 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : ?? Year 2 ?? Year 1 ? Increase / (Decrease) ?? Percent Sales \$178,400 \$162,500 \$15,900 9.8% Wage expenses \$100,000 \$ 92,500 \$ 7,500 8.1% Rent expenses 33,000 30,000 3,000 10.0% Utilities expenses 30,000 25,000 5,000 20.0% Total operating

expenses\$163,000\$147,500\$15,50010.5%Net income\$ 15,400\$ 15,000\$ 4002.7%?While the trend in sales revenue is favorable, it is not sufficient to offset the rising expenses, resulting in a small increase in net income.?

114 : On November 30, the company accountant discovers that \$550 of a transaction recording the purchase of office supplies was really office equipment. Prepare the journal entry to correct this situation.

Correct Answer : ?Year 2?Year 1?Increase/(Decrease)?PercentSales\$158,400\$162,500\$ (4,100)(2.5)%Wage expense\$ 80,000\$ 92,500\$(12,500)(13.5)%Rent expense28,00030,000(2,000)(6.7)%Utilities expense 30,000 25,000 5,00020.0%Total operating expenses\$138,000\$147,500\$ (9,500)(6.4)%Net income\$ 20,400\$ 15,000\$ 5,40036.0%?The trend in sales revenue is unfavorable, but that is more than offset by the declines in operating expenses, with the exception of utilities, which increased over the period. Despite the 2.5% drop in sales, the net effect was a favorable increase in net income of 36%, which was in large part spurred by the drop in wages expense.?

115 : A journal with a debit and credit column for recording transactions is known as a

Correct Answer : (a)?Faso Fabricating, Inc.Spinoza Fabrication Corp.?Year 2Year 1Increase/DecreasePercentYear 2Year 1Increase/DecreasePercentSales\$362,000\$338,000\$24,0007.1%\$422,000\$395,000\$27,0006.8%Total operating expense285,000245,00040,00016.3%305,000285,00020,0007.0%Net income\$ 77,000\$ 93,000? \$16,000?17.2%\$117,000\$110,000\$ 7,0006.4%?(b) Faso had the slightly higher percentage sales growth from Year 1 to Year 2. Total operating expenses for both companies grew at a higher percentage than the growth in sales. For Faso, the large percentage increase in operating expenses resulted in a substantial decline in net income from Year 1 to Year 2.

116 : During May, \$245,000 was paid to creditors on account, and purchases on account were \$210,500. Assuming the May 31 balance of Accounts Payable was \$62,800, what was the account balance on May 1.

Correct Answer : ??? + \$210,500 ? \$245,000 = \$62,800Accounts Payable balance at May 1 is \$97,300

117 : On October 1, the accounts receivable account balance was \$208,400. During October, \$298,500 was collected from customers on account. Assuming the October 31 balance was \$125,300, determine the fees billed to customers on account during October.

Correct Answer : \$208,400 + ??? ? \$298,500 = \$125,300Fees billed to customers on account during October is \$215,400.

118 : On October 1, the accounts receivable account balance was \$208,400. During October, \$298,500 was collected from customers on account. Assuming the October 31 balance was \$125,300, determine the fees billed to customers on account during October.

Correct Answer : (a)??? (1)Cash48,000??Common Stock?48,000???? (2)Rent Expense880??Cash?880???? (3)Supplies1,750??Accounts Payable?1,750???? (4)Cash12,600??Fees Earned?12,600???? (5)Accounts Payable1,000??Cash?1,000???? (6)Automobile Expense375???Miscellaneous Expense250??Cash?625???? (7)Wages Expense3,900??Cash?3,900???? (8)Accounts Receivable2,400??Fees Earned?2,400???? (9)Supplies Expense280??Supplies?280???? (10)Dividends2,400??Cash?2,400?(b)Cash??Fees Earned(1)4

8,000(2)880???(4)12,600(4)12,600(5)1,000???(8)2,400??(6)625???(7)3,900?????
 ??(10)2,400?????Bal.51,795????????Accounts Receivable??Rent
 Expense(8)2,400???(2)880????????Supplies??Automobile
 Expense(3)1,750(9)280?(6)375??Bal.1,470????????Accounts Payable??Wages
 Expense(5)1,000(3)1,750(7)3,900????Bal.750????Common Stock??Supplies
 Expense??(1)48,000(9)280????????Dividends??Miscellaneous
 Expense(10)2,400???(6)250????????(c)Wickers Restoration ServicesTrial BalanceMay
 31Cash51,795?Accounts Receivable2,400?Supplies1,470?Accounts Payable?750Common
 Stock?48,000Dividends2,400?Fees Earned?15,000Rent Expense880?Automobile
 Expense375?Wages Expense3,900?Supplies Expense280?Miscellaneous
 Expense250??63,75063,750??(d) Net income = \$15,000 – \$880 – \$375 – \$3,900 – \$280 –
 \$250Net income = \$9,315?(e) Retained earnings at May 31: Starting retained earnings + Net
 income – DividendsRetained earnings at May 31 = \$0 + \$9,315 – \$2,400 = \$6,915?

119 : On October 1, the accounts receivable account balance was \$208,400. During October, \$298,500 was collected from customers on account. Assuming the October 31 balance was \$125,300, determine the fees billed to customers on account during October.

Correct Answer : ?Devers GymUnadjusted Trial BalanceAugust 31Cash77,950?Accounts
 Receivable63,450?Supplies3,000?Prepaid Insurance16,800?Land125,000?Accounts
 Payable?36,200Unearned Rent?18,000Notes Payable?125,000Common
 Stock?30,000Retained Earnings?72,300Dividends5,000?Fees Earned?180,600Insurance
 Expense4,200?Wages Expense94,000?Supplies Expense9,500?Rent Expense42,000?Utilities
 Expense16,700?Miscellaneous Expense4,500??462,100462,100?NOTE: The order of
 expenses may vary.??

MULTIPLE CHOICE

120 : Accounts

- A : do not reflect money amounts
- B : are not used by entities that manufacture products
- C : are records of increases and decreases in individual accounting equation elements
- D : are only used by large entities with many transactions

Correct Answer : C

121 : Accounts are classified in the ledger

- A : chronologically
- B : alphabetically
- C : in accordance with their appearance in the financial statements
- D : with the accounts used most often listed first

Correct Answer : C

122 : Which of the following accounts is a stockholders' equity account?

- A : Cash
- B : Accounts Payable
- C : Prepaid Insurance
- D : Common Stock

Correct Answer : D

123 : The increases in stockholders' equity attributable to selling services or products to customers are called

- A : assets
- B : liabilities
- C : revenues
- D : expenses

Correct Answer : C

124 : A chart of accounts is

- A : the same as a balance sheet
- B : usually a listing of accounts in alphabetical order
- C : usually a listing of accounts in financial statement order
- D : used in place of a ledger

Correct Answer : C

125 : The debit side of an account

- A : depends on whether the account is an asset, liability, or stockholders equity
- B : can be either side of the account depending on how the accountant set up the system
- C : is the right side of the account
- D : is the left side of the account

Correct Answer : D

126 : An account is said to have a debit balance if

- A : the amount of the debits exceeds the amount of the credits
- B : there are more entries on the debit side than on the credit side
- C : there are more entries on the credit side than on the debit side
- D : the first entry of the accounting period was posted on the debit side

Correct Answer : A

127 : Which side of the account increases the cash account?

- A : credit
- B : neither a debit nor a credit
- C : debit
- D : either a debit or a credit

Correct Answer : C

128 : Which statement(s) concerning cash is (are) true?

- A : cash will always have more debits than credits
- B : cash will never have a credit balance
- C : cash is increased with a debit
- D : all are true

?

Correct Answer : C

129 : Which of the following is true about T accounts?

- A : The left side of a T account is called the debit side.

- B : The left side of a T account is called the credit side.
- C : The right side of a T account is called the debit side.
- D : Transactions are first recorded in T accounts and then posted to the journal.

Correct Answer : A

130 : A cash payment is recorded in the cash account as

- A : neither a debit nor a credit
- B : a credit
- C : a debit
- D : either a debit or a credit

Correct Answer : B

131 : The balance of an account is determined by

- A : adding all of the debits to all of the credits
- B : always subtracting the debits from the credits
- C : always subtracting the credits from the debits
- D : adding all of the debits, adding all of the credits, and then subtracting the smaller sum from the larger sum

Correct Answer : D

132 : A list of the accounts used by a business is called the

- A : journal
- B : chart of accounts
- C : T chart
- D : debit listing

Correct Answer : B

133 : In the chart of accounts, the balance sheet accounts are normally listed in which order?

- A : liabilities, assets, stockholders equity
- B : assets, liabilities, stockholders equity
- C : stockholders equity, assets, liabilities
- D : assets, stockholders equity, liabilities

Correct Answer : B

134 : In which order are the accounts listed in the chart of accounts?

- A : assets, expenses, liabilities, stockholders equity, revenues
- B : stockholders equity, assets, liabilities, revenues, expenses
- C : assets, liabilities, stockholders equity, revenues, expenses
- D : assets, liabilities, revenues, expenses, stockholders equity

Correct Answer : C

135 : Which are the parts of the T account?

- A : title, date, total
- B : date, debit side, credit side
- C : title, debit side, credit side
- D : title, debit side, total

Correct Answer : C

136 : The chart of accounts is designed to

- A : alphabetize the accounts to make reading easier for financial statement users
- B : organize accounts in order of dollar amount to simplify the accounting information for users
- C : summarize the transactions and determine ending account balances
- D : meet the information needs of a company's managers and other users of its financial statements

Correct Answer : D

137 : Which group of accounts is composed of only assets?

- A : Cash, Accounts Payable, Buildings
- B : Accounts Receivable, Revenue, Cash
- C : Prepaid Expenses, Buildings, Patents
- D : Unearned Revenues, Prepaid Expenses, Cash

Correct Answer : C

138 : Of the following, which is true about assets?

- A : Assets include both physical and intangible items.
- B : Assets include only physical items.
- C : Assets are the personal property of the stockholders of the company.
- D : Assets are not increased as a result of selling products or services to customers.

Correct Answer : A

139 : Which of the following statements is not true about liabilities?

- A : Liabilities are debts owed to outsiders.
- B : Account titles of liabilities often include the term "payable."
- C : Cash received before a service is performed creates a liability.
- D : Liabilities include accumulated depreciation.

Correct Answer : D

140 : The stockholders' equity will be reduced by all of the following except

- A : revenues
- B : expenses
- C : dividends
- D : all of these

Correct Answer : A

141 : The stockholders' equity will be reduced by all of the following except

- A : \$17,300
- B : \$13,500
- C : \$13,000
- D : \$9,800

Correct Answer : A

142 : The stockholders' equity will be reduced by all of the following except

- A : \$1,500
- B : \$3,100
- C : \$7,300

D : \$14,300

Correct Answer : B

143 : In a basic chart of accounts, each account number has two digits. The first digit indicates the major account group to which the account belongs. Which of the following correctly identifies the major account groups typically represented by the numbers 1 through 5?

A : 1-Assets, 2-Liabilities, 3-Stockholders Equity, 4-Expenses, 5-Revenues

B : 1-Assets, 2-Liabilities, 3-Stockholders Equity, 4-Revenues, 5-Expenses

C : 1-Assets, 2-Stockholders Equity, 3-Revenues, 4-Expenses, 5-Dividends

D : 1-Stockholders Equity, 2-Dividends, 3-Revenues, 4-Expenses, 5-Common Stock

Correct Answer : B

144 : Which of the following entries records the purchase of common stock by stockholders?

A : debit Common Stock; credit Accounts Receivable

B : debit Cash; credit Common Stock

C : debit Dividends; credit Cash

D : debit Fees Earned; credit Common Stock

Correct Answer : B

145 : A debit may signify a(n)

A : decrease in asset accounts

B : decrease in liability accounts

C : increase in the common stock account

D : decrease in the dividends account

Correct Answer : B

146 : Which of the following types of accounts have a normal credit balance?

A : assets and liabilities

B : liabilities and expenses

C : revenues and common stock

D : common stock and dividends

Correct Answer : C

147 : Which of the following groups of accounts have a normal debit balance?

A : revenues, liabilities, and stockholders equity

B : stockholders equity and assets

C : liabilities and stockholders equity

D : assets and expenses

Correct Answer : D

148 : Which one of the statements below is not a purpose for the journal?

A : to show increases and decreases in accounts

B : to show chronological order of transactions

C : to show a complete transaction in one place

D : to help locate errors

Correct Answer : D

149 : A credit may signify a

A : decrease in assets

B : decrease in liabilities

C : decrease in common stock

D : decrease in revenue

Correct Answer : A

150 : A debit signifies a decrease in

A : assets

B : expenses

C : dividends

D : revenues

Correct Answer : D

151 : Which of the following applications of the rules of debit and credit is true?

A : decrease Prepaid Insurance with a credit and the normal balance is a credit

B : increase Accounts Payable with a credit and the normal balance is a debit

C : increase Equipment with a debit and the normal balance is a debit

D : decrease Cash with a debit and the normal balance is a credit

Correct Answer : C

152 : Which of the following describes the classification and normal balance of the fees earned account?

A : asset, credit

B : liability, credit

C : stockholders equity, debit

D : revenue, credit

Correct Answer : D

153 : The classification and normal balance of the accounts payable account is

A : an asset with a credit balance

B : a liability with a credit balance

C : stockholders equity with a credit balance

D : revenue with a credit balance

Correct Answer : B

154 : The classification and normal balance of the dividends account is

A : an expense with a credit balance

B : an expense with a debit balance

C : a liability with a credit balance

D : stockholders equity with a debit balance

Correct Answer : D

155 : In which of the following types of accounts are decreases recorded by debits?

A : assets

B : liabilities

- C : expenses
- D : dividends

Correct Answer : B

156 : In which of the following types of accounts are decreases recorded by credits?

- A : liabilities
- B : stockholders equity
- C : assets
- D : revenues

Correct Answer : C

157 : A credit balance in which of the following accounts would indicate a likely error?

- A : Fees Earned
- B : Salary Expense
- C : Common Stock
- D : Accounts Payable

Correct Answer : B

158 : A debit balance in which of the following accounts would indicate a likely error?

- A : Salaries Expense
- B : Notes Payable
- C : Accounts Receivable
- D : Supplies

Correct Answer : B

159 : Which of the following entries records the payment of an account payable?

- A : debit Cash; credit Accounts Payable
- B : debit Accounts Receivable; credit Cash
- C : debit Cash; credit Supplies Expense
- D : debit Accounts Payable; credit Cash

Correct Answer : D

160 : Which of the following entries records the payment of dividends?

- A : debit Common Stock; credit Cash
- B : debit Dividends; credit Cash
- C : debit Salaries Expense; credit Cash
- D : debit Salaries Expense; credit Salaries Payable

Correct Answer : B

161 : Office supplies were sold by Janer's Cleaning Service at cost to another repair shop, with cash received. Which of the following entries for Janer's Cleaning Service records this transaction?

- A : Office Supplies, debit; Cash, credit
- B : Office Supplies, debit; Accounts Payable, credit
- C : Cash, debit; Office Supplies, credit
- D : Accounts Payable, debit; Office Supplies, credit

Correct Answer : C

162 : Office supplies purchased by Janer's Cleaning Service on account were returned. The office supplies had not yet been paid for. Which of the following entries for Janer's Cleaning Service records this transaction?

- A : Cash, debit; Office Supplies, credit
- B : Office Supplies, debit; Accounts Receivable, credit
- C : Accounts Payable, debit; Office Supplies, credit
- D : Office Supplies, debit; Accounts Payable, credit

Correct Answer : C

163 : Cash was paid by Janer's Cleaning Service to creditors on account. Which of the following entries for Janer's Cleaning Service records this transaction?

- A : Cash, debit; Common Stock, credit
- B : Accounts Payable, debit; Cash, credit
- C : Accounts Receivable, debit; Cash, credit
- D : Accounts Payable, debit; Accounts Receivable, credit

Correct Answer : B

164 : Which of the following entries records the acquisition of office supplies on account?

- A : Office Supplies, debit; Cash, credit
- B : Cash, debit; Office Supplies, credit
- C : Office Supplies, debit; Accounts Payable, credit
- D : Accounts Receivable, debit; Office Supplies, credit

Correct Answer : C

165 : Which of the following entries records the payment of insurance for the current month?

- A : Cash, debit; Insurance Expense, credit
- B : Insurance Expense, debit; Cash, credit
- C : Insurance Expense, debit; Accounts Receivable, credit
- D : Prepaid Insurance, debit; Cash, credit

Correct Answer : B

166 : Which of the following entries records the receipt of cash from clients on account?

- A : Accounts Payable, debit; Fees Earned, credit
- B : Accounts Receivable, debit; Fees Earned, credit
- C : Accounts Receivable, debit; Cash, credit
- D : Cash, debit; Accounts Receivable, credit

Correct Answer : D

167 : Which of the following entries records the receipt of cash from cash customers for services provided?

- A : Fees Earned, debit; Cash, credit
- B : Fees Earned, debit; Accounts Receivable, credit
- C : Cash, debit; Fees Earned, credit
- D : Accounts Receivable, debit; Fees Earned, credit

Correct Answer : C

A : Prepaid Rent, debit; Rent Revenue, credit.
B : Cash, debit; Unearned Rent, credit.
C : Cash, debit; Prepaid Rent, credit.
D : Cash, debit; Rent Expense, credit.

169 : A client has a massage and asks the company bookkeeper to mail her the bill. The bookkeeper should make which entry to record the invoice?

A : No entry until the cash is received
B : Fees Earned, debit; Accounts Receivable, credit
C : Cash, debit; Fees Earned, credit
D : Accounts Receivable, debit; Fees Earned, credit

170 : Which of the following abbreviations is correct?

A : Debit, "Dr"; Credit, "Cd"
B : Debit, "Db"; Credit, "Cr"
C : Debit, "Db"; Credit, "Cd"
D : Debit, "Dr"; Credit, "Cr"

171 : Which of the following is not a correct rule of debits and credits?

A : Assets, expenses, and dividends are increased by debits.
B : Assets are decreased by credits and have a normal debit balance.
C : Liabilities, revenues, and stockholders equity are increased by credits.
D : The normal balance for revenues and expenses is a credit.

172 : Gently Laser Clinic purchased laser equipment for \$8,500 and paid \$2,250 down, with the remainder to be paid later. The correct entry would be

A : Equipment	2,250
Cash	2,250
B : Cash	2,250
Accounts Payable	6,250
Equipment	8,500
C : Equipment Expense	8,500
Accounts Payable	2,250
Cash	6,250
D : Equipment	8,500

Accounts Payable 6,250

Cash 2,250

Correct Answer : D

173 : The _____ is where a transaction can first be found in the accounting records.

- A : chart of accounts
- B : income statement
- C : balance sheet
- D : journal

Correct Answer : D

174 : The process of recording a transaction in the journal is called

- A : balancing
- B : journalizing
- C : posting
- D : summarizing

Correct Answer : B

175 : The process of recording a transaction in the journal is called

- A : increase Common Stock and decrease Cash
- B : increase Cash and decrease Common Stock
- C : increase Cash and increase Common Stock
- D : decrease Cash and decrease Common Stock

Correct Answer : C

176 : The process of recording a transaction in the journal is called

- A : increase Cash and increase Land
- B : decrease Cash and increase Land
- C : decrease Cash and decrease Land
- D : increase Cash and decrease Land

Correct Answer : B

177 : The process of recording a transaction in the journal is called

- A : decrease Accounts Payable, increase Cash
- B : increase Accounts Payable, decrease Cash
- C : increase Accounts Payable, increase Cash
- D : decrease Accounts Payable, decrease Cash

Correct Answer : D

178 : Which of the following accounts would be increased with a credit?

- A : Land; Accounts Payable; Dividends
- B : Accounts Payable; Unearned Revenue; Common Stock
- C : Dividends; Accounts Receivable; Unearned Revenue
- D : Cash; Accounts Receivable; Common Stock

Correct Answer : B

179 : In accordance with the debit and credit rules, which of the following is true?

- A : Debits increase assets.
- B : Credits increase assets.
- C : Debits increase both assets and common stock.
- D : Credits increase both assets and liabilities.

Correct Answer : A

180 : All of the following accounts are increased with a debit except

- A : Unearned Revenues
- B : Land
- C : Accounts Receivable
- D : Cash

Correct Answer : A

181 : Which of the following stockholders' equity accounts follows the same debit and credit rules as liabilities?

- A : expense accounts only
- B : dividends accounts only
- C : revenue, common stock, and retained earnings accounts
- D : expense and dividends accounts

Correct Answer : C

182 : The payment for the monthly rent will require which of the following entries?

- A : debit Cash and debit Rent Expense
- B : credit Cash and credit Rent Expense
- C : debit Rent Expense and credit Cash
- D : credit Rent Expense and debit Cash

Correct Answer : C

183 : Expenses follow the same debit and credit rules as

- A : revenues
- B : assets
- C : none of these
- D : liabilities

Correct Answer : B

184 : Net income will result when

- A : revenues (credits) > expenses (debits)
- B : revenues (debits) > expenses (credits)
- C : expenses (credits) = revenues (debits)
- D : revenues (credits) = expenses (debits)

Correct Answer : A

185 : Which of the following will increase stockholders' equity?

- A : expenses > revenues
- B : the company pays dividends

- C : revenues > expenses
- D : cash is received from customers on account

Correct Answer : C

186 : Which of the following transactions increases stockholders' equity?

- A : Supplies are purchased on account.
- B : Services are provided on account.
- C : Cash is received from customers on account.
- D : Utility bill will be paid next month.

Correct Answer : B

187 : Which of the following groups of accounts are increased with a debit?

- A : assets, liabilities, stockholders' equity
- B : assets, dividends, expenses
- C : assets, revenues, expenses
- D : assets, liabilities, revenues

Correct Answer : B

188 : Which of the following groups of accounts increase with a credit?

- A : common stock, revenues, expenses
- B : assets, common stock, revenues
- C : liabilities, common stock, revenues
- D : none of these

Correct Answer : C

189 : Which of the following is true regarding normal balances of accounts?

- A : ?All accounts have a normal debit balance.
- B : ?The normal balance of all accounts will have either a positive or negative balance.
- C : ?Accounts that have a normal debit balance will only have debit entries, never credit entries.
- D : ?The normal balance is on the increase side of the account.

Correct Answer : D

190 : Which of the following is not true with a double-entry accounting system?

- A : The accounting equation remains in balance.
- B : The sum of all debits is always equal to the sum of all credits in each journal entry.
- C : Each business transaction will have two debits.
- D : Every transaction affects at least two accounts.

Correct Answer : C

191 : Which of the following is not true with a double-entry accounting system?

- A : ?Received cash for services performed.
- B : ?Received cash for services to be performed in the future.
- C : ?Paid cash in advance for services to be performed.
- D : ?Performed services for which cash is owed.

Correct Answer : B

192 : Which of the following is not true with a double-entry accounting system?

- A : Purchased equipment; paid cash of \$5,000, with the remainder to be paid in the future.
- B : Purchased equipment; paid cash of \$10,000, with the remainder to be received in the future.
- C : Purchased equipment with cash.
- D : Purchased equipment on account.

Correct Answer : A

193 : The process of transferring the debits and credits from the journal entries to the accounts is called

- A : sliding
- B : transposing
- C : journalizing
- D : posting

Correct Answer : D

194 : The posting process will include the transfer of which of the following data from the journal to the account?

- A : date, amount (debit or credit)
- B : date, amount (debit or credit), journal page number
- C : amount (debit or credit), account number
- D : date, amount (debit or credit), account number

Correct Answer : B

195 : The Posting Reference columns are used to trace transactions from the accounts to the journal. What will be entered in the Posting Reference column of (1) the journal and (2) the account?

- A : (1) the amount of the debit or credit and (2) the journal page number
- B : (1) the journal page number and (2) the date of the transaction
- C : (1) the journal page number and (2) the account number
- D : (1) the account number and (2) the journal page number

Correct Answer : D

196 : The Posting Reference columns are used to trace transactions from the accounts to the journal. What will be entered in the Posting Reference column of (1) the journal and (2) the account?

- A : 11
- B : 15
- C : 3
- D : 13

Correct Answer : C

197 : The Posting Reference columns are used to trace transactions from the accounts to the journal. What will be entered in the Posting Reference column of (1) the journal and (2) the account?

- A : 11
- B : 15
- C : 3
- D : 13

Correct Answer : C

198 : The Posting Reference columns are used to trace transactions from the accounts to the journal. What will be entered in the Posting Reference column of (1) the journal and (2) the account?

- A : 15, 11
- B : 15, 3
- C : 11, 3
- D : 3, 15

Correct Answer : A

199 : The Posting Reference columns are used to trace transactions from the accounts to the journal. What will be entered in the Posting Reference column of (1) the journal and (2) the account?

- A : 41, 3
- B : 3, 11
- C : 11, 41
- D : 11, 3

Correct Answer : C

200 : The Posting Reference columns are used to trace transactions from the accounts to the journal. What will be entered in the Posting Reference column of (1) the journal and (2) the account?

- A : 5
- B : 11
- C : 54
- D : 21

Correct Answer : A

201 : Which of the following balances is always due to an error?

- A : Office Equipment - credit balance of \$500
- B : Retained Earnings - debit balance of \$1,000
- C : Dividends - debit balance of \$2,500
- D : Accounts Payable - debit balance of \$600

Correct Answer : A

202 : Which of the following errors, each considered individually, would cause the trial balance totals to be unequal?

- A : A transaction was not posted.
- B : A payment of \$67 for insurance was posted as a debit of \$76 to Prepaid Insurance and a credit of \$76 to Cash.
- C : A payment of \$4,450 to a creditor was posted as a debit of \$4,500 to Accounts Payable and a credit of \$450 to Cash.
- D : Cash received from customers on account was posted as a debit of \$720 to Cash and a credit of \$720 to Accounts Payable.

Correct Answer : C

203 : Proof that the dollar amount of the debits equals the dollar amount of the credits in the

ledger means

A : all of the information from the journal was correctly transferred to the ledger

B : all accounts have their correct balances in the ledger

C : only the journal is accurate; the ledger may be incorrect

D : only that the debit dollar amounts equal the credit dollar amounts

Correct Answer : D

204 : That the total dollar amount of the debits equals the total dollar amount of the credits in the ledger accounts can be verified through a(n):

A : chart of accounts

B : trial balance

C : income statement

D : balance sheet

Correct Answer : B

205 : That the total dollar amount of the debits equals the total dollar amount of the credits in the ledger accounts can be verified through a(n):

A : (3), (2), (4), (1)

B : (2), (3), (4), (1)

C : (3), (2), (1), (4)

D : (4), (3), (2), (1)

Correct Answer : A

206 : A trial balance is prepared to

A : prove that there were no errors made in recording transactions into the journal

B : prove that no errors were made in posting to the ledger

C : prove that each account balance is correct

D : discover errors that affect the equality of debits and credits

Correct Answer : D

207 : A trial balance is prepared to

A : \$13,900

B : \$11,200

C : \$12,700

D : \$9,700

Correct Answer : A

208 : Of the following, which is an internal report that will determine if the total of the debit balances equal the total of the credit balances in the ledger?

A : chart of accounts

B : income statement

C : trial balance

D : horizontal analysis

Correct Answer : C

209 : An overpayment error was discovered in computing and paying the wages of a Jamison Tree Trimming employee. When Jamison receives cash from the employee for the amount of

the overpayment, which of the following entries will Jamison make?

- A : Cash, debit; Wages Expense, credit
- B : Wages Payable, debit; Wages Expense, credit
- C : Wages Expense, debit; Cash, credit
- D : Cash, debit; Wages Payable, credit

Correct Answer : A

210 : If the two totals of a trial balance are not equal, it could be due to

- A : failure to record a transaction
- B : recording the same erroneous amount for both the debit and the credit parts of a transaction
- C : an error in determining the account balances, such as a balance being incorrectly computed
- D : recording the same transaction more than once

Correct Answer : C

211 : When a transposition error is made on the trial balance, the difference between the debit and credit totals on the trial balance will be

- A : zero
- B : twice the amount of the transposition
- C : one-half the amount of the transposition
- D : divisible by 9

Correct Answer : D

212 : Which of the following errors could cause the trial balance totals to be unequal?

- A : posting the debit portion of a journal entry incorrectly when the credit portion of the entry is correctly posted
- B : failure to record a transaction or to post a transaction
- C : recording the same transaction more than once
- D : recording the same erroneous amount for both the debit and the credit parts of a transaction

Correct Answer : A

213 : The trial balance is out of balance and the accountant suspects that a transposition or slide error has occurred. What will the accountant do to confirm this suspicion?

- A : Determine the amount of the error and look for that amount on the trial balance.
- B : Determine the amount of the error and divide by two, then look for that amount on the trial balance.
- C : Determine the amount of the error and refer to the journal entries for that amount.
- D : Determine the amount of the error and divide by nine. If the result is evenly divided, then this type of error is likely.

Correct Answer : D

214 : The purchase of supplies on account was recorded and posted as a debit to Supplies for \$500 and a credit to Accounts Receivable for \$500. The correcting entry would include a:?

- A : credit to Accounts Receivable for \$500
- B : credit to Accounts Receivable for \$1,000
- C : credit to Accounts Payable for \$500
- D : credit to Accounts Payable for \$1,000

Correct Answer : C

215 : Which of the following is not a useful step in finding errors on the trial balance?

- A : Determine the difference between debits and credits and look for the amount.
B : Determine the difference between debits and credits and change any account to make the trial balance correct.
C : Determine the difference between debits and credits, divide the amount by 2, and look for the amount.
D : Determine the difference between debits and credits, divide the amount by 9, and if it divides evenly, look for a transposition or slide error.

Correct Answer : B

216 : Which of the following is not a useful step in finding errors on the trial balance?

- A : \$32,500, 19.6%
B : (\$32,500), (19.6%)
C : \$32,500, 16.4%
D : (\$32,500), (16.4%)

Correct Answer : A

217 : Which of the following is not a useful step in finding errors on the trial balance?

- A : \$15,500, 19.6%
B : (\$15,500), (10.3%)
C : \$15,500, 10.3%
D : (\$15,500), (9.4%)

Correct Answer : D

218 : All of the following statements regarding a horizontal analysis are true except:

- A : A horizontal analysis is used to compare an item in a current statement with the same item in prior statements.
B : A horizontal analysis can be performed on a balance sheet and income statement, but not on a statement of cash flows.
C : If Fees Earned in Year 1 is \$125,000 and Fees Earned in Year 2 is \$143,750, a horizontal analysis will indicate a 15% increase over this period.
D : When two statements are compared in horizontal analysis, the earlier statement is used as the base for computing the amount and the percent of change.

Correct Answer : B

219 : A journal with a debit and credit column for recording transactions is known as a

- A : debit and credit journal
B : normal journal
C : two-column journal
D : summary journal

Correct Answer : C

220 : A journal with a debit and credit column for recording transactions is known as a

- A : \$15,800
B : \$21,300
C : \$22,600
D : \$26,200

Correct Answer : D

221 : A journal with a debit and credit column for recording transactions is known as a

- A : Faso: 27.5%; Spinoza: 27.8%

B : Faso: 6.6%; Spinoza: 6.4%
C : Faso: 7.1%; Spinoza: 6.8%
D : Faso: 16.3%; Spinoza: 7.0%

Correct Answer : C

222 : A journal with a debit and credit column for recording transactions is known as a

A : Faso: ?17.2%; Spinoza: ?6.4%
B : Faso: ?17.2%; Spinoza: 6.4%
C : Faso: 17.2%; Spinoza: ?6.4%
D : Faso: 17.2%; Spinoza: 6.4%

Correct Answer : B

MATCHING

223 : Match each of the following accounts with its proper account group from groups listed below.?

A : Unearned Rent	A : Assets
B : Prepaid Insurance	B : Liabilities
C : Fees Earned	C : Stockholders' Equity
D : Patents	D : Revenue
E : Dividends	E : Expenses

Correct Answer :

A : B

B : A

C : D

D : A

E : C

224 : For each of the following accounts, indicate whether its normal balance is on the credit side or the debit side of the T account.

A : Common Stock	A : Credit side
B : Accounts Receivable	B : Debit side
C : Accounts Payable	
D : Interest Revenue	
E : Copyrights	

Correct Answer :

A : A

B : B

C : A

D : A

E : B

225 : Several types of errors can be made during the journalizing and posting process. Match the following with their best description.

A : Balance incorrectly computed.

A : Trial balance preparation errors

B : Debit or credit posting omitted.

B : Account balance errors

C : Wrong amount posted to an account.

C : Posting errors

D : Trial balance column incorrectly added.

E : Balance entered on wrong side of account.

F : Amount incorrectly entered on trial balance.

G : Balance entered in wrong trial balance column or omitted.

H : Debit posted as credit, or vice versa.

Correct Answer :

A : B

B : C

C : C

D : A

E : B

F : A

G : A

H : C