

Question 1

Which of the following expenses is the most difficult to allocate to departments?

- A) Salaries and wages
- B) Cost of goods sold
- C) Merchandise purchases
- D) Use of general supplies by everyone

Answer: <https://biology-forums.com/index.php?topic=648105>

Question 2

What is the difference between a debit and credit memorandum?

Answer: <https://biology-forums.com/index.php?topic=647180>

Question 3

The estimated manufacturing overhead cost was \$25,000 and estimated machine hours were 10,000. Actual manufacturing overhead cost was \$24,000 and actual machine hours were 12,000. The overhead application rate per hour based on machine hours is:

- A) \$2.00.
- B) \$2.40.
- C) \$2.08.
- D) \$2.50.

Answer: <https://biology-forums.com/index.php?topic=648603>

Question 4

Home Restoration reports net sales of \$60,000. If sales returns and allowances are \$10,000 and sales discounts are \$1,500, what are gross sales?

- A) \$38,500
- B) \$60,000
- C) \$71,500
- D) \$68,500

Answer: <https://biology-forums.com/index.php?topic=648129>

Question 5

Discuss the purpose of a statement of cash flows, and describe its components.

Answer: <https://biology-forums.com/index.php?topic=648987>

Question 6

An interest allowance is based on a partner's individual initial investment of capital.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=649147>

Question 7

Omega.com sold 25 jet skis on account for \$7,000 which cost \$5,000. The entry to record the sale would include:

- A) credit to Finished Goods Inventory \$5,000.
- B) debit to Cost of Goods Sold for \$7,000.
- C) credit to Account Receivable for \$7,000.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=648551>

Question 8

Calculate the total wages earned for each employee (assume an overtime rate of time and a half over 40 hours):

- a) Sam earns \$25 per hour and worked 45 hours in one week.
- b) Jim earns \$20 per hour and worked 42 hours in one week.

Answer: <https://biology-forums.com/index.php?topic=647429>

Question 9

The Withdrawals account is closed to Income Summary.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=646959>

Question 10

A credit to an asset account was posted as a credit to a liability account. This error would cause:

- A) capital to be understated.
- B) assets to be understated.
- C) liabilities to be overstated.
- D) None of the above is correct.

Answer: <https://biology-forums.com/index.php?topic=646550>

Question 11

Cash has a normal balance of \$1,100. After collecting \$800, the balance in the account is:

- A) debit \$1,900.
- B) debit \$300.
- C) credit \$300.
- D) credit \$1,900.

Answer: <https://biology-forums.com/index.php?topic=646539>

Question 12

After aging the receivables, Tim's Toys estimates that \$1,900 will not be collected and the allowance account has a debit balance of \$525. The adjusting entry would be for:

- A) \$1,900.
- B) \$1,375.
- C) \$525.
- D) \$2,425.

Answer: <https://biology-forums.com/index.php?topic=647427>

Question 13

The net income before taxes for the year ended was \$320,000. Equity for common stockholders' at the end of the year was \$1,600,000 and \$1,400,000 at the beginning of the year. The return on common stockholders' equity would be:

- A) 87.50%.
- B) 18.75%.
- C) 20.00%.
- D) 21.43%.

Answer: <https://biology-forums.com/index.php?topic=649312>

Question 14

In a voucher system, Vouchers Payable is the controlling account for the subsidiary ledger Unpaid Vouchers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=647562>

Question 15

Which of the following transactions would result in an accrual?

- A) Owner's withdrawals
- B) Rent expired for the month.
- C) Salary expense has been incurred but unpaid.
- D) Supplies used during the accounting period

Answer: <https://biology-forums.com/index.php?topic=646798>

Question 16

Why are all of the employer payroll taxes listed in separate payable accounts?

Answer: <https://biology-forums.com/index.php?topic=647930>

Question 17

When calculating the employee's payroll, the clerk forgot about the wage base limits. What impact could this error cause on the employee's check?

- A) FUTA could be overstated.
- B) FICA-OASDI could be overstated.
- C) SUTA could be overstated.
- D) All of these could be correct.

Answer: <https://biology-forums.com/index.php?topic=647349>

Question 18

If the assets owned by a business total \$50,000, owner's equity must also total \$50,000.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=646433>

Question 19

_____ Establishment of petty cash

Answer: <https://biology-forums.com/index.php?topic=647244>

Question 20

Cash Short and Over is:

- A) a Misc. Revenue account.
- B) a Misc. Expense account.
- C) a Misc. Expense or Misc. Revenue account depending on the balance in the account.
- D) an asset or liability depending on the balance in the account.

Answer: <https://biology-forums.com/index.php?topic=647228>