

Which of the following internal control systems does TAP Technology, Inc. use when it updates its employee handbook to reflect new company policies?

- Control environment
- Control activity
- Monitoring process
- Information and communication system

CONCEPT

Internal Controls and Reconciliations

Given the information provided above, what is the gross margin percentage?

- 79%
- 71%
- 73%
- 83%

CONCEPT

Merchandising Financial Statement Analysis

When preparing a trial balance worksheet, what step would Tom complete next if he has already prepared a trial balance, adjusted entries and prepared an adjusted trial balance?

- Prepare an income statement

- Prepare a balance sheet
- Close temporary accounts
- Make closing entries

CONCEPT

End of Period Activities

4

Which business below would likely use Specific ID?

- A jewelry store
- An ice cream shop
- An Italian foods market
- An office supply store

CONCEPT

Inventory Cost Flow Assumptions

5

The purpose of the general journal is to show accounting events in their _____ sequence.

- ending
- chronological
- beginning
- active

CONCEPT

General Journal and General Ledger

6

Examine the partial balance sheet vertical analysis below.

Based on the information shown, what is the correct amount and percentage of accounts payable?

- \$20,000; 25%
- \$18,000; 22.5%
- \$22,000; 25%
- \$20,000; 20%

CONCEPT

[Vertical Analysis and Horizontal Analysis](#)

7

What is the name of the accounting system documented in the 15th century by Luca Pacioli?

- Double-entry
- Monetary unit
- Managerial
- Cost

CONCEPT

[Origins and Ethics](#)

8

The statement of changes in owner's equity is a financial statement _____ that provides information about changes to the equity of a business for _____.

- prepared third, a specific date

- prepared third, a given time period
- prepared first, a specific date
- prepared second, a given time period

CONCEPT

[Statement of Changes in Owner's Equity](#)

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Based on the above company history, which of the numbers below is the percentage of credit sales that are typically uncollectible?

- 3%
- 5%
- 4%
- 6%

CONCEPT

[Allowance Method: Percentage of Net Credit Sales and Percentage of Receivables](#)

10

Which of the following statements is true for a multi-step income statement?

- Includes temporary and permanent accounts
- Shows the amount of equity
- Shows a higher net income

- Has subtotals for gross profit and operating income

CONCEPT

Preparing Income Statements

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Given the information in the partial income statement below, what is the cost of goods sold?

- \$45,500
- \$50,000
- \$68,000
- \$53,500

CONCEPT

Expanded Income Statement

12

Which of the following is responsible for conducting an independent examination of a company's financial statements and records?

- Bookkeeper
- Stakeholder
- Auditor
- Controller

CONCEPT

Accounting in Practice

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If Karla spent \$200 on Wednesday to have the windows in her building washed, recorded the accounting event that afternoon and on Friday paid \$550 for a repair to the water heater and recorded that event on Friday evening, which of the accounting principles below is she following?

- Cost Principle
- Expense Recognition Principle
- Time Period Principle
- Full Disclosure Principle

CONCEPT

Conceptual Framework and Principles

14

What are the total liabilities of John's Tackle if the total assets are \$142,000 and the equity is \$39,000?

- \$181,000
- \$103,000
- \$220,000
- \$284,000

CONCEPT

Preparing Balance Sheets

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This month, Julia paid \$2.50 each for 125 dog collars. She sold 72 dog collars for \$5.95 each.

What is Julia's cost of goods sold for this month?

- \$180.00

- \$312.50
- \$215.00
- \$428.40

CONCEPT

Merchandising

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Which of the following statements is true about GAAP?

- As long as a publicly-traded U.S. company uses GAAP, they are not required to report to the Securities and Exchange Commission.
- GAAP refers to the international accounting rules that U.S. companies must follow for their international operations.
- GAAP was created to educate the public about how to invest in U.S. securities markets.
- GAAP contains the procedures, standards and rules for accounting information in the U.S.

CONCEPT

Governance

17

Which of the following examples can be classified as an accounts receivable?

- Terry issued a paycheck to his receptionist.
- Terry took a \$500 deposit for the upcoming stay of the boa constrictor.
- Terry sent a specialty cage supplier a payment on account.
- Terry placed an order for food for the spotted genet. The terms of sale were cash in advance.

CONCEPT

Accounts Receivable Subsidiary Ledgers

Accounts Payable Subsidiary Ledgers

18

Ann bought three sweaters online. Each of the sweaters was normally priced at \$75. She received a sales discount for paying for her sweaters in full within 10 days. She ultimately paid \$180 for all three.

Which discount percentage did she receive?

- 25%
- 5%
- 20%
- 10%

CONCEPT

Merchandising: Purchases, Sales, Discounts, Returns and Allowance

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What is the total of Tim's assets if he has recorded \$9,000 in liabilities and \$3,000 as equity on a balance sheet?

- \$15,000
- \$12,000
- \$3,000
- \$6,000

CONCEPT

Preparing Balance Sheets

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Which asset below is a current asset?

- Delivery truck
- Office building
- Commercial kitchen
- Prepaid insurance premium

CONCEPT

Long Term Assets

21

The value of a machine was \$400,000 when purchased new one year ago. It has an expected life of five years and the income statement shows the straight line depreciation rate as 20%.

Using double declining balance depreciation, what is the value of the machine at the end of year two?

- \$144,000
- \$240,000
- \$160,000
- \$96,000

CONCEPT

Accelerated Depreciation

22

Which of the following is a major advantage to forming a corporation?

-

Lenders of a corporation do not have the right to claim the corporation's assets to pay its debts.

- A corporation is usually managed by its owners.
-
- **Stockholders have limited liability for the debts of the corporation.**
- The income from a corporation is not taxed.

CONCEPT

[Businesses and Organizations](#)

23

Which of the following describes unearned revenues?

- \$1,500 in sales tax collected
- \$45,000 in total payroll owed to employees on May 1
- \$3,500 paid to a company for services it will provide next week
- The accounts payable totals \$9,500

CONCEPT

[Current Liabilities](#)

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The statues and garden decorations in the warehouse belonging to Woodman's Flowers and Gifts are considered which of the following?

- Equity
- Profits
- Assets
- Expenses

CONCEPT

Which of the following internal controls has Jim implemented at his company if he hires an outside auditing firm to review the company's financial records?

- Information and communication systems
- Monitoring processes
- Control environment
- Risk assessment