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| 1. Accounts are records of increases and decreases in individual accounting equation elements.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.01 - Purpose ACCT.ACBSP.APC.02 - GAAP ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 2. A chart of accounts is a listing of accounts that make up the journal.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.01 - Purpose ACCT.ACBSP.APC.02 - GAAP ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 3. The chart of accounts should be the same for each business.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.03 - Business Forms ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 4. Accounts payable are accounts that you expect will be paid to you.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 5. Consuming goods and services in the process of generating revenues results in expenses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 6. Prepaid expenses are an example of an expense.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 7. The Unearned Revenues account is an example of a liability.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 8. The Dividends account is an expense.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |  |  | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 9. Accounts in the ledger are usually maintained in alphabetical order.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 10. Depending on the account title, the right side of the account is referred to as the credit side.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 11. To determine the balance in an account, always subtract credits from debits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 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 |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 13. The T account got its name because it resembles the letter “T.”   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 14. The right hand side of a T account is known as a debit and the left hand side is known as a credit.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 15. Debiting the cash account will increase the account.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |
| 16. A credit to the cash account will increase the account.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 17. The cash account will always be debited.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 18. The recording of cash receipts to the cash account will be done by debiting the account.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 19. The recording of cash payments from the cash account is done by entering the amount as a credit.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 21. Liabilities are debts owed by the business entity.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.03 - Business Forms ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 22. The accounts payable account is listed in the chart of accounts as an asset.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.16 - Current Liabilities Reporting ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 23. A dividends account represents the amount of earnings paid to the stockholders.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |  |  | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.03 - Business Forms ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 24. Revenues are equal to the difference between cash receipts and cash payments.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 25. Expenses result from selling services or products to customers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 26. Stockholders' equity is reduced by the amount in the dividends account.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.03 - Business Forms ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 27. When an owner invests assets in the business, the retained earnings account increases due to revenue being earned.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 28. When an account receivable is collected in cash, the total assets of the business increase.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.15 - Current Assets Reporting ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 29. When an account payable is paid with cash, the stockholders' equity in the business decreases.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.16 - Current Liabilities Reporting ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 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 |  |  |  | | --- | --- | | *ANSWER:* | False | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.ACBSP.APC.16 - Current Liabilities Reporting ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 32. A debit is abbreviated as *Db.* and a credit is abbreviated as *Cr*.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 34. Dividends decrease stockholders' equity and are listed on the income statement as a deduction from revenue.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 35. The normal balance of revenue accounts is a credit.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 36. The normal balance of the dividends account is a debit.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 37. The normal balance of an expense account is a credit.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |
| 38. Expense accounts are increased by credits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 39. Revenue accounts are increased by credits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 40. Liability accounts are increased by debits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 41. Journalizing transactions using the double-entry bookkeeping system will eliminate fraud.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 42. Transactions are listed in the journal chronologically.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 43. Journalizing is the process of entering amounts in the ledger.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 44. The process of recording a transaction in the journal is called journalizing.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 45. Transactions are initially entered into a record called a journal.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 46. The double-entry accounting system records each transaction twice.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 47. The increase side of an account is also the side of the normal balance.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 48. Journal entries include both debit and credit accounts for each transaction.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 49. A transaction that is recorded in the journal is called a journal entry.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 50. Assets are increased with debits and decreased with credits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 51. Liabilities are increased with debits and decreased with credits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 52. Debits will increase unearned revenues and revenues.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 53. All stockholders' equity accounts record increases to the accounts with credits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |
| 54. Journalizing always eliminates fraudulent activity.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.01 - Purpose ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 55. Journal entries can have more than two accounts as long as the debits equal the credits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 56. Normal account balances are on the increase side of the accounts.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 57. The process of transferring the data from the journal to the ledger accounts is called posting.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 58. The post reference notation used in the ledger is the account number.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 59. The post reference notation used in the journal is the page number.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 60. 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 |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 61. 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |
| 62. The process of transferring the debits and credits from the journal entries to the accounts is known as posting.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 63. Postings made to standard account forms show a new balance after each entry.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 64. A trial balance determines the complete accuracy of the numbers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 65. Even when a trial balance is in balance, there may be errors in the individual accounts.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |
| 66. 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 67. 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 68. 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 69. Posting a part of a transaction to the wrong account will cause the trial balance totals to be unequal.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 70. The erroneous arrangement of digits, such as writing $45 as $54, is called a slide.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 71. 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 72. 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 |  |  |  | | --- | --- | | *ANSWER:* | False | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 73. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.01 - Purpose ACCT.ACBSP.APC.02 - GAAP ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 74. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 75. Which of the following accounts is a stockholders' equity account?   |  |  |  | | --- | --- | --- | |  | a. | Cash | |  | b. | Accounts Payable | |  | c. | Prepaid Insurance | |  | d. | Common Stock |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 76. The increases in stockholders' equity attributable to selling services or products to customers are called   |  |  |  | | --- | --- | --- | |  | a. | assets | |  | b. | liabilities | |  | c. | revenues | |  | d. | expenses |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 77. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 78. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 79. 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 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 80. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 81. 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 by debiting | |  | d. | all are true |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 82. 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. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 83. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 84. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 85. A list of the accounts used by a business is called the   |  |  |  | | --- | --- | --- | |  | a. | journal | |  | b. | chart of accounts | |  | c. | T chart | |  | d. | debit listing |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 86. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 87. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 88. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 89. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 90. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 91. 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 the result of selling products or services to customers. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 92. Which of the following is **not** considered to be a liability?   |  |  |  | | --- | --- | --- | |  | a. | Wages Payable | |  | b. | Accounts Receivable | |  | c. | Unearned Revenues | |  | d. | Accounts Payable |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 93. 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 do not include wages owed to employees of the company. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 94. The stockholders' equity will be reduced by all of the following **except**   |  |  |  | | --- | --- | --- | |  | a. | revenues | |  | b. | expenses | |  | c. | dividends | |  | d. | all of these |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 95. ​The accounts in the ledger of Monroe Entertainment Co. are listed below.  All accounts have normal balances.  ​   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Accounts payable | $1,500 |  | Fees earned | $3,600 | | Accounts receivable | 1,800 |  | Insurance expense | 1,300 | | Prepaid insurance | 2,000 |  | Land | 3,000 | | Cash | 3,200 |  | Wages expense | 1,400 | | Dividends | 1,200 |  | Common stock | 8,800 |   ​  Total assets are   |  |  |  | | --- | --- | --- | |  | a. | ​$10,000 | |  | b. | ​$8,000 | |  | c. | ​$9,700 | |  | d. | ​$9,800 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Total assets = Accounts receivable + Prepaid insurance + Cash + Land = $1,800 + $2,000 + $3,200 + $3,000​ = $10,000​ | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 96. Expenses can result from   |  |  |  | | --- | --- | --- | |  | a. | selling stock | |  | b. | consuming services | |  | c. | using up liabilities | |  | d. | paying creditors on account |  |  |  | | --- | --- | | *ANSWER:* | b | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 97. In the 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 98. 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 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Bloom's: Remembering Challenging | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 99. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | |  |  | |  |  | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.03 - Business Forms ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 100. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 101. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 102. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 103. 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 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.01 - Purpose ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 104. A credit may signify a   |  |  |  | | --- | --- | --- | |  | a. | decrease in assets | |  | b. | decrease in liabilities | |  | c. | decrease in common stock | |  | d. | decrease in revenue |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 105. A debit signifies a decrease in   |  |  |  | | --- | --- | --- | |  | a. | assets | |  | b. | expenses | |  | c. | dividends | |  | d. | revenues |  |  |  | | --- | --- | | *ANSWER:* | d | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 106. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 107. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 108. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 109. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 110. Which of the following accounts are debited to record increases?   |  |  |  | | --- | --- | --- | |  | a. | assets and liabilities | |  | b. | dividends and liabilities | |  | c. | expenses and liabilities | |  | d. | assets and expenses |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 111. In which of the following types of accounts are increases recorded by credits?   |  |  |  | | --- | --- | --- | |  | a. | revenues and liabilities | |  | b. | dividends and assets | |  | c. | liabilities and dividends | |  | d. | expenses and liabilities |  |  |  | | --- | --- | | *ANSWER:* | a | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 112. In which of the following types of accounts are decreases recorded by debits?   |  |  |  | | --- | --- | --- | |  | a. | assets | |  | b. | liabilities | |  | c. | expenses | |  | d. | dividends |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 113. In which of the following types of accounts are decreases recorded by credits?   |  |  |  | | --- | --- | --- | |  | a. | liabilities | |  | b. | stockholders' equity | |  | c. | assets | |  | d. | revenues |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 114. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 115. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 116. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 117. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | |  |  | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 118. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 119. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 120. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 121. The process of initially recording a business transaction is called   |  |  |  | | --- | --- | --- | |  | a. | correcting | |  | b. | posting | |  | c. | journalizing | |  | d. | balancing |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 122. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 123. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 124. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 125. Which of the following entries records the collection of cash from cash customers?   |  |  |  | | --- | --- | --- | |  | 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 126. Which of the following entries records the receipt of cash for two months' rent? The cash was received in advance of providing the service.   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 127. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 128. 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” |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 129. 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. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 130. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | |  |  |  |  | | --- | --- | --- | --- | |  |  | Debit | Credit | | Equipment | | 8,500 |  | | Accounts Payable | | | 6,250 | | Cash | | | 2,250 |   ​  Accounts Payable = $8,500 – $2,250 = $6,250 | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 131. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 132. The process of recording a transaction in the journal is called   |  |  |  | | --- | --- | --- | |  | a. | ledgerizing | |  | b. | journalizing | |  | c. | posting | |  | d. | summarizing |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 133. Joshua Scott invests $40,000 into his new business.  How would this transaction be entered in the journal in good form?   |  |  |  | | --- | --- | --- | |  | a. | ​Cash                                                  40,000      Common Stock                                                       40,000             Issued common stock for cash. | |  | b. | ​Accounts Receivable                          40,000      Common Stock                                                       40,000            Issued common stock for cash. | |  | c. | ​Common Stock                                   40,000      Cash                                                               40,000            Issued common stock for cash. | |  | d. | Loans Payable                                   40,000       Cash                                                                     40,000           Issued common stock for cash. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 134.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | May | 23 | Cash |  | 22,000 |  | |  |  | Common Stock |  |  | 22,000 | |  |  | Issued common stock for cash. |  |  |  |   ​  This journal entry will   |  |  |  | | --- | --- | --- | |  | 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 |  |  |  | | --- | --- | | *ANSWER:* | c | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 135.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | May | 24 | Land |  | 105,000 |  | |  |  | Cash |  |  | 105,000 | |  |  | Purchased land for business. |  |  |  |   ​  What effects does this journal entry have on the accounts?   |  |  |  | | --- | --- | --- | |  | a. | increase Cash and increase Land | |  | b. | decrease Cash and increase Land | |  | c. | decrease Cash and decrease Land | |  | d. | increase Cash and decrease Land |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 136.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | March | 10 | Accounts Payable |  | 800 |  | |  |  | Cash |  |  | 800 | |  |  | Paid creditors on account. |  |  |  |   ​  What effects does this journal entry have on the accounts?   |  |  |  | | --- | --- | --- | |  | a. | decrease Accounts Payable, increase Cash | |  | b. | increase Accounts Payable, decrease Cash | |  | c. | increase Accounts Payable, increase Cash | |  | d. | decrease Accounts Payable, decrease Cash |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 137. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 138. 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. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 139. All of the following accounts are increased with a debit **except**   |  |  |  | | --- | --- | --- | |  | a. | Unearned Revenues | |  | b. | Land | |  | c. | Accounts Receivable | |  | d. | Cash |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 140. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 141. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 142. Expenses follow the same debit and credit rules as   |  |  |  | | --- | --- | --- | |  | a. | revenues | |  | b. | assets | |  | c. | the Common Stock account | |  | d. | liabilities |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 143. 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) |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 144. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 145. Which of the following situations increase 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. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 146. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 147. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 148. 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. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 149. 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. |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 150.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | March | 6 | Cash |  | 2,500 |  | |  |  | Unearned Fees |  |  | 2,500 | |  |  | ????????????. |  |  |  |   What is the best explanation for this journal entry?   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 151.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | April | 14 | Equipment |  | 15,000 |  | |  |  | Cash |  |  | 5,000 | |  |  | Note Payable |  |  | 10,000 | |  |  | ????????????. |  |  |  |   Which is the best explanation for this journal entry?   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | a | |  |  | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 152. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 153. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 154. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | |  |  | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| The chart of accounts for the Corning Company includes the following:   |  |  | | --- | --- | | **Account Name** | **Account Number** | | Cash | 11 | | Accounts Receivable | 13 | | Prepaid Insurance | 15 | | Accounts Payable | 21 | | Unearned Revenue | 24 | | Common Stock | 31 | | Dividends | 32 | | Fees Earned | 41 | | Salaries Expense | 54 | | Rent Expense | 56 |   ​  Page 3 of the journal contains the following entry:   |  |  |  | | --- | --- | --- | | Prepaid Insurance | 1,530 |  | | Cash |  | 1,530 |   ​  ​Use the above information to answer the questions that follow. |

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| 155. What is the posting reference that will be found in the cash account?   |  |  |  | | --- | --- | --- | |  | a. | 11 | |  | b. | 15 | |  | c. | 3 | |  | d. | 13 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 156. What is the posting reference that will be found in the prepaid insurance account?   |  |  |  | | --- | --- | --- | |  | a. | 11 | |  | b. | 15 | |  | c. | 3 | |  | d. | 13 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 157. What posting references will be found in the journal entry?   |  |  |  | | --- | --- | --- | |  | a. | 15, 11 | |  | b. | 15, 3 | |  | c. | 11, 3 | |  | d. | 3, 15 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 158. The chart of accounts for the Miguel Company includes the following:   |  |  | | --- | --- | | **Account Name** | **Account Number** | | Cash | 11 | | Accounts Receivable | 13 | | Prepaid Insurance | 15 | | Accounts Payable | 21 | | Unearned Revenue | 24 | | Common Stock | 31 | | Dividends | 32 | | Fees Earned | 41 | | Salaries Expense | 54 | | Rent Expense | 56 |   ​  Page 3 of the journal contains the following transaction:   |  |  |  | | --- | --- | --- | | Cash | 640 |  | | Fees Earned |  | 640 |   ​  What posting references will be found in the journal entry?   |  |  |  | | --- | --- | --- | |  | a. | 41, 3 | |  | b. | 3, 11 | |  | c. | 11, 41 | |  | d. | 11, 3 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 159. The chart of accounts for the Miguel Company includes the following:   |  |  | | --- | --- | | **Account Name** | **Account Number** | | Cash | 11 | | Accounts Receivable | 13 | | Prepaid Insurance | 15 | | Accounts Payable | 21 | | Unearned Revenue | 24 | | Common Stock | 31 | | Dividends | 32 | | Fees Earned | 41 | | Salaries Expense | 54 | | Rent Expense | 56 |   ​  Page 5 of the journal contains the following transaction:   |  |  |  | | --- | --- | --- | | Salaries Expense | 525 |  | | Cash |  | 525 |   ​  What is the posting reference that will be found in the salaries expense account?   |  |  |  | | --- | --- | --- | |  | a. | 5 | |  | b. | 11 | |  | c. | 54 | |  | d. | 21 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 160. 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. |  |  |  | | --- | --- | | *ANSWER:* | c | |  |  | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 161. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 162. 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 |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 163. Randomly listed below are the steps for preparing a trial balance:   |  |  | | --- | --- | | (1) | Verify that the total of the Debit column equals the total of the Credit column. | | (2) | List the accounts from the ledger and enter their debit or credit balance in the Debit or Credit column of the trial balance. | | (3) | List the name of the company, the title of the trial balance, and the date the trial balance is prepared. | | (4) | Total the Debit and Credit columns of the trial balance. |   ​  What is the proper order of these steps?   |  |  |  | | --- | --- | --- | |  | a. | (3), (2), (4), (1) | |  | b. | (2), (3), (4), (1) | |  | c. | (3), (2), (1), (4) | |  | d. | (4), (3), (2), (1) |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 164. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 165. The accounts in the ledger of Monroe Entertainment Co. are listed below.  All accounts have normal balances.  ​   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Accounts Payable | $1,500 |  | Fees Earned | $3,600 | | Accounts Receivable | 1,800 |  | Insurance Expense | 1,300 | | Prepaid Insurance | 2,000 |  | Land | 3,000 | | Cash | 3,200 |  | Wages Expense | 1,400 | | Dividends | 1,200 |  | Common Stock | 8,800 |   ​  Prepare a trial balance.  The total of the debits is   |  |  |  | | --- | --- | --- | |  | a. | $13,900 | |  | b. | $11,200 | |  | c. | $12,700 | |  | d. | $9,700 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | |  |  |  |  | | --- | --- | --- | --- | | Monroe Entertainment Co. | | | | | Trial Balance | | | | | ​ | ​ | Debit Balances | Credit Balances | | Accounts Payable | | ​ | $1,500 | | Accounts Receivable | | $ 1,800 | ​ | | Prepaid Insurance | | 2,000 | ​ | | Cash | ​ | 3,200 | ​ | | Dividends | ​ | 1,200 | ​ | | Fees Earned | | ​ | 3,600 | | Insurance Expense | | 1,300 | ​ | | Land | ​ | 3,000 | ​ | | Wages Expense | | 1,400 | ​ | | Common Stock | ​ | ​ | 8,800 | | ​ | ​ | $13,900 | $13,900 |   ​ | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 166. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 167. 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 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 168. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 169. 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 |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 170. 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 |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 171. 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. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 172. 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 |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 173. 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. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 174. 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. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Bloom's: Remembering Moderate | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-ADM - LO: 02-ADM | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 175. McNally Industries has a condensed income statement as shown.   |  |  |  | | --- | --- | --- | |  | **Year 2** | **Year 1** | | Sales | $198,000 | $165,500 | | Total operating expenses | 163,000 | 147,500 | | Net income | 35,000 | 18,000 |   ​  Using horizontal analysis, calculate the amount and percent change for sales.  Round percentages to one decimal place.   |  |  |  | | --- | --- | --- | |  | a. | $32,500, 19.6% | |  | b. | $(32,500), (19.6)% | |  | c. | $32,500, 16.4% | |  | d. | $(32,500), (16.4)% |  |  |  | | --- | --- | | *ANSWER:* | a | |  |  | |  |  | | *RATIONALE:* | Change in sales = Sales in Year 2 – Sales in Year 1 = $198,000 – $165,500​ = $32,500  Percent change in sales = (Sales in Year 2 – Sales in Year 1) / Sales in Year 1  = ($198,000 – $165,500​) / $165,500​ = 19.6%  ​ | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-05 - LO: 02-05 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 176. Richardson Company has a condensed income statement as shown.   |  |  |  | | --- | --- | --- | |  | **Year 2** | **Year 1** | | Sales | $150,000 | $165,500 | | Total operating expenses | 133,000 | 147,500 | | Net income | 17,000 | 18,000 |   ​  Using horizontal analysis, calculate the amount and percent change for sales.  Round percentages to one decimal place.   |  |  |  | | --- | --- | --- | |  | a. | $15,500, 19.6% | |  | b. | $(15,500), (10.3)% | |  | c. | $15,500, 10.3% | |  | d. | $(15,500), (9.4)% |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | Change in sales = Sales in Year 2 – Sales in Year 1 = $150,000 – $165,500​ = –$15,500  Percent change in sales = (Sales in Year 2 – Sales in Year 1) / Sales in Year 1  = ($150,000 – $165,500​) / $165,500​ = –9.4%  ​ | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-05 - LO: 02-05 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 177. 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.   |  |  | | --- | --- | | *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.  ​ | |  |  | |  |  | |  |  | |  |  | |  |  | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 178. 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.   |  |  | | --- | --- | | *ANSWER:* | ??? + $305,000 − $375,880 = $96,750  Cash balance at January 1 is $167,630 | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 179. 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   |  |  | | --- | --- | | *ANSWER:* | Cash  Accounts Receivable  Prepaid Rent  Accounts Payable  Unearned Revenue  Common Stock  Dividends  Fees Earned  Salaries Expense  Miscellaneous Expense | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 180. Calculate the following:   |  |  |  | | --- | --- | --- | | (a) | Determine the cash receipts for April based on the following data: | | |  |  |  | |  | Cash payments during April | $63,000 | |  | Cash account balance, April 1 | 25,500 | |  | Cash account balance, April 30 | 31,750 | |  |  | | | (b) | Determine the cash received from customers on account during April based on the following data: | | |  |  |  | |  | Accounts receivable account balance, April 1 | $22,500 | |  | Accounts receivable account balance, April 30 | 15,250 | |  | Fees billed to customers during April | 45,000 |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | (a) | $69,250 ($31,750 + $63,000 − $25,500) | | (b) | $52,250 ($22,500 + $45,000 − $15,250) | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 181. Selected accounts from the ledger of Garrison Company appear below.  For each account, indicate the following:   |  |  |  |  | | --- | --- | --- | --- | | (a)  In the first column at the right, indicate the nature of each account, using the       following abbreviations: | | | | |  | |  | | |  | Asset - A | Revenue - R | | |  | Liability - L | Expense - E | | |  | None of the above - N |  | | |  | | | | | (b)  In the second column, indicate the increase side of each account by inserting       Dr. or Cr. | | | | |  |  |  |  | |  | Account | Type of Account | Increase Side | | (1) | Supplies | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (2) | Fees Earned | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (3) | Retained Earnings | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (4) | Accounts Payable | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (5) | Salaries Expense | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (6) | Common Stock | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (7) | Accounts Receivable | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (8) | Equipment | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | | (9) | Notes Payable | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ |  |  |  | | --- | --- | |  |  | |  |  | |  |  | |  |  | | *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. | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 182. All nine transactions for Dalton Survey Company for September, the first month of operations, are recorded in the following T accounts:   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | ​   Cash | | | |  | Common Stock | | | | | | (1) | 20,000 | (3) | 7,500 |  |  |  |  | (1) | 20,000 | | (7) | 6,900 | (5) | 2,600 |  |  |  |  |  |  | | (9) | 4,700 | (6) | 5,500 |  |  |  |  |  |  | |  |  | (8) | 2,000 |  |  |  |  |  |  |   ​   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | ​Accounts Receivable | | | | |  | Dividends | | | | | (4) | 4,900 | (9) | 4,700 |  |  | (8) | 2,000 |  |  |   ​   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Supplies | | | |  | | Fees Earned | | | | | (3) | 7,500 |  |  |  | |  |  | (4) | 4,900 | |  |  |  |  |  |  |  |  | (7) | 6,900 |   ​   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Equipment | | | |  |  | | Operating Expenses | | | | (2) | 4,500 |  |  |  |  | (6) | 5,500 |  |  |   ​   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | Accounts Payable | | | |  | | | | | (5) | 2,600 | (2) | 4,500 |  |  |  |  |   ​  Indicate the following for each debit and each credit:   |  |  | | --- | --- | | (a) | The type of account affected (asset, liability, equity, dividends, revenue, or expense). | | (b) | The effect on the account, using "+" for increase and "−" for decrease. |   ​  Present your answers in the following form:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | Account Debited​ | | Account Credited | |  | | Transaction | Type | Effect | Type | Effect |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  |  | | --- | --- | --- | --- | --- | | ​ | | | |  | |  | Account Debited | | Account Credited | | | Transaction | Type | Effect | Type | Effect | | (1) | asset | + | equity | + | | (2) | asset | + | liability | + | | (3) | asset | + | asset | − | | (4) | asset | + | revenue | + | | (5) | liability | − | asset | − | | (6) | expense | + | asset | − | | (7) | asset | + | revenue | + | | (8) | equity | + | asset | − | | (9) | asset | + | asset | − | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 183. 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.   |  |  | | --- | --- | | *ANSWER:* | $75,880 = $96,750 + $305,000 − ?  Cash payments = $325,870 | | *DIFFICULTY:* | Easy Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 184. On January 1, Merry Walker and other stockholders established a catering service.  Listed below are accounts to use for transactions (a) through (d), each identified by a number.  Following this list are the transactions that occurred during the first month of operations.  You are to indicate for each transaction the accounts that should be debited and credited by placing the account number(s) in the appropriate box.   |  |  | | --- | --- | | 1. | Cash | | 2. | Accounts Receivable | | 3. | Supplies | | 4. | Prepaid Insurance | | 5. | Equipment | | 6. | Truck | | 7. | Notes Payable | | 8. | Accounts Payable | | 9. | Common Stock | | 10. | Dividends | | 11. | Fees Earned | | 12. | Wages Expense | | 13. | Rent Expense | | 14. | Utilities Expense | | 15. | Truck Expense | | 16. | Miscellaneous Expense |   ​   |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a.  Stockholders purchased shares of      common stock. |  |  | | b.  Paid rent for the period of     January 3 to the end of the month. |  |  | | c.  Purchased truck for $30,000 with      a cash down payment of $5,000      and the remainder on a note. |  |  | | d. Purchased equipment on account. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a. | 1 | 9 | | b. | 13 | 1 | | c. | 6 | 1,7 | | d. | 5 | 8 | | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 185. On January 1, Merry Walker and other stockholders established a catering service.  Listed below are accounts to use for transactions (a) through (e), each identified by a number.  Following this list are the transactions that occurred in Walker’s first month of operation.  You are to indicate for each transaction the accounts that should be debited and credited by placing the account number(s) in the appropriate box.   |  |  | | --- | --- | | 1. | Cash | | 2. | Accounts Receivable | | 3. | Supplies | | 4. | Prepaid Insurance | | 5. | Equipment | | 6. | Truck | | 7. | Notes Payable | | 8. | Accounts Payable | | 9. | Common Stock | | 10. | Dividends | | 11. | Fees Earned | | 12. | Wages Expense | | 13. | Rent Expense | | 14. | Utilities Expense | | 15. | Truck Expense | | 16. | Miscellaneous Expense | | 17. | Insurance Expense |   ​   |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a.  Purchased supplies for cash. |  |  | | b.  Paid the annual premiums on      property and casualty insurance. |  |  | | c.  Received cash for a job previously      recorded on account. |  |  | | d. Paid a creditor a portion of the     amount owed for equipment     previously purchased on account. |  |  | | e.  Received cash for a completed      job. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a. | 3 | 1 | | b. | 4 | 1 | | c. | 1 | 2 | | d. | 8 | 1 | | e. | 1 | 11 | | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 186. On January 1, Merry Walker and other stockholders established a catering service.  Listed below are accounts to use for transactions (a) through (f), each identified by a number.  Following this list are the transactions that occurred in Walker’s first month of operations.  You are to indicate for each transaction the accounts that should be debited and credited by placing the account number(s) in the appropriate box.   |  |  | | --- | --- | | 1. | Cash | | 2. | Accounts Receivable | | 3. | Supplies | | 4. | Prepaid Insurance | | 5. | Equipment | | 6. | Truck | | 7. | Notes Payable | | 8. | Accounts Payable | | 9. | Common Stock | | 10. | Dividends | | 11. | Fees Earned | | 12. | Wages Expense | | 13. | Rent Expense | | 14. | Utilities Expense | | 15. | Truck Expense | | 16. | Miscellaneous Expense | | 17. | Insurance Expense |   ​   |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a.  Recorded jobs completed on     account and sent invoices to     customers. |  |  | | b.  Received an invoice for truck     expenses to be paid in February. |  |  | | c.  Paid utilities expense |  |  | | d. Received cash from customers on    account. |  |  | | e.  Paid employee wages. |  |  | | f.  Paid dividends to stockholders. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a. | 2 | 11 | | b. | 15 | 8 | | c. | 14 | 1 | | d. | 1 | 2 | | e. | 12 | 1 | | f. | 10 | 1 | | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 187. Listed below are accounts to use for transactions (a) through (d), each identified by a number.  Following this list are the transactions.  You are to indicate for each transaction the accounts that should be debited and credited by placing the account number(s) in the appropriate box.   |  |  | | --- | --- | | 1. | Cash | | 2. | Accounts Receivable | | 3. | Office Supplies | | 4. | Land | | 5. | Interest Receivable | | 6. | Building | | 7. | Truck | | 8. | Equipment | | 9. | Accounts Payable | | 10. | Interest Payable | | 11. | Insurance Payable | | 12. | Utilities Expense | | 13. | Notes Payable | | 14. | Prepaid Insurance | | 15. | Service Revenue | | 16. | Common Stock | | 17. | Insurance Expense | | 18. | Interest Expense | | 19. | Office Supplies Expense | | 20. | Unearned Service Revenue | | 21. | Dividends |   ​   |  |  |  | | --- | --- | --- | | Transactions | Account(s) Debited | Account(s) Credited | | a. Utility bill is received; payment     will be made in 10 days. |  |  | | b. Paid the utility bill previously     recorded in transaction (a). |  |  | | c. Bought a three-year insurance     policy and paid in full. |  |  | | d. Received $7,000 from a contract    to perform accounting services    over the next two years. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | |  | Debit | Credit | | a. | 12 | 9 | | b. | 9 | 1 | | c. | 14 | 1 | | d. | 1 | 20 | | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 188. The following two situations are independent of each other.  ​  1.  On June 1, the cash account balance was $45,750.  During June, cash payments totaled $243,910, and the June      30 balance was $53,200.  Determine the cash receipts during June and show your calculation.  ​  2.  On March 1, the supplies account balance was $1,800.  During March, supplies of $2,450 were purchased,      and $630 of supplies were on hand as of March 31.  Determine the supplies expense for March and show your      calculation.   |  |  | | --- | --- | | *ANSWER:* | 1.  $53,200 = $45,750 + Cash receipts − $243,910       Cash receipts  = $251,360  ​  2.  $630 = $1,800 + $2,450 − Supplies expense       Supplies expense = $3,620 | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 189. Set up T accounts for Cash; Accounts Receivable; Supplies; Accounts Payable; Common Stock; Dividends; Professional Fees; and Operating Expenses.   |  |  |  | | --- | --- | --- | | (a) | In the T accounts, record the following transactions of Potter Pool Services for June, identifying each entry by number: | | |  | (1) | Shareholders invested $12,500 cash in the business by purchasing common stock. | |  | (2) | Purchased supplies on account, $6,250. | |  | (3) | Paid operating expenses, $5,500. | |  | (4) | Billed clients for fees, $7,440. | |  | (5) | Received cash from cash clients, $4,700. | |  | (6) | Paid creditors on account, $1,400. | |  | (7) | Received $3,100 from clients on account. | |  | (8) | Paid $1,500 cash dividends. | |  |  | | | (b) | Prepare a trial balance as of June 30 for Potter Pool Services. | | |  |  | | | (c) | Assuming that supplies expense (which has not been recorded) amounts to $1,500 for June, determine the following: | | |  | (1) | Net income for the month. | |  | (2) | Stockholders' equity as of June 30. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 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) | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 190. On September 1, Erika Company purchased land for $47,500 cash. Provide the journal entry for this transaction.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Sept. 1 | Land | 47,500 |  | |  | Cash |  | 47,500 | |  | Purchased land for the company. |  |  | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 191. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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. |  |  | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 192. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Oct. 17 | Building | 500,000 |  | |  | Land | 250,000 |  | |  | Cash | | 300,000 | |  | Notes Payable | | 450,000 | |  | Purchased building and land  with cash down payment. | |  | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 193. On November 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Nov. 1 | Notes Payable | 200,000 |  | |  | Cash |  | 200,000 | |  | Made payment on note payable. |  |  |   ​  ​ | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 194. On January 7, stockholders invest $45,000 to initiate the operation of a business, JumpStart. Provide the journal entry for this transaction.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Jan. 7 | Cash | 45,000 |  | |  | Common Stock |  | 45,000 | |  | Invest cash in JumpStart. |  |  |   ​  ​  ​ | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 195. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Aug. 30 | Rent Expense | 2,300 |  | |  | Utilities Expense | 525 |  | |  | Wages Expense | 1,750 |  | |  | Maintenance Expense | 275 |  | |  | Cash |  | 4,850 | |  | Paid expenses. |  |  | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 196. On October 30, JumpStart pays $3,330 in dividends to its stockholders. Journalize this event.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Oct. 30 | Dividends | 3,330 |  | |  | Cash |  | 3,330 | |  | Paid dividends. |  |  | | | *DIFFICULTY:* | Easy Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 197. Several transactions are listed below, with the accounting equation stated to the right side of each. Use the following identification codes to indicate the effects of each transaction on the accounting equation. Write your answers in the space provided under the accounting equation. You need an identification code for **each** element of the accounting equation. An example is given before the first transaction.   |  |  |  | | --- | --- | --- | | I-Increase | D-Decrease | NE-No Effect |   ​   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  |  | Assets | = | Liabilities | + | Stockholders'   Equity | | Example | A stockholder invests in his new business by giving equipment valued at $3,500. | I |  | NE |  | I | | (a) | Cash sales are made. | \_\_\_\_\_ |  | \_\_\_\_\_ |  | ​ \_\_\_\_\_ | | (b) | Equipment is purchased on credit. | ​     \_\_\_\_\_ |  | \_\_\_\_\_ |  | \_\_\_\_\_ | | (c) | Payment is made for the equipment purchased on credit in (b). | ​    \_\_\_\_\_ |  | ​  ​  ​    \_\_\_\_\_ |  | \_\_\_\_\_ | | (d) | The company sold excess supplies to another company on credit. | \_\_\_\_\_ |  | \_\_\_\_\_ |  | \_\_\_\_\_ | | (e) | Cash is collected from customers for accounts receivable balances. | \_\_\_\_\_ |  | \_\_\_\_\_ |  | \_\_\_\_\_ |   ​   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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\_ ​\_\_ | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 198. *Journalize the following five transactions for Newman & Associates, Inc.  Omit explanations.*   |  |  |  | | --- | --- | --- | | March | 1 | Bills are sent to clients for services provided in February in the amount of $800. | |  |  |  | |  | 9 | Corner Office, Inc. delivers office furniture ($1,060) and office supplies ($160) to Newman, leaving an invoice for $1,220. | |  |  |  | |  | 15 | Payment is made to Corner Office, Inc. for the furniture and office supplies delivered on March 9. | |  |  |  | |  | 23 | A bill for $430 for electricity for the month of March is received and will be paid on its due date in April. | |  |  |  | |  | 31 | Salaries of $850 are paid to employees. | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | |  |  |  |  | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 199. 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   |  |  | | --- | --- | | *ANSWER:* | 1.C  2.C  3.D  4.D  5.C  6.C  7.C  8.D  9.D | | *DIFFICULTY:* | Easy Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 200. Increases and decreases in various types of accounts are listed below.  In each case, indicate by "Dr." or "Cr." (a) whether the change in the account would be recorded as a debit or a credit and (b) whether the normal balance of the account is a debit or a credit.   |  |  |  |  | | --- | --- | --- | --- | |  |  | (a) | (b) | |  |  | Recorded As | Normal Balance | | (1) | Increase in Common Stock | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (2) | Increase in Dividends | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (3) | Decrease in Accounts Receivable | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (4) | Increase in Note Payable | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (5) | Increase in Accounts Payable | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (6) | Decrease in Supplies | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (7) | Decrease in Salaries Expense | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (8) | Increase in Accounts Receivable | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (9) | Increase in Cash | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | | (10) | Decrease in Land | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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. | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 201. Record the following selected transactions for April in a two-column journal, identifying each entry by letter:   |  |  | | --- | --- | | (a) | Received $18,000 from sale of common stock. | | (b) | Purchased equipment for $27,000, paying $10,000 in cash and giving a note payable for the remainder. | | (c) | Paid $2,300 for rent for April. | | (d) | Purchased $1,500 of supplies on account. | | (e) | Recorded $9,800 of fees earned on account. | | (f) | Received $7,500 in cash for fees earned. | | (g) | Paid $1,200 to creditors on account. | | (h) | Paid wages of $3,425. | | (i) | Received $7,900 from customers on account. | | (j) | Recorded dividends of $1,875. | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 202. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 203. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 204. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | April  4 | Truck | 85,700 |  | |  | Cash |  | 15,000 | |  | Accounts Payable |  | 70,700 | | | *DIFFICULTY:* | Easy Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.04 - Cash vs. Accrual ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 205. Journalize the following selected transactions for January.  Explanations may be omitted.   |  |  |  | | --- | --- | --- | | Jan. | 1 | Received cash from the sale of common stock, $14,000. | |  | 2 | Received cash for providing accounting services, $9,500. | |  | 3 | Billed customers on account for providing services, $4,200. | |  | 4 | Paid advertising expense, $700. | |  | 5 | Received cash from customers on account, $2,500. | |  | 6 | Paid dividends, $1,010. | |  | 7 | Received telephone bill, $900. | |  | 8 | Paid telephone bill, $900. |   ​   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Date** | **Description** | **Post. Ref.** | **Debit** | **Credit** | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 206. 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.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 207. Analyze the effect of the following transactions on the accounting equation.   |  |  | | --- | --- | | (a) | The company paid $725 to a vendor for supplies purchased previously on account. | | (b) | The company performed $850 of services and billed the customer. | | (c) | The company received a utility bill for $395 and will pay it next month. | | (d) | The company paid dividends of $145. | | (e) | The company paid $315 in salaries to its employees. | | (f) | The company collected $730 of cash from its customers on account. |   ​  Some of the possible effects of a transaction on the accounting equation are listed below:   |  |  | | --- | --- | | (1) | Assets, Dr.; Assets, Cr. | | (2) | Assets, Dr.; Stockholders' Equity, Cr. | | (3) | Assets, Dr.; Liabilities, Cr. | | (4) | Assets, Dr.; Revenues, Cr. | | (5) | Liabilities, Dr.; Assets, Cr. | | (6) | Dividends, Dr.; Assets, Cr. | | (7) | Expenses, Dr.; Assets, Cr. | | (8) | Expenses, Dr.; Liabilities, Cr. |   ​  Put the appropriate letter next to each transaction.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | Transaction | Effect on the accounting equation | | (a) | 5 | | (b) | 4 | | (c) | 8 | | (d) | 6 | | (e) | 7 | | (f) | 1 | | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 208. Prepare a journal entry on October 12 for the fees earned on account, $14,600. Omit explanation.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Oct. 12 | Accounts Receivable | 14,600 |  | |  | Fees Earned | ​ | 14,600 | | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 209. State for each account whether it is likely to have (a) debit entries only, (b) credit entries only, or (c) both debit and credit entries when recording business transactions during the month.  Also, indicate the normal balance of each account.   |  |  |  |  | | --- | --- | --- | --- | | 1. | Fees Earned | 4. | Supplies | | 2. | Utilities Expense | 5. | Cash | | 3. | Accounts Payable | 6. | Accounts Receivable |  |  |  | | --- | --- | | *ANSWER:* | 1.  Credit entries only, normal credit balance  2.  Debit entries only, normal debit balance  3.  Both debit and credit entries, normal credit balance  4.  Both debit and credit entries, normal debit balance  5.  Both debit and credit entries, normal debit balance  6.  Both debit and credit entries, normal debit balance | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 210. The bookkeeper for Brockton Industries prepared the following journal entries and posted the entries to the general ledger as indicated in the T accounts presented. Assume that the dollar amounts and the descriptions of the entries are correct.  ​   |  |  |  |  |  | | --- | --- | --- | --- | --- | | July | 3 | Accounts Receivable | 1,000 |  | |  | | Service Revenue |  | 1,000 | |  | | Customers were billed for services completed. |  |  | |  | |  |  |  | | ​ | 11 | Cash | 500 |  | |  | | Accounts Receivable |  | 500 | |  | | Payment is received from a customer billed for services on July 3. |  |  | |  | |  |  |  | | ​ | 12 | Office Supplies | 600 |  | |  | | Accounts Payable |  | 600 | |  | | Purchased office supplies on account; payment is due in 30 days. |  |  | |  | |  |  |  | | ​ | 25 | Office Furniture | 700 |  | |  | | Cash |  | 700 | |  | | Payment is made for office furniture received on July 25. |  |  |   ​   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  |  |  |  |  |  |  |  |  |  |  | | ACCOUNTS RECEIVABLE | | | | |  | SERVICE REVENUE | | | |  | | 7/3 | 1,000 | ​ |  |  |  | 7/3 | 1,000 | ​ |  |  | |  |  | ​ |  |  |  |  |  | ​7/11 | 500 |  |   ​   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | CASH | | | | | |  | ACCOUNTS PAYABLE | | | | |  | 7/11 | ​500 | 7/25 | 700 |  |  | 7/12 | ​600 |  |  |   ​   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | OFFICE SUPPLIES | | | | |  | OFFICE FURNITURE | | | |  | |  | 7/12 | ​600 |  |  |  |  | 7/25 | ​700 |  |  |   ​  **Required**:  If you assume that all journal entries have been recorded correctly, use the above information to: (1) Identify the postings to the general ledger that were made incorrectly. (2) Describe how each incorrect posting should have been made.   |  |  | | --- | --- | | *ANSWER:* | (1) The bookkeeper incorrectly posted the July 3, July 11, and 12 journal entries.  (2) For the July 3 journal entry, the $1,000 credit to Service Revenue should have been posted to the Service Revenue account as a credit, not as a debit. For the July 11 journal entry, the $500 credit should be posted to Accounts Receivable, not to Service Revenue. For the July 12 journal entry, the $600 credit to Accounts Payable should have been posted as a credit, not as a debit. | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-03 - LO: 02-03 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 211. Journalize the entries to correct the following errors:   |  |  | | --- | --- | | (a) | A purchase of supplies for $500 on account was recorded and posted as a debit to Supplies for $200 and as a credit to Accounts Receivable for $200. | | (b) | A receipt of $2,500 from fees earned was recorded and posted as a debit to Fees Earned for $2,500 and a credit to Cash for $2,500. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | (a) | Accounts Receivable | 200 |  | |  | Supplies |  | 200 | |  |  |  |  | |  | Supplies | 500 |  | |  | Accounts Payable |  | 500 | |  |  |  |  | | (b) | Cash | 5,000 |  | |  | Fees Earned |  | 5,000 | |  |  |  |  | | | *DIFFICULTY:* | Bloom's: Applying Challenging | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 212. 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.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Nov. 30 | Office Equipment | 550 |  | |  | Office Supplies |  | 550 | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 213. The following errors took place in journalizing and posting transactions:   |  |  | | --- | --- | | a. | Dividends were recorded as a debit to Office Expense and a credit to Cash. | | b. | Accounts receivable payment for $7,800 was recorded as a debit to Cash and a credit to Fees Earned. |   ​  Journalize the entries to correct the errors.  Omit the explanations.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | a. | Dividends | 5,000 |  | |  | Office Expense |  | 5,000 |   ​   |  |  |  |  | | --- | --- | --- | --- | | b. | Fees Earned | 7,800 |  | |  | Accounts Receivable |  | 7,800 | | | *DIFFICULTY:* | Easy Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 214. For each of the following errors, considered individually, indicate whether the error would cause the trial balance totals to be unequal.  If the error would cause the trial balance totals to be unequal, indicate whether the debit or credit total is higher and by how much.  ​   |  |  | | --- | --- | | A. | Payment of a cash dividend $6,800 was journalized and posted as a debit of $8,600 to Salaries Expense and a credit of $8,600 to Cash. | | B. | A fee of $9,780 earned was debited to Accounts Receivable for $7,980 and credited to Fees Earned for $9,780. | | C. | A payment of $3,000 to a creditor was posted as a credit of $3,000 to Accounts Payable and a credit of $3,000 to Cash. |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | *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. | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 215. Below is the unadjusted trial balance for Dawson Designs.    REQUIRED:  (1) Identify the errors in the trial balance.  All accounts have normal balances. (2) Prepare a corrected trial balance.   |  |  |  | | --- | --- | --- | | Dawson Designs Co. Unadjusted Trial Balance For the Month of January | | | |  | Debits | Credits | | Cash | 23,000 |  | | Accounts Receivable |  | 49,700 | | Prepaid Insurance | 11,300 |  | | Equipment | 150,500 |  | | Accounts Payable | 6,050 |  | | Salaries Payable |  | 4,250 | | Common Stock |  | 110,000 | | Dividends |  | 18,500 | | Service Revenue |  | 236,600 | | Salary Expense | 98,930 |  | | Miscellaneous Expense |  | 4,970 | |  | 424,020 | 424,020 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 Balance January 31 | | | |  | Debits | Credits | | Cash | 23,000 |  | | Accounts Receivable | 49,700 |  | | Prepaid Insurance | 11,300 |  | | Equipment | 150,500 |  | | Accounts Payable |  | 6,050 | | Salaries Payable |  | 4,250 | | Common Stock |  | 110,000 | | Dividends | 18,500 |  | | Service Revenue |  | 236,600 | | Salary Expense | 98,930 |  | | Miscellaneous Expense | 4,970 |  | |  | 356,900 | 356,900 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 216. Prepare a trial balance, listing the following accounts in proper sequence.  The accounts (all normal balances) were taken from the ledger of Sophie Designs Co. on April 30.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Accounts Payable | $  4,100 |  | Rent Expense | $11,500 | | Accounts Receivable | 3,450 |  | Salary Expense | 14,000 | | Cash | 6,700 |  | Fees Earned | 45,425 | | Common Stock | 17,800 |  | Supplies | 3,125 | | Dividends | 7,500 |  | Supplies Expense | 1,700 | | Equipment | 14,500 |  | Utilities Expense | 4,000 | | Miscellaneous Expense | 850 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | | | *DIFFICULTY:* | Moderate Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 217. ​   |  |  | | --- | --- | | (a) | List the errors in the following trial balance. All accounts have normal balances. | | (b) | What would be the new totals of the trial balance after errors are corrected? What would be the balance of Accounts Receivable? |   ​   |  |  |  | | --- | --- | --- | | Winslow’s Auto Body Trial Balance  For Month Ending April 30 | | | | Cash |  | 19,475 | | Accounts Receivable | ? |  | | Supplies |  | 1,000 | | Equipment | 15,000 |  | | Prepaid Insurance |  | 500 | | Accounts Payable |  | 2,500 | | Common Stock | 17,000 |  | | Dividends |  | 1,000 | | Fees Earned |  | 49,600 | | Salary Expense | 14,500 |  | | Rent Expense |  | 9,000 | | Utilities Expense | 1,400 |  | | Supplies Expense | 3,900 |  | | Miscellaneous Expense | 250 | ​ | |  | 55,000 | 81,575 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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). | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 218. Answer the following questions for each of the errors listed below, considered individually:   |  |  | | --- | --- | | (a) | Did the error cause the trial balance totals to be unequal? | | (b) | What is the amount of the difference between the trial balance totals (where applicable)? | | (c) | Which of the trial balance totals, debit or credit, is the larger (where applicable)? |   ​  Present your answers in columnar form, using the following headings:   |  |  |  |  | | --- | --- | --- | --- | | Error | Totals | Difference in Totals | Larger of Totals | | (identifying number) | (equal or unequal) | (amount) | (debit or credit) |   Errors:   |  |  | | --- | --- | | (1) | A dividend of $3,000 cash to shareholders was recorded by a debit of $3,000 to Salary Expense and a credit of $3,000 to Cash. | | (2) | A $650 purchase of supplies on account was recorded as a debit of $1,650 to Equipment and a credit of $1,650 to Accounts Payable. | | (3) | A purchase of equipment for $3,450 on account was not recorded. | | (4) | A $870 receipt on account was recorded as a $870 debit to Cash and a $780 credit to Accounts Receivable. | | (5) | A payment of $1,530 cash on account was recorded only as a credit to Cash. | | (6) | Cash sales of $8,500 were recorded as a credit of $8,500 to Cash and a credit of $8,500 to Fees Earned. | | (7) | The debit to record a $4,000 cash receipt on account was posted twice; the credit was posted once. | | (8) | The credit to record a $300 cash payment on account was posted twice; the debit was posted once. | | (9) | The debit balance of $7,400 in Accounts Receivable was recorded in the trial balance as a debit of $7,200. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 |  | | | *DIFFICULTY:* | Challenging Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| Use the information below to answer the question that follows. All nine transactions for Ralston Sports Co. for September, the first month of operations, are recorded in the following T accounts:   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Cash | | | |  |  | Common Stock | | | | (1) | 25,000 | (3) | 12,500 |  |  |  | (1) | 25,000 | | (7) | 11,900 | (5) | 7,600 |  |  |  |  |  | | (9) | 9,700 | (6) | 10,500 |  |  |  |  |  | |  |  | (8) | 7,000 |  |  |  |  |  |   ​   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Accounts Receivable | | |  |  |  |  | Dividends | | | | (4) | 9,900 | (9) | 9,700 | |  | (8) | 7,000 |  |  |   ​   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Supplies | | |  |  |  | Fees Earned | | | | (3) | 12,500 |  |  |  |  |  | (4) | 9,900 | |  |  |  |  |  |  |  | (7) | 11,900 |   ​   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Equipment | | | |  |  | Operating Expense | | | | (2) | 9,500 |  |  |  | (6) | 10,500 |  |  |   ​   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Accounts Payable | | | | | |  | | | | (5) | 7,600 | (2) | 9,500 |  |  |  |  |  |   ​  ​ |

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| 219. Prepare a trial balance, listing the accounts in their proper order.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  | | --- | --- | --- | | Ralston Sports Company 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 | | | *DIFFICULTY:* | Easy Bloom's: Applying | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.05 - Accounting Cycle ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 220. Lewis Company has a condensed income statement as shown:   |  |  |  | | --- | --- | --- | |  | **Year 2** | **Year 1** | | Sales | $178,400 | $162,500 | | Wage expenses | $100,000 | $  92,500 | | Rent expenses | 33,000 | 30,000 | | Utilities expenses | 30,000 | 25,000 | | Total operating expenses | $163,000 | $147,500 | | Net income | $  15,400 | $  15,000 |   ​  REQUIRED: Prepare a horizontal analysis of Lewis Company’s income statements. Comment on the trends, both favorable and unfavorable.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *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 | $15,500 | 10.5% | | Net income | $  15,400 | $  15,000 | $    400 | 2.7% |   ​  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. | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-ADM - LO: 02-ADM | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 221. Nebraska Technologies has a condensed income statement as shown:   |  |  |  | | --- | --- | --- | |  | **Year 2** | **Year 1** | | Sales | $158,400 | $162,500 | | Wage expenses | $  80,000 | $  92,500 | | Rent expenses | 28,000 | 30,000 | | Utilities expenses | 30,000 | 25,000 | | Total operating expenses | $138,000 | $147,500 | | Net income | $  20,400 | $  15,000 |   ​  REQUIRED: Prepare a horizontal analysis of Nebraska Technologies' income statements. Comment on the trends, both favorable and unfavorable.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | ​  **Year 2** | ​  **Year 1** | **Increase/**  **(Decrease)** | **Percent** | | Sales | $158,400 | $162,500 | $  (4,100) | (2.5)% | | Wage expense | $  80,000 | $  92,500 | $(12,500) | (13.5)% | | Rent expense | 28,000 | 30,000 | (2,000) | (6.7)% | | Utilities expense | 30,000 | 25,000 | 5,000 | 20.0% | | Total operating    expenses | $138,000 | $147,500 | $  (9,500) | (6.4)% | | Net income | $ 20,400 | $  15,000 | $    5,400 | 36.0% |   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. | | *DIFFICULTY:* | Bloom's: Applying Moderate | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-ADM - LO: 02-ADM | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| *Match each of the following accounts with its proper account group from groups listed below.*  ​   |  |  | | --- | --- | | a. | Assets | | b. | Liabilities | | c. | Stockholders’ Equity | | d. | Revenue | | e. | Expenses |  |  |  | | --- | --- | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-01 - LO: 02-01 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.09 - Financial Statements ACCT.ACBSP.APC.13 - Long-term Assets Reporting ACCT.ACBSP.APC.15 - Current Assets Reporting ACCT.ACBSP.APC.16 - Current Liabilities Reporting ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 222. Unearned Rent   |  |  | | --- | --- | | *ANSWER:* | b | |

|  |  |  |
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| 223. Prepaid Insurance   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 224. Fees Earned   |  |  | | --- | --- | | *ANSWER:* | d | |
| 225. Patents   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 226. Dividends   |  |  | | --- | --- | | *ANSWER:* | c | |

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| *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. | Credit side | | b. | Debit side |  |  |  | | --- | --- | | *DIFFICULTY:* | Moderate Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-02 - LO: 02-02 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 227. Common Stock   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 228. Accounts Receivable   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 229. Accounts Payable   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 230. Interest Revenue   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 231. Copyrights   |  |  | | --- | --- | | *ANSWER:* | b | |

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| *Several types of errors can be made during the journalizing and posting process. Match the following with their best description.*   |  |  | | --- | --- | | a. | Trial balance preparation errors | | b. | Account balance errors | | c. | Posting errors |  |  |  | | --- | --- | | *DIFFICULTY:* | Challenging Bloom's: Remembering | | *LEARNING OBJECTIVES:* | FNMN.WARD.17.02-04 - LO: 02-04 | | *ACCREDITING STANDARDS:* | ACCT.ACBSP.APC.02 - GAAP ACCT.ACBSP.APC.06 - Recording Transactions ACCT.AICPA.FN.03 - Measurement BUSPROG: Analytic | |

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| 232. Balance incorrectly computed.   |  |  | | --- | --- | | *ANSWER:* | b | |

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| 233. Debit or credit posting omitted.   |  |  | | --- | --- | | *ANSWER:* | c | |

|  |  |  |
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| 234. Wrong amount posted to an account.   |  |  | | --- | --- | | *ANSWER:* | c | |

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| 235. Trial balance column incorrectly added.   |  |  | | --- | --- | | *ANSWER:* | a | |

|  |  |  |
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| 236. Balance entered on wrong side of account.   |  |  | | --- | --- | | *ANSWER:* | b | |

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| --- | --- | --- |
| 237. Amount incorrectly entered on trial balance.   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 238. Balance entered in wrong trial balance column or omitted.   |  |  | | --- | --- | | *ANSWER:* | a | |

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| 239. Debit posted as credit, or vice versa.   |  |  | | --- | --- | | *ANSWER:* | c | |