The adjusted trial balance of Nick Company contained the following information:

Debit Credit

Sales Revenue $560,000

Sales Returns and Allowances $ 15,000

Sales Discounts 7,000

Cost of Goods Sold 323,000

Freight-out 2,000

Advertising Expense 15,000

Interest Expense 18,000

Salaries and Wages Expense 65,000

Utilities Expense 28,000

Depreciation Expense 7,000

Interest Revenue 27,000

1. Based on these facts, what should the amount of Net Sales be?

1. $553,000
2. $545,000
3. $538,000
4. $575,000

2. Based on the facts from question 1, what should the gross profit/margin be?

a. $215,000 b. $237,000

c. $208,000 d. $222,000

3. Based on the facts from question 1, what would total operating expenses be?

a.$135,000 b. $117,000

c.$115,000 d. $89,000

4. Based on the facts from question 1, what should the operating income be?

a.. $107,000 b.$100,000

c.$89,000 d. $98,000

5. Greyson Manufacturing purchased switches at an invoice price of $4,000 and term of 2/10, n/30. Half of the switches were labeled inaccurately and were returned immediately to the supplier. If Greyson pay the remaining amount of the invoice within the discount period, what should that amount be?

a. $2,080.

b. $1,960.

c. $1,920.

d. $1,200.

6. Which one of the following is shown on a multiple-step but *not* on a single-step income statement?

a. Net sales

b. Net income

c. Gross profit

d. Cost of goods sold

7. During 2013, Parker Enterprises generated revenues of $60,000. The company’s expenses were as follows: cost of goods sold of $30,000, operating expenses of $12,000 and a loss on the sale of equipment of $2,000.

Parker’s income from operations is

a. $12,000.

b. $18,000.

c. $30,000.

d. $60,000

8. Conrad Company reported the following balances at June 30, 2013:

Sales $10,800

Sales Returns and Allowances 400

Sales Discounts 200

Cost of Goods Sold 5,000

Net sales for the month is

a. $5,200.

b. $10,200.

c. $10,400.

d. $10,800.

9. Using the same facts as question 8, what is the gross profit/margin for the period?

a. $5,200.

b. $10,200.

c. $10,400.

d. $10,800.

10. Using the same facts as question 8, what is the gross profit/margin ratio?

a. 10%

b. 31%

c. 35%

d. 51%

11. Sales revenue less cost of goods sold is called

a. gross profit/margin

b. net profit.

c. net income.

d. marginal income

12. Glenn Company purchased merchandise inventory with an invoice price of $7,000 and credit terms of 2/10, n/30. What is the net cost of the goods if Glenn Company pays within the discount period?

a. $6,300

b. $6,440

c. $6,860

d. $7,000

13. Costner’s Market recorded the following events involving a recent purchase of merchandise:

Received goods for $20,000, terms 2/10, n/30.

Returned $400 of the shipment for credit.

Paid $100 freight on the shipment.

Paid the invoice within the discount period.

As a result of these events, the company’s inventory

a. increased by $19,208.

b. increased by $19,306.

c. increased by $19,308.

d. increased by $19,700.

14. Under the perpetual system, cash freight costs incurred by the buyer for the transporting of goods are recorded in

a. Freight Expense

b. Freight - In

c. Inventory

d Freight – Out

15. The journal entry to record a credit sale is

a. Cash

Sales Revenue

b. Cash

Service Revenue

c. Accounts Receivable

Service Revenue

d. Accounts Receivable

Sales Revenue

16. Rae Company made a purchase of merchandise on credit from Tyree Corporation on August 3, for $7,000, terms 2/10, n/45. On August 10, Rae makes the appropriate payment to Tyree. The entry on August 10 for Rae Company is

a. Accounts Payable 7,000

Cash 7,000

b. Accounts Payable 6,860

Cash 6,860

c. Accounts Payable 7,000

Purchase Returns and Allowances 140

Cash 6,860

d. Accounts Payable 7,000

Inventory 140

Cash 6,860

17. On November 2, 2012, Kasdan Company has cash sales of $4,500 from merchandise having a cost of $2,700. The entries to record the day's cash sales will include:

a. a $2,700 credit to Cost of Goods Sold.

b. a $4,500 credit to Cash.

c. a $2,700 credit to Inventory.

d a $4,500 debit to Accounts Receivable.