

or time DB

Instructions: Please write your answers in the space provided. Answers written anywhere else will not be graded. There are 20 points possible.

Q1-Q3: Prepare the necessary journal entries for each of the following transactions. Place a box around each answer.

1. Merchandise inventory was sold on account for \$5,800. The company had previously purchased the inventory for \$3,500. (4 points)

A/R	5,800
Inventory	3,500
Gain	2,300

A/R	5,800
Revenue	5,800
COGS	3,500
Retained Earnings	3,500

2. A) The company paid the current month's rent, which amounted to \$800, and rent for the next three months, which amounted to \$2,400. (3 points)

Rent Expense	800
Prepaid Rent	2,400
Cash	3,200

Rent Expense	800
Prepaid Rent	2,400
Cash	3,200

- B) Record the appropriate adjusting entry two months later. (2 points)

Rent Expense	1,600
Prepaid Rent	1,600

3. The company establishes (starts) a Petty Cash fund for \$700. (2 points)

Petty Cash	700
Cash	700

Q4-Q6: Answer the following questions by circling the best answer.

4. True or False? If depreciation is not recorded for the current accounting period, total assets will be understated. (2 points)

5. Which of the following situations involves a deferral? (2 points)

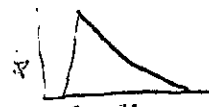
~~A) Recording revenue earned but not yet received~~

B) Recognizing revenue that has been earned, when cash was received in advance

~~C) Recording interest owed for the month~~

~~D) Recording accrued wages~~

~~E) None of the above~~



Unearned Revenue

B/S accounts are permanent

6. Which of the following sets of accounts are all closed at the end of the period? (2 points)

- A) ~~Accounts Receivable~~, Wages Expense, Interest Income
B) Sales Revenue, ~~Wages Payable~~, Dividends
C) ~~Cash~~, Depreciation Expense, Rent Revenue

(D) Rent Expense, Gains on Sale of Equipment, Income Summary ✓

1/5 Revenue, Expenses, Dividends, Gains, losses
1/5 Temp account

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Midterm 1

Q7: Fill in the Blank.

7. A) What is the name of one ratio related to solvency (the ability to pay debts)? (1 point)

Quick Ratio 1

B) Write its calculation in words (must be the calculation for the ratio named above) (2 points)

Quick Assets 2
Current Liabilities

or

Current → $\frac{CA}{CL}$

Working Capital

$CA - CL$

This section is optional and not graded!!!

1. On average, what do you think of the pace of quiz section (not lecture)?

- (a) Usually too fast?
(b) Usually about right?
c. Usually too slow?

2. What part of quiz sections is most helpful to you? The mock team assignments but

it would be helpful if you gave them to us prior to the quiz section

so we could try them & read over it before-hand. Otherwise we are pretty much copying it's due to

3. Do you have any requests or suggestions regarding quiz sections for the rest of the quarter? how much we are covering

No, I found TA have very beneficial so just keep doing those.

Thanks for your feedback!