[Skip to main content](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1656980#maincontent)

* [nav_logo](http://www.straighterline.com/)
* [Call: (855) 836-4203](tel:18558364203)
* [LIVE CHAT](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1656980)
* [HELP CENTER](https://www.straighterline.com/help-center/)
* [Log Out](https://www.straighterline.com/customer/account/logout)

Page path

* [My Moodle](https://moodle.straighterline.com/my/) / ►
* My courses / ►
* [ACC101\_MH](https://moodle.straighterline.com/course/view.php?id=8) / ►
* [Topic 10: Acquisition of Property, Plant and Equipment](https://moodle.straighterline.com/course/view.php?id=8&section=11) / ►
* [Graded Exam #3](https://moodle.straighterline.com/mod/quiz/view.php?id=1481)

|  |  |
| --- | --- |
| **Started on** | Thursday, September 28, 2017, 1:34 AM |
| **State** | Finished |
| **Completed on** | Thursday, September 28, 2017, 3:09 AM |
| **Time taken** | 1 hour 35 mins |
| **Grade** | **144.00** out of 150.00 (**96**%) |

Top of Form

**Question 1**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Extraordinary repairs:

Select one:

a. Are revenue expenditures.

b. Extend an asset's useful life beyond its original estimate.

c. Are credited to accumulated depreciation.

d. Are additional costs of plants assets that do not materially increase the asset's life.

e. Are expensed as incurred.

**Feedback**

The correct answer is: Extend an asset's useful life beyond its original estimate.

**Question 2**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The maturity date of a note refers to the date the note must be paid.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 3**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A promissory note received from a customer in exchange for an account receivable:

Select one:

a. Is a cash equivalent for the recipient.

b. Is an account receivable for the recipient.

c. Is a note receivable for the recipient.

d. Is a short-term investment for the recipient.

e. Is a note payable for the recipient.

**Feedback**

The correct answer is: Is a note receivable for the recipient.

**Question 4**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The inventory valuation method that results in the lowest taxable income in a period of inflation is:

Select one:

a. LIFO method.

b. FIFO method.

c. Weighted-average cost method.

d. Specific identification method.

e. Gross profit method.

**Feedback**

The correct answer is: LIFO method.

**Question 5**

Correct

6.00 points out of 6.00

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

**Feedback**

The correct answer is 'True'.

**Question 6**

Correct

6.00 points out of 6.00

Flag question

**Question text**

If a machine is damaged during unpacking, the repairs are added to its cost.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 7**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Dell had net sales of $35,404 million. Its average total assets for the period were $14,502 million. Dell's total asset turnover equals:

Select one:

a. 0.40.

b. 0.35.

c. 1.45.

d. 2.44.

e. 3.50.

**Feedback**

The correct answer is: 2.44.

**Question 8**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Sellers generally prefer to receive notes receivable rather than accounts receivable when the credit period is long and the receivable is for a large amount.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 9**

Correct

6.00 points out of 6.00

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 January 15 of the next year when the note is paid?

Select one:

a. Notes Receivable....4,800  
Interest Receivable...120  
Sales.... 4,920

b. Cash...4,920  
Notes Receivable...4,920

c. Cash.... 4,920  
Interest Revenue.... 100  
Interest Receivable... 20  
Notes Receivable....4,800

d. Cash.... 4,920  
Interest Revenue.... 20  
Interest Receivable... 100  
Notes Receivable....4,800

e. Cash.... 4,920  
Interest Revenue...120  
Notes Receivable....4,800

**Feedback**

The correct answer is: Cash.... 4,920  
Interest Revenue.... 100  
Interest Receivable... 20  
Notes Receivable....4,800

**Question 10**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Depreciation is the process of allocating the cost of a plant asset to expense in the accounting periods benefiting from its use.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 11**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Endor Fishing Company exchanged an old boat for a new one. The old boat had a cost of $260,000 and accumulated depreciation of $200,000. The new boat had an invoice price of $400,000. Endor received a trade in allowance of $100,000 on the old boat, which meant the company paid $300,000 in addition to the old boat to acquire the new boat. If this transaction lacks commercial substance, what amount of gain or loss should be recorded on this exchange?

Select one:

a. $0 gain or loss.

b. $40,000 gain.

c. $40,000 loss.

d. $60,000 loss

e. $100,000 loss.

**Feedback**

The correct answer is: $0 gain or loss.

**Question 12**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Which of the following inventory costing methods will always result in the same values for ending inventory and cost of goods sold regardless of whether a perpetual or periodic inventory system is used?

Select one:

a. FIFO and LIFO

b. LIFO and weighted-average cost

c. Specific identification and FIFO

d. FIFO and weighted-average cost

e. LIFO and specific identification

**Feedback**

The correct answer is: Specific identification and FIFO

**Question 13**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The matching principle is used by some companies to avoid allocating incidental inventory costs to cost of goods sold.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 14**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Accumulated depreciation represents funds set aside to buy new assets when the assets currently owned are replaced.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 15**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Managers are able to make important decisions correctly using erroneous inventory balances because inventory errors are self-correcting and so are less serious.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 16**

Correct

6.00 points out of 6.00

Flag question

**Question text**

Total asset turnover is calculated by dividing:

Select one:

a. Gross profit by average total assets.

b. Average total assets by gross profit.

c. Net sales by average total assets.

d. Average total assets by net sales.

e. Net assets by total assets.

**Feedback**

The correct answer is: Net sales by average total assets.

**Question 17**

Incorrect

0.00 points out of 6.00

Flag question

**Question text**

Costs included in the Merchandise Inventory account can include:

Select one:

a. Invoice price minus any discount.

b. Transportation-in.

c. Storage.

d. Insurance.

e. All of these.

**Feedback**

The correct answer is: All of these.

**Question 18**

Correct

6.00 points out of 6.00

Flag question

**Question text**

TechCom's customer, RDA, paid off an $8,300 balance on its account receivable. TechCom should record the transaction as a debit to Accounts Receivable-RDA and a credit to Cash.

Select one:

True

False

**Feedback**

The correct answer is 'False'.

**Question 19**

Correct

6.00 points out of 6.00

Flag question

**Question text**

An asset's cost includes all normal and reasonable expenditures necessary to get the asset in place and ready for its intended use.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 20**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The *quality of receivables* refers to:

Select one:

a. The creditworthiness of sellers.

b. The speed of collection.

c. The likelihood of collection without loss.

d. Sales turnover.

e. The interest rate.

**Feedback**

The correct answer is: The likelihood of collection without loss.

**Question 21**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The choice of an inventory valuation method can have a major impact on gross profit and cost of sales.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 22**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The inventory turnover ratio:

Select one:

a. Is used to analyze profitability.

b. Is used to measure solvency.

c. Reveals how many times a company turns over (sells) its merchandise inventory.

d. Validates the acid-test ratio.

e. Calculation depends on the company's inventory valuation method.

**Feedback**

The correct answer is: Reveals how many times a company turns over (sells) its merchandise inventory.

**Question 23**

Correct

6.00 points out of 6.00

Flag question

**Question text**

A leasehold:

Select one:

a. Is a short-term rental agreement.

b. Is the same as a patent.

c. Are the rights granted to the lessee by the lessor of a lease.

d. Is recorded as revenue expenditure when paid.

e. Is an investment asset.

**Feedback**

The correct answer is: Are the rights granted to the lessee by the lessor of a lease.

**Question 24**

Correct

6.00 points out of 6.00

Flag question

**Question text**

The reliability of the gross profit method depends on a good estimate of the gross profit ratio.

Select one:

True

False

**Feedback**

The correct answer is 'True'.

**Question 25**

Correct

6.00 points out of 6.00

Flag question

**Question text**

On October 29 of the current year, a company concluded that a customer's $4,400 account receivable was uncollectible and that the account should be written off. What effect will this write-off have on this company's net income and total assets assuming the allowance method is used to account for bad debts?

Select one:

a. Decrease in net income; no effect on total assets.

b. No effect on net income; no effect on total assets.

c. Decrease in net income; decrease in total assets.

d. Increase in net income; no effect on total assets.

e. No effect on net income; decrease in total assets.

**Feedback**

The correct answer is: No effect on net income; no effect on total assets.

Bottom of Form

[Finish review](https://moodle.straighterline.com/mod/quiz/view.php?id=1481)

[Skip Quiz navigation](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1656980#sb-1)

**Quiz navigation**

[Show one page at a time](https://moodle.straighterline.com/mod/quiz/review.php?attempt=1656980&showall=0)[Finish review](https://moodle.straighterline.com/mod/quiz/view.php?id=1481)

© Copyright 2017 Straighterline.   
All Rights Reserved.

* [nav_logo](http://www.straighterline.com/)