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| **ACCOUNTING II** | |
| |  |  | | --- | --- | | 1) | We have the following accounts: Accounts Receivable $20,000, Sales Revenue $40,000, Interest Expense $500, Depreciation Expense $5,000, Unearned Revenue $1,000, Cost of Goods Sold $10,000, Wages Expense $2,500. What is the amount of Expenses reported for the period? | |  | A) $12,500 | |  | B) $18,000 | |  | C) $17,500 | |  | D) $5,500 | |  |
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| |  |  | | --- | --- | | 2) | Those most responsible for the major policy decisions of a corporation are the: | |  | A) employees | |  | B) management | |  | C) board of directors | |  | D) stockholders | |  |
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| |  |  | | --- | --- | | 3) | Don and Denise are forming a partnership. Don will invest a piece of equipment with a book value of $7,500 and a fair market value of $18,000. Denise will invest a building with a book value of $40,000 and a fair market value of $44,000. What amount will be recorded to the building account? | |  | A) $50,000 | |  | B) $18,000 | |  | C) $32,000 | |  | D) $44,000 | |  |
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| |  |  | | --- | --- | | 4) | Horizontal analysis is a technique for evaluating financial statement data: | |  | A) on a certain date | |  | B) over a period of time | |  | C) as it may appear in the future | |  | D) for one period of time | |  |
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| |  |  | | --- | --- | | 5) | Assuming a 360-day year, when a $50,000, 90-day, 9% interest-bearing note payable matures, total payment will be: | |  | A) $51,125 | |  | B) $4,500 | |  | C) $1,125 | |  | D) $54,500 | |  |

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| |  |  | | --- | --- | | 6) | Under GAAP, cash receipts from interest and dividends are classified as: | |  | A) operating activities | |  | B) financing activities | |  | C) investing activities | |  | D) supplemental activities | |  |
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| |  |  | | --- | --- | | 7) | Which of the following is classified as a product cost? | |  | A) salary of the company receptionist | |  | B) advertising for a particular product | |  | C) drill bits for a drill press used in the plant assembly area | |  | D) salary of a sales manager | |  |
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| |  |  | | --- | --- | | 8) | Which method is used to allocate costs of reciprocal support departments? | |  | A) indirect method | |  | B) reciprocal method | |  | C) direct method | |  | D) step down method | |  |
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| |  |  | | --- | --- | | 9) | The American Advertising Federation Code of Ethics does **not** include which of the following? | |  | A) to not mislead the public | |  | B) reveal significant facts | |  | C) to tell the truth | |  | D) cheating people | |  |
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| |  |  | | --- | --- | | 10) | Trade and business expenses should be treated as: | |  | A) deductible for AGI. | |  | B) a deduction from AGI subject to the 2%-of-AGI floor. | |  | C) a deduction from AGI not subject to the 2%-of-AGI-of-AGI floor. | |  | D) an itemized deduction if not reimbursed. | |  |
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| |  |  | | --- | --- | | 11) | The following units of an inventory item were available for sale during the year: Beginning inventory of 10 units at $55; First purchase of 25 units at $60; Second purchase of 30 units at $65; Third purchase of 15 units at $70. The firm uses the periodic inventory system. During the year, 60 units of the item were sold. The value of ending inventory using weighted average is: | |  | A) $1,150 | |  | B) $1,263 | |  | C) $1,375 | |  | D) $1,353 | |  |
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| |  |  | | --- | --- | | 12) | We borrowed $15,000,000 loan from the bank on an 8-year loan. What account is credited in this transaction? | |  | A) Owner's Equity | |  | B) Interest Expense | |  | C) Notes Payable | |  | D) Accounts Payable | |  |
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| |  |  | | --- | --- | | 13) | An employee is paid $20 per hour and works 40 hours and has benefits deductions of $200 which includes 401k contributions of 5%, what is the amount of their net pay? | |  | A) $600 | |  | B) $760 | |  | C) $560 | |  | D) $460 | |  |
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| |  |  | | --- | --- | | 14) | We have calculated depreciation on the building at $10,000 for the year. What account is debited to record the depreciation? | |  | A) Accumulated Depreciation | |  | B) Depreciation Expense | |  | C) Cash | |  | D) Building | |  |
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| |  |  | | --- | --- | | 15) | We sold a customer $100,000 worth of inventory on account with terms 2/10, n/30. What is the amount of the discount if the customer pays within 10 days? | |  | A) $2,000 | |  | B) $20,000 | |  | C) $10,000 | |  | D) $0 | |  |

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| 2) | C |
| 3) | D |
| 4) | B |
| 5) | A |
| 6) | A |
| 7) | C |
| 8) | C |
| 9) | D |
| 10) | A |
| 11) | B |
| 12) | C |
| 13) | A |
| 14) | B |
| 15) | A |