

Question 1

When accounting for a merchandising business, which of the following is TRUE?

- A) Wholesalers must use the periodic inventory system.
- B) Retailers must use the perpetual inventory system.
- C) Wholesalers must use the periodic inventory system; retailers may use either the perpetual or periodic inventory system.
- D) Retailers and wholesalers may use either the perpetual or periodic inventory system.

Answer: <https://biology-forums.com/index.php?topic=566069>

Question 2

Closing entries included debits to revenues for a total of \$5,000, credits to expenses for a total of \$3,000, and a credit to dividends for \$1,000. The net change in Retained Earnings for the month was:

- A) \$1,000.
- B) \$2,000.
- C) \$3,000.
- D) \$4,000.

Answer: <https://biology-forums.com/index.php?topic=566032>

Question 3

The purchase of treasury stock is shown as a cash outflow in the investing section of the cash flow statement.

Is this statement one that's true or false?

Answer: <https://biology-forums.com/index.php?topic=567220>

Question 4

Which of the following is NOT an advantage of a corporation?

- A) Ease of raising capital
- B) Government regulation
- C) Limited liability
- D) Transfer of ownership

Answer: <https://biology-forums.com/index.php?topic=567023>

Question 5

Joe was overlooked for a promotion and decides to embezzle money because he feels like he deserved that raise. This is an example of, respectively:

- A) perceived opportunity, perceived pressure.
- B) perceived pressure, rationalization.
- C) perceived opportunity, rationalization.
- D) rationalization, perceived pressure.

Answer: <https://biology-forums.com/index.php?topic=566450>

Question 6

The investing and financing sections of the Statement of Cash Flows is the same for the indirect and direct method.

Is this statement one that's true or false?

Answer: <https://biology-forums.com/index.php?topic=567186>

Question 7

The Vintage Showroom, an antique shop, would most likely use the FIFO method of accounting for inventory.

Is this statement one that's true or false?

Answer: <https://biology-forums.com/index.php?topic=566204>

Question 8

Generally Accepted Auditing Standards are developed by the Securities and Exchange Commission.

Is this statement one that's true or false?

Answer: <https://biology-forums.com/index.php?topic=566454>

Question 9

Net sales times the historical gross profit percentage yields the estimated:

- A) ending inventory.
- B) beginning inventory.
- C) gross profit.

D) cost of goods sold.

Answer: <https://biology-forums.com/index.php?topic=566327>

Question 10

The information from the general journal is transferred to the:

- A) Balance Sheet.
- B) Income Statement.
- C) general ledger.
- D) Statement of Retained Earnings.

Answer: <https://biology-forums.com/index.php?topic=565861>

Question 11

There are times when contingent liabilities are never recorded.
Is this statement one that's true or false?

Answer: <https://biology-forums.com/index.php?topic=566890>

Question 12

A useful tool that updates inventory is the:

- A) cash register.
- B) bar code scanner.
- C) price tag on the merchandise.
- D) UPC number.

Answer: <https://biology-forums.com/index.php?topic=566065>

Question 13

The balance in the Depreciation Expense account on the adjusted trial balance:

- A) is generally equal to the balance on the unadjusted trial balance.
- B) is generally greater than the balance on the unadjusted trial balance.
- C) is generally less than the balance on the unadjusted trial balance.
- D) has no relationship to the balance on the unadjusted trial balance.

Answer: <https://biology-forums.com/index.php?topic=565989>

Question 14

If an employee gives a false refund and pockets the cash, this would be considered a(n):

- A) disbursement scheme.
- B) expense scheme.
- C) cash register scheme.
- D) check tampering scheme.

Answer: <https://biology-forums.com/index.php?topic=566419>

Question 15

For which of the following securities are any increases or decreases in value reported as a separate change in Stockholders' Equity for the period?

- A) Trading securities
- B) Available-for sale securities
- C) Held-to-maturity securities
- D) Trading and held-to-maturity securities

Answer: <https://biology-forums.com/index.php?topic=566819>

Question 16

If management wishes to evaluate the delinquency of charge customers, they could use the:

- A) rate of return on total assets.
- B) rate of return on equity.
- C) Accounts Receivable turnover.
- D) quick ratio.

Answer: <https://biology-forums.com/index.php?topic=567413>

Question 17

Smith Company had an inventory balance of \$12,000 on January 1 and \$18,000 on December 31. The cost of goods sold during the period was \$63,000. What is the purchase amount?

- A) \$6,000
- B) \$33,000
- C) \$66,000
- D) \$69,000

Answer: <https://biology-forums.com/index.php?topic=566072>

Question 18

Inventory is the most important asset in a service business.

Is this statement one that's true or false?

Answer: <https://biology-forums.com/index.php?topic=566334>

Question 19

If net sales increases and cost of goods sold decreases, the gross profit ratio:

- A) remains the same.
- B) decreases.
- C) increases.
- D) cannot be determined from the information given.

Answer: <https://biology-forums.com/index.php?topic=566194>

Question 20

If the likelihood of an obligation is remote:

- A) no action is necessary in the accounting treatment.
- B) the disclosure with explanation is put into the financial statement footnotes.
- C) the obligation with the estimated dollars is recorded on the Balance Sheet.
- D) the obligation with the estimated dollars is recorded and put into the footnotes.

Answer: <https://biology-forums.com/index.php?topic=566893>