


 or time De

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 |

4

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)

1,600

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

3

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

| | |
|--------------|-------|
| Rent Expense | 1,600 |
| Prepaid rent | 1,600 |

2

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

~~Cash Petty fund~~

| | |
|------------|-----|
| Petty Cash | 700 |
| Cash | 700 |

2

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

2

Cash 700
A/R 700
Rev 700
Ren 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

2

1



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

2

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!