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| --- | --- |
| **Started on** | Friday, October 27, 2017, 11:19 PM |
| **State** | Finished |
| **Completed on** | Saturday, October 28, 2017, 1:19 AM |
| **Time taken** | 2 hours |
| **Grade** | **135.00** out of 200.00 (**68**%) |

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Question **1**

Correct

5.00 points out of 5.00

Flag question

Question text

When a company holds a large number of notes receivable it sometimes sets up a controlling account and a subsidiary ledger for notes.

Select one:

True

False

Question **2**

Incorrect

0.00 points out of 5.00

Flag question

Question text

A company's cost of inventory was $317,500. Due to phenomenal demand the market value of its inventory increased to $323,000. This company should write up the value of its inventory according to the consistency principle.

Select one:

True

False

Question **3**

Correct

5.00 points out of 5.00

Flag question

Question text

An overstatement of ending inventory will cause

Select one:

a. An overstatement of assets and equity on the balance sheet.

b. An understatement of assets and equity on the balance sheet.

c. An overstatement of assets and an understatement of equity on the balance sheet.

d. An understatement of assets and an overstatement of equity on the balance sheet.

e. No effect on the balance sheet.

Question **4**

Incorrect

0.00 points out of 5.00

Flag question

Question text

The materiality principle:

Select one:

a. States that an amount can be ignored if its effect on financial statements is unimportant to user's business decisions.

b. Requires use of the allowance method for bad debts.

c. Requires use of the direct write-off method.

d. States that bad debts not be written off.

e. Requires that expenses be reported in the same period as the sales they helped produce.

Question **5**

Correct

5.00 points out of 5.00

Flag question

Question text

A company had inventory of 10 units at a cost of $20 each on November 1. On November 2, it purchased 10 units at $22 each. On November 6 it purchased 6 units at $25 each. On November 8, it sold 22 units for $54 each. Using the FIFO perpetual inventory method, what was the cost of the 22 units sold?

Select one:

a. $470.

b. $490.

c. $450.

d. $570.

e. $520.

Question **6**

Incorrect

0.00 points out of 5.00

Flag question

Question text

Goodwill is the amount by which a company's value exceeds the value of its individual assets and liabilities.

Select one:

True

False

Question **7**

Correct

5.00 points out of 5.00

Flag question

Question text

An approach that enters and processes data as soon as source documents are available is called:

Select one:

a. Date storage.

b. Batch processing.

c. Online processing.

d. Computer programming

e. Web communications.

Question **8**

Correct

5.00 points out of 5.00

Flag question

Question text

Individual transactions in the sales journal are regularly posted to customer accounts in the accounts payable ledger.

Select one:

True

False

Question **9**

Incorrect

0.00 points out of 5.00

Flag question

Question text

Maryland Company offers a bonus plan to its employees equal to 3% of net income. Maryland's net income is expected to be $960,000. The amount of the employee bonus expense is estimated to be

Select one:

a. $27,961

b. $28,800

c. $29,000

d. $29,691

e. $30,000

Question **10**

Correct

5.00 points out of 5.00

Flag question

Question text

The aging method of determining bad debts expense is based on the knowledge that the longer a receivable is past due, the lower the likelihood of collection.

Select one:

True

False

Question **11**

Correct

5.00 points out of 5.00

Flag question

Question text

The four methods of inventory valuation are SIFO, FIFO, LIFO, and average cost.

Select one:

True

False

Question **12**

Incorrect

0.00 points out of 5.00

Flag question

Question text

Debt guarantees are not disclosed because the guarantor is not the primary debtor.

Select one:

True

False

Question **13**

Correct

5.00 points out of 5.00

Flag question

Question text

Accounting information processes are structured to eliminate the need for professional judgment.

Select one:

True

False

Question **14**

Correct

5.00 points out of 5.00

Flag question

Question text

Toys "R" Us had cost of goods sold of $9,421 million, ending inventory of $2,089 million, and average inventory turnover of $1,965 million. Its days' sales in inventory equals:

Select one:

a. 0.21.

b. 4.51.

c. 4.79.

d. 76.1 days.

e. 80.9.days.

Question **15**

Incorrect

0.00 points out of 5.00

Flag question

Question text

If the total balance of the accounts receivable ledger equals the total of the controlling Accounts Receivable account, then the accounts are presumed to be correct.

Select one:

True

False

Question **16**

Incorrect

0.00 points out of 5.00

Flag question

Question text

Teller purchased merchandise from TechCom on October 17 of the current year and TechCom accepted Teller's $4,800, 90-day, 10% note. What entry should TechCom make on December 31, to record the accrued interest on the note?

Select one:

a.

b.

c.

d.

e.

Question **17**

Correct

5.00 points out of 5.00

Flag question

Question text

Three key variables determine the dollar value of inventory: (1) inventory quantity, (2) costs of inventory, and (3) cost flow assumption.

Select one:

True

False

Question **18**

Correct

5.00 points out of 5.00

Flag question

Question text

The accounts receivable method to estimate bad debts obtains the estimated balance in the Allowance for Doubtful Accounts in one of two ways: (1) computing the percent uncollectible from the total accounts receivable or (2) aging accounts receivable.

Select one:

True

False

Question **19**

Correct

5.00 points out of 5.00

Flag question

Question text

Nelson Company purchased equipment on July 1 for $27,500 and decided to depreciate the equipment on the straight-line method over its useful life of five years. Assuming the equipment's salvage value is $3,500, the amount of monthly depreciation expense Nelson should recognize is:

Select one:

a. $2,400

b. $ 200

c. $4,800

d. $ 400

e. $ 450

Question **20**

Correct

5.00 points out of 5.00

Flag question

Question text

Internal controls that should be applied when a business takes a physical count of inventory should include

Select one:

a. Prenumbered inventory tickets.

b. Counters of inventory should not be those who are responsible for the inventory.

c. Counters must confirm the validity of inventory existence, amounts, and quality.

d. Second counts by a different counter.

e. All of these.

Question **21**

Incorrect

0.00 points out of 5.00

Flag question

Question text

Paoli Pizza bought $5,000 worth of merchandise from TechCom and signed a 90-day, 10% promissory note for the $5,000. TechCom's journal entry to record the sales portion of the transaction is:

Select one:

a. Accounts Receivable...5,000  
Sales...5,000

b. Notes Receivable...5,000  
Sales....5,000

c. Accounts Receivable...5,125  
Sales...5,125

d. Notes Receivable...5,125  
Sales...5,125

e. Notes Receivable...5,000  
Interest Receivable...125  
Sales...5,125

Question **22**

Incorrect

0.00 points out of 5.00

Flag question

Question text

A record that contains all accounts (with amounts) of a company is the:

Select one:

a. General ledger.

b. General journal.

c. Special ledger.

d. Special journal.

e. Column balance ledger.

Question **23**

Correct

5.00 points out of 5.00

Flag question

Question text

Times interest earned can be calculated by multiplying income by the interest rate on a company's debt.

Select one:

True

False

Question **24**

Incorrect

0.00 points out of 5.00

Flag question

Question text

The accounts receivable ledger:

Select one:

a. Is for storing transaction data for customers.

b. Is for storing transaction data for individual customers.

c. Is for storing transaction data for individual creditors.

d. Is for storing transaction date for creditors.

e. Is also the controlling account.

Question **25**

Correct

5.00 points out of 5.00

Flag question

Question text

The percent of sales method for estimating bad debts assumes that a given percent of a company's credit sales for the period are uncollectible.

Select one:

True

False

Question **26**

Correct

5.00 points out of 5.00

Flag question

Question text

Accounting for the exchange of assets depends on whether the transaction has commercial substance; commercial substance implies that it alters the company's future cash flows.

Select one:

True

False

Question **27**

Correct

5.00 points out of 5.00

Flag question

Question text

A company's total cost of inventory was $305,000 and its market value is $297,000. Under the lower cost or market, the amount reported should be $305,000.

Select one:

True

False

Question **28**

Correct

5.00 points out of 5.00

Flag question

Question text

The Wage and Tax Statement is:

Select one:

a. Form 940.

b. Form 941.

c. Form 1040

d. Form W-2.

e. Form W-4.

Question **29**

Correct

5.00 points out of 5.00

Flag question

Question text

A patent is an exclusive right granted to its owner to manufacture and sell a patented item or to use a process for 20 years.

Select one:

True

False

Question **30**

Correct

5.00 points out of 5.00

Flag question

Question text

A business segment is a part of a company that is separately identified by its products or services, or by the geographic market it serves.

Select one:

True

False

Question **31**

Correct

5.00 points out of 5.00

Flag question

Question text

Gross pay is also called take-home pay.

Select one:

True

False

Question **32**

Correct

5.00 points out of 5.00

Flag question

Question text

Revenue expenditures:

Select one:

a. Are additional costs of plant assets that do not materially increase the asset's life or its productive capabilities.

b. Are known as balance sheet expenditures.

c. Extend the asset's useful life.

d. Substantially benefit future periods.

e. Are debited to asset accounts.

Question **33**

Incorrect

0.00 points out of 5.00

Flag question

Question text

A company used the percent of sales method to determine its bad debts expense. At the end of the current year, the company's unadjusted trial balance reported the following selected amounts:   
  
    
  
All sales are made on credit. Based on past experience, the company estimates 0.6% of credit sales to be uncollectible. What adjusting entry should the company make at the end of the current year to record its estimated bad debts expense?

Select one:

a. Bad Debt Expense....1,275  
Allowance for Doubtful Accounts...1,275

b. Bad Debt Expense...1,775  
Allowance for Doubtful Accounts...1,775

c. Bad Debt Expense...4,500  
Allowance for Doubtful Accounts...4,500

d. Bad Debt Expense...4,800  
Allowance for Doubtful Accounts...4,800

e. Bad Debt Expense...5,500  
Allowance for Doubtful Accounts...5,500

Question **34**

Correct

5.00 points out of 5.00

Flag question

Question text

An accounts payable ledger is:

Select one:

a. A subsidiary ledger that contains an account for each supplier (creditor).

b. A list of the balances of all the accounts in the accounts receivable ledger that is added to show the total amount of accounts receivable outstanding.

c. A book of original entry that is designed and used for recording only a specific type of transaction.

d. The ledger that contains the financial statement accounts of a business.

e. A subsidiary ledger that contains a separate account for each party that grants both short-term and long-term credit on account to the company.

Question **35**

Correct

5.00 points out of 5.00

Flag question

Question text

Intangible assets include:

Select one:

a. Patents.

b. Copyrights.

c. Trademarks.

d. Goodwill.

e. All of these.

Question **36**

Correct

5.00 points out of 5.00

Flag question

Question text

The Orlando Magic received $6 million cash in advance season ticket sales. Prior to the beginning of the basketball season, these sales are recorded as a credit to unearned season ticket revenue.

Select one:

True

False

Question **37**

Incorrect

0.00 points out of 5.00

Flag question

Question text

The current FUTA tax rate is 0.8%, and the SUTA tax rate is 5.4%. Both taxes are applied to the first $7,000 of an employee's pay. Assume that an employee earned $8,900. What is the amount of total unemployment taxes the employer must pay on this employee's wages?

Select one:

a. $322.00.

b. $434.00.

c. $480.60.

d. $551.80.

e. Zero, since the employee's wages exceed the maximum of $7,000.

Question **38**

Correct

5.00 points out of 5.00

Flag question

Question text

Obligations due to be paid within one year or the company's operating cycle, whichever is longer, are:

Select one:

a. Current assets.

b. Current liabilities.

c. Earned revenues.

d. Operating cycle liabilities.

e. Bills.

Question **39**

Correct

5.00 points out of 5.00

Flag question

Question text

Plant assets are used in operations and have useful lives that extend over more than one accounting period.

Select one:

True

False

Question **40**

Incorrect

0.00 points out of 5.00

Flag question

Question text

A depreciation method in which a plant asset's depreciation expense for a period is determined by applying a constant depreciation rate to the asset's beginning-of-period book value is called:

Select one:

a. Book value depreciation.

b. Declining-balance depreciation.

c. Straight-line depreciation.

d. Units-of-production depreciation.

e. Modified accelerated cost recovery system (MACRS) depreciation.

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