

ACCT 215 Fall 2009 Quiz #2b

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)

inv 3,500
cash 3,500

A/R 5,800
COGS 3,500
inv 3,500
Rev 5,800

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)

1600

Prepaid Rent 2,400
Rent Expense 800
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)

~~Dr Petty fund~~

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)

False

Cash 700
A/R 700
A/R 700
Rev 700

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

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

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Q7: Fill in the Blank.

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

Acid Test Ratio 1

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

Quick Assets / current Liabilities. 2

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? Writing Practice Problems

3. Do you have any requests or suggestions regarding quiz sections for the rest of the quarter?

It's been good so far!

Thanks for your feedback!