

### Question 1

The going-concern assumption states an entity will remain in operation for only the next accounting period.  
T or F?

Answer: <https://biology-forums.com/index.php?topic=756893>

### Question 2

The purchase of a building with a down payment of cash and the signing of a note payable for the remainder would include a debit to building and a credit to note payable and to cash.  
T or F?

Answer: <https://biology-forums.com/index.php?topic=757065>

### Question 3

The closing process applies to only balance sheet accounts.  
T or F?

Answer: <https://biology-forums.com/index.php?topic=757443>

### Question 4

Which of the following is not a recognized amortization method?

- A) straight-line method
- B) lower-of-cost-or-market method
- C) units-of-production method
- D) double-declining-balance method

Answer: <https://biology-forums.com/index.php?topic=758418>

### Question 5

Using a perpetual inventory system, the entry to record the purchase of merchandise on account involves a:

- A) debit to Inventory.
- B) debit to Accounts Payable.
- C) credit to Inventory.
- D) credit to Cash.

Answer: <https://biology-forums.com/index.php?topic=757548>

### Question 6

A company's accountant capitalizes a payment that should be recorded as an expense. Which of the following is true?

- A) Revenue is overstated.
- B) Expenses are overstated.
- C) Assets are overstated.
- D) Liabilities are overstated.

Answer: <https://biology-forums.com/index.php?topic=758396>

### Question 7

Which of the following best describes the action known as balancing the ledgers?

- A) Totaling the subsidiary account balances and cross checking against the main account balance
- B) Making sure that the ending balance in Sales is equal to the ending balance in Accounts receivable
- C) Identifying the differences between the cash balance in the ledger and the bank statement
- D) Totaling the expense account balances and cross checking against total expenses shown on the income statement

Answer: <https://biology-forums.com/index.php?topic=757953>

### Question 8

Accounting information systems cope with heavy transaction loads by:

- A) computerization and specialization.
- B) segregation of duties between personnel.
- C) hiring temporary personnel.
- D) outsourcing the processing of data.

Answer: <https://biology-forums.com/index.php?topic=757876>

### Question 9

The reliability characteristic means that accounting information is free from error and bias, i.e., objective.

T or F?

Answer: <https://biology-forums.com/index.php?topic=756892>

### Question 10

A cash receipts journal would likely contain all of the following columns except:

- A) cash debit.
- B) sales revenue credit.
- C) accounts receivable debit.
- D) sales discounts debit.

Answer: <https://biology-forums.com/index.php?topic=757936>

### Question 11

Which of the following statements is true?

- A) A trial balance is in the same format as balance sheet.
- B) A trial balance presents data in debit and credit format, but a balance sheet does not.
- C) A trial balance shows total amounts for assets, liabilities, and equity.
- D) A trial balance is created after the balance sheet is prepared.

Answer: <https://biology-forums.com/index.php?topic=757186>

### Question 12

When the buyer pays the freight costs, the entry to record the payment under a periodic inventory system would include a debit to:

- A) Delivery Expense.
- B) Purchases Discounts.
- C) Inventory.
- D) Freight In.

Answer: <https://biology-forums.com/index.php?topic=757651>

### Question 13

The following unadjusted account balances and adjustment data are for Global Advertising as of December 31, 2014:

Cash \$14,000  
Prepaid insurance 3,000  
Office supplies 900  
Office equipment 15,500  
Accumulated amort.-office equipment 4,500  
Accounts payable 1,600  
Salary payable 0  
Unearned service revenue 5,500  
Bill Johnson, Capital 14,900  
Bill Johnson, Withdrawals 11,000  
Service revenue 29,700  
Salary expense 11,800  
Amort. expense-office equipment 0  
Supplies expense 0  
Insurance expense 0  
Adjustment data:  
Office supplies on hand December 31, 2014, \$500  
Prepaid insurance expired during 2014, \$275  
Unearned service revenue, December 31, 2014, \$1,500  
Amortization on equipment for 2014, \$2,800  
Accrued salaries, \$1,800

Fill in the trial balance, adjustments, and adjusted trial balance columns in the following table.

Global Advertising  
Preparation of Adjusted Trial Balance  
December 31, 2014  
Account Trial Balance Adjustments Adjusted Trial Balance  
Debit Credit Debit Credit Debit Credit  
Cash  
Prepaid Insurance  
Office Supplies  
Office Equipment  
Accumulated Amort-Office Equipment

Accounts Payable  
Salary Payable  
Unearned Service Revenue  
Bill Johnson, Capital  
Bill Johnson, Withdrawals  
Service Revenue  
Salary Expense  
Amortization Expense-Office Equipment  
Supplies Expense  
Insurance  
Expense  
Total

Answer: <https://biology-forums.com/index.php?topic=757329>

### Question 14

In a periodic inventory system, an overstatement of beginning inventory results in an overstatement of gross margin.

T or F?

Answer: <https://biology-forums.com/index.php?topic=757838>

### Question 15

An owner investment of land valued at \$20,000 and a building valued at \$55,000 into the business would include a:

- A) debit to the land and building account for \$75,000.
- B) debit to the land account for \$75,000.
- C) debit to the capital account for \$75,000.
- D) debit to the building account for \$55,000.

Answer: <https://biology-forums.com/index.php?topic=757121>

### Question 16

Refer to Table 9-6. Assume that interest revenue was properly accrued on December 31, 2013. The entry made at maturity in 2014 will include a credit to:

- A) interest revenue of \$39.45.
- B) interest revenue of \$19.73.
- C) interest receivable of \$60.82.
- D) interest receivable of \$20.00.

Answer: <https://biology-forums.com/index.php?topic=758328>

### Question 17

On September 1, 2014, Two Sisters Company pays \$36,000 cash for six months rent. The balance in prepaid rent on December 31, 2014, after adjustment, would be:

- A) \$6,000.
- B) \$24,000.
- C) \$12,000.
- D) \$0.

Answer: <https://biology-forums.com/index.php?topic=757254>

### Question 18

Notes receivable is a liability account.

T or F?

Answer: <https://biology-forums.com/index.php?topic=757045>

### Question 19

The entry to establish the petty cash fund is:

- A)  
Miscellaneous Expense  
    Petty Cash
- B)  
Petty Cash  
    Cash in Bank
- C)  
Miscellaneous Expense

Cash in Bank  
D)  
Cash in Bank  
Petty Cash

Answer: <https://biology-forums.com/index.php?topic=758164>

### Question 20

Referring to Table 9-2, if the aging approach is used to account for uncollectible accounts, what will be the balance in allowance for doubtful accounts after the adjusting entry is made?

- A) \$5,400
- B) \$5,100
- C) \$5,700
- D) \$1,000

Answer: <https://biology-forums.com/index.php?topic=758244>