|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. | Tara Westmont, the stockholder of Tiptoe Shoes, Inc., had annual revenues of $185,000, expenses of $103,700, and the company paid $18,000 cash in dividends to the owner (sole stockholder). The retained earnings account before closing had a balance of $297,000. The ending retained earnings balance after closing is:      |  |  | | --- | --- | | A. | $185,000 |  |  |  | | --- | --- | | B. | $63,300 |  |  |  | | --- | --- | | C. | $81,300 |  |  |  | | --- | --- | | **D.** | $360,300 |  |  |  | | --- | --- | | E. | $378,300 |   Beginning Retained Earnings + Revenues - Expenses - Dividends = Ending Retained Earnings $297,000 + 185,000 - 103,700 - $18,000 = $360,300   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | 2. | A company had revenues of $75,000 and expenses of $62,000 for the accounting period. The company paid $8,000 cash in dividends to the owner (sole shareholder). Which of the following entries could not be a closing entry?       |  |  | | --- | --- | | A. | Debit Income Summary $13,000; credit Retained Earnings $13,000. |  |  |  | | --- | --- | | **B.** | Debit Income Summary $75,000; credit Revenues $75,000. |  |  |  | | --- | --- | | C. | Debit Revenues $75,000; credit Income Summary $75,000. |  |  |  | | --- | --- | | D. | Debit Income Summary $62,000; credit Expenses $62,000. |  |  |  | | --- | --- | | E. | Debit Retained Earnings $8,000; credit Dividends $8,000. | |  |  | | |

3. The following information is available for the Higgins Travel Agency, Inc. After these closing entries what will be the balance in the Retained Earnings account?

|  |  |
| --- | --- |
| Net Income | $42,500 |
| Retained earnings | 130,000 |
| Dividends | 12,000 |

 

|  |  |
| --- | --- |
| A. | $75,500. |

|  |  |
| --- | --- |
| B. | $184,500. |

|  |  |
| --- | --- |
| C. | $99,500. |

|  |  |
| --- | --- |
| **D.** | $160,500. |

|  |  |
| --- | --- |
| E. | $130,000. |

Ending Retained Earnings Balance = Beginning Retained Earnings Balance + Net Income - Dividends

4. The Retained Earnings account has a credit balance of $37,000 before closing entries are made. Total revenues for the period are $55,200, total expenses are $39,800, and dividends are $9,000. What is the correct closing entry for the expense accounts?   
 

|  |  |
| --- | --- |
| **A.** | Debit Income Summary $39,800; credit Expense accounts $39,800. |

|  |  |
| --- | --- |
| B. | Debit Expense accounts $37,000; credit Retained Earnings $37,000. |

|  |  |
| --- | --- |
| C. | Credit Expense accounts $39,800; debit Retained Earnings $39,800. |

|  |  |
| --- | --- |
| D. | Debit Expense accounts $39,800; credit Income Summary $39,800. |

|  |  |
| --- | --- |
| E. | Debit Income Summary $39,800; credit Retained Earnings $39,800. |
|  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 5. | The company paid $35,000 cash in dividends to the owner, Jen Rogers. The entry needed to close the dividends account is:       |  |  | | --- | --- | | A. | Debit Income Summary and credit Cash for $35,000. |  |  |  | | --- | --- | | B. | Debit Dividends and credit Cash for $35,000. |  |  |  | | --- | --- | | C. | Debit Income Summary and credit Dividends for $35,000. |  |  |  | | --- | --- | | **D.** | Debit Retained Earnings and credit Dividends for $35,000. |  |  |  | | --- | --- | | E. | Debit Dividends and credit Retained Earnings for $35,000. | |

6. A company's ledger accounts and their end-of-period balances before closing entries are posted are shown below. What amount will be posted to Retained Earnings in the process of closing the Income Summary account? (Assume all accounts have normal balances.)

|  |  |
| --- | --- |
| Retained Earnings | $7,000 |
| Dividends | 9,600 |
| Revenue | 29,000 |
| Rent expense | 3,600 |
| Salaries expense | 7,200 |
| Insurance expense | 920 |
| Depr. Expense-equipment | 500 |
| Accum. depr.-equipment | 1,500 |

   
 

|  |  |
| --- | --- |
| A. | $16,780 debit. |

|  |  |
| --- | --- |
| B. | $7,180 credit. |

|  |  |
| --- | --- |
| **C.** | $16,780 credit. |

|  |  |
| --- | --- |
| D. | $18,280 credit. |

|  |  |
| --- | --- |
| E. | $23,780 credit. |

7. Temporary accounts include all of the following *except*:    
 

|  |  |
| --- | --- |
| A. | Consulting revenue. |

|  |  |
| --- | --- |
| B. | Dividends. |

|  |  |
| --- | --- |
| C. | Rent expense. |

|  |  |
| --- | --- |
| **D.** | Prepaid rent. |

|  |  |
| --- | --- |
| E. | Income Summary. |
|  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8. | Permanent accounts include all of the following *except*:       |  |  | | --- | --- | | A. | Accumulated Depreciation—Equipment. |  |  |  | | --- | --- | | B. | Prepaid Insurance. |  |  |  | | --- | --- | | C. | Unearned Revenue. |  |  |  | | --- | --- | | D. | Accounts Receivable. |  |  |  | | --- | --- | | **E.** | Depreciation Expense—Equipment. | |

9. Use the information in the adjusted trial balance presented below to calculate current assets for Taron Company, Inc.:

|  |  |  |
| --- | --- | --- |
| **Account Title** | **Dr.** | **Cr.** |
| Cash | 23,000 |  |
| Accounts receivable | 16,000 |  |
| Prepaid insurance | 6,600 |  |
| Equipment | 100,000 |  |
| Accumulated Depreciation—Equipment |  | 50,000 |
| Land | 95,000 |  |
| Accounts payable |  | 17,000 |
| Interest payable |  | 2,400 |
| Unearned revenue |  | 5,000 |
| Long-term notes payable |  | 30,000 |
| Common stock |  | 1,000 |
| Retained Earnings |  | 135,200 |
| Totals | 240,600 | 240,600 |

 

|  |  |
| --- | --- |
| A. | $21,200. |

|  |  |
| --- | --- |
| **B.** | $45,600. |

|  |  |
| --- | --- |
| C. | $24,400. |

|  |  |
| --- | --- |
| D. | $95,600. |

|  |  |
| --- | --- |
| E. | $41,200. |

Current Assets = Cash + Accounts Receivable + Prepaid Insurance  
Current Assets = $23,000 + $16,000 + $6,600 = $45,600

10. Use the information in the adjusted trial balance presented below to calculate the current ratio for Taron Company, Inc.:

|  |  |  |
| --- | --- | --- |
| **Account Title** | **Dr.** | **Cr.** |
| Cash | 23,000 |  |
| Accounts receivable | 16,000 |  |
| Prepaid insurance | 6,600 |  |
| Equipment | 100,000 |  |
| Accumulated Depreciation—Equipment |  | 50,000 |
| Land | 95,000 |  |
| Accounts payable |  | 17,000 |
| Interest payable |  | 2,400 |
| Unearned revenue |  | 5,000 |
| Long-term notes payable |  | 30,000 |
| Common stock |  | 1,000 |
| Retained earnings |  | 135,200 |
| Totals | 240,600 | 240,600 |

 

|  |  |
| --- | --- |
| **A.** | 1.87. |

|  |  |
| --- | --- |
| B. | .54. |

|  |  |
| --- | --- |
| C. | 3.92. |

|  |  |
| --- | --- |
| D. | 1.77. |

|  |  |
| --- | --- |
| E. | 1.60. |

Current Ratio = Current Assets/Current Liabilities  
Current Ratio = ($23,000 + $16,000 + $6,600)/($17,000 + $2,400 + $5,000)  
Current Ratio = $45,600/$24,400 = 1.87

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 12. | Unearned revenues are generally:      |  |  | | --- | --- | | A. | Revenues that have been earned and received in cash. |  |  |  | | --- | --- | | B. | Revenues that have been earned but not yet collected in cash. |  |  |  | | --- | --- | | **C.** | Liabilities created when a customer pays in advance for products or services before the revenue is earned. |  |  |  | | --- | --- | | D. | Recorded as an asset in the accounting records. |  |  |  | | --- | --- | | E. | Increases to stockholders equity. | |

Prepaid expenses are generally:   
 

|  |  |
| --- | --- |
| A. | Payments made for products and services that do not ever expire. |

|  |  |
| --- | --- |
| B. | Classified as liabilities on the balance sheet. |

|  |  |
| --- | --- |
| C. | Decreases in equity. |

|  |  |
| --- | --- |
| **D.** | Assets that represent prepayments of future expenses. |

|  |  |
| --- | --- |
| E. | Promises of payments by customers. |

13. A company's formal promise to pay (in the form of a promissory note) a future amount is a(n):   
 

|  |  |
| --- | --- |
| A. | Unearned revenue. |

|  |  |
| --- | --- |
| B. | Prepaid expense. |

|  |  |
| --- | --- |
| C. | Credit account. |

|  |  |
| --- | --- |
| **D.** | Note payable. |

|  |  |
| --- | --- |
| E. | Account receivable. |

14. Wiley Consulting purchased $7,000 worth of supplies and paid cash immediately. Which of the following general journal entries will Wiley Consulting make to record this transaction?    
 

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| A. | |  |  |  | | --- | --- | --- | | Accounts Payable | 7,000 |  | | Supplies |  | 7,000 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| B. | |  |  |  | | --- | --- | --- | | Cash | 7,000 |  | | Supplies |  | 7,000 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **C.** | |  |  |  | | --- | --- | --- | | Supplies | 7,000 |  | | Cash |  | 7,000 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| D. | |  |  |  | | --- | --- | --- | | Supplies | 7,000 |  | | Accounts Payable |  | 7,000 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| E. | |  |  |  | | --- | --- | --- | | Supplies Expense | 7,000 |  | | Accounts Payable |  | 7,000 | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 15. | J. Brown Consulting paid $500 cash for utilities for the current month. Given the choices below, determine the general journal entry that J. Brown Consulting will make to record this transaction.       |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **A.** | |  |  |  | | --- | --- | --- | | Utilities Expense | 500 |  | | Cash |  | 500 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | B. | |  |  |  | | --- | --- | --- | | Cash | 500 |  | | Utilities Expense |  | 500 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | C. | |  |  |  | | --- | --- | --- | | Cash | 500 |  | | Accounts Payable |  | 500 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | D. | |  |  |  | | --- | --- | --- | | Utilities Expense | 500 |  | | Accounts Payable |  | 500 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | E. | |  |  |  | | --- | --- | --- | | Prepaid Utilities | 500 |  | | Accounts Payable |  | 500 | | |

16. On July 1 Plum Co. paid $7,500 cash for management services to be performed over a two-year period. Plum follows a policy of recording all prepaid expenses to asset accounts at the time of cash payment. On July 1 Plum should record:   
 

|  |  |
| --- | --- |
| A. | A debit to an expense and credit to a prepaid expense for $7,500. |

|  |  |
| --- | --- |
| B. | A debit to an expense and credit to Cash for $7,500. |

|  |  |
| --- | --- |
| **C.** | A debit to a prepaid expense and a credit to Cash for $7,500. |

|  |  |
| --- | --- |
| D. | A credit to a prepaid expense and a debit to Cash for $7,500. |

|  |  |
| --- | --- |
| E. | A debit to Cash for $7,500 and a credit to an expense for $7,500. |

17. An account linked with another account that has an opposite normal balance and is subtracted from the balance of the related account is a(n):   
 

|  |  |
| --- | --- |
| A. | Accrued expense. |

|  |  |
| --- | --- |
| **B.** | Contra account. |

|  |  |
| --- | --- |
| C. | Accrued revenue. |

|  |  |
| --- | --- |
| D. | Intangible asset. |

|  |  |
| --- | --- |
| E. | Adjunct account. |

18. J. Brown Consulting paid $2,500 cash for a 5-month insurance policy which begins on December 1. Given the choices below, determine the general journal entry that J. Brown Consulting will make to record this transaction.    
 

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| A. | |  |  |  | | --- | --- | --- | | Insurance Expense | 2,500 |  | | Cash |  | 2,500 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| B. | |  |  |  | | --- | --- | --- | | Cash | 2,500 |  | | Insurance Expense |  | 2,500 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| C. | |  |  |  | | --- | --- | --- | | Cash | 2,500 |  | | Prepaid Insurance |  | 2,500 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **D.** | |  |  |  | | --- | --- | --- | | Prepaid Insurance | 2,500 |  | | Cash |  | 2,500 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| E. | |  |  |  | | --- | --- | --- | | Insurance Expense | 2,500 |  | | Prepaid Insurance |  | 2,500 | |

19. The total amount of depreciation recorded against an asset over the entire time the asset has been owned:   
 

|  |  |
| --- | --- |
| A. | Is referred to as depreciation expense. |

|  |  |
| --- | --- |
| **B.** | Is referred to as accumulated depreciation. |

|  |  |
| --- | --- |
| C. | Is shown on the income statement of the final period. |

|  |  |
| --- | --- |
| D. | Is only recorded when the asset is disposed of. |

|  |  |
| --- | --- |
| E. | Is referred to as an accrued asset. |

20. ABC Catering received $800 cash from a customer for catering services to be provided next month. Given the choices below, determine the general journal entry that ABC Catering will make to record this transaction.    
 

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| A. | |  |  |  | | --- | --- | --- | | Unearned Catering Revenue | 800 |  | | Catering Revenue |  | 800 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| B. | |  |  |  | | --- | --- | --- | | Cash | 800 |  | | Accounts Receivable |  | 800 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **C.** | |  |  |  | | --- | --- | --- | | Cash | 800 |  | | Unearned Catering Revenue |  | 800 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| D. | |  |  |  | | --- | --- | --- | | Cash | 800 |  | | Catering Revenue |  | 800 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| E. | |  |  |  | | --- | --- | --- | | Accounts Receivable | 800 |  | | Catering Revenue |  | 800 | |

21. The company paid $100 cash in dividends to J. Smith, the owner. Which of the following general journal entries will Jay's Limo Services, Inc. make to record this transaction?    
 

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A.** | |  |  |  | | --- | --- | --- | | Dividends | 100 |  | | Cash |  | 100 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| B. | |  |  |  | | --- | --- | --- | | Cash | 100 |  | | Dividends |  | 100 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| C. | |  |  |  | | --- | --- | --- | | Common Stock | 100 |  | | Dividends |  | 100 | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| D. | |  |  |  | | --- | --- | --- | | Dividends | 100 |  | | Common Stock |  | 100 | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| E. | |  |  |  | | --- | --- | --- | | Cash | 100 |  | | Common Stock |  | 100 | | |
|  |  | |
| 22. | | Able Graphics received a $400 utility bill for the current month's electricity. It is not due until the end of the next month which is when they intend to pay it. Which of the following general journal entries will Able Graphics make to record this transaction?       |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | A. | |  |  |  | | --- | --- | --- | | Utilities Expense | 400 |  | | Cash |  | 400 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | B. | |  |  |  | | --- | --- | --- | | Cash | 400 |  | | Utilities Expense |  | 400 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **C.** | |  |  |  | | --- | --- | --- | | Utilities Expense | 400 |  | | Accounts Payable |  | 400 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | D. | |  |  |  | | --- | --- | --- | | Accounts Payable | 400 |  | | Utilities Expense |  | 400 | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | E. | |  |  |  | | --- | --- | --- | | Utilities Payable | 400 |  | | Cash |  | 400 | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 23. | | HH Consulting & Design provided $800 of consulting work and $100 of design work to the same client. It billed the client for the total amount and is expecting to collect from the customer next month. Which of the following general journal entries will HH Consulting & Design make to record this transaction?       |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | A. | |  |  |  | | --- | --- | --- | | Design Revenue | 100 |  | | Consulting Revenue | 800 |  | | Accounts Receivable |  | 900 | |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | B. | |  |  |  | | --- | --- | --- | | Accounts Payable | 800 |  | | Design Revenue |  | 100 | | Consulting Revenue |  | 800 | |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | C. | |  |  |  | | --- | --- | --- | | Cash | 900 |  | | Consulting Revenue |  | 800 | | Design Revenue |  | 100 | |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | D. | |  |  |  | | --- | --- | --- | | Cash | 900 |  | | Design Revenue |  | 100 | | Consulting Revenue |  | 800 | |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **E.** | |  |  |  | | --- | --- | --- | | Accounts Receivable | 900 |  | | Consulting Revenue |  | 800 | | Design Revenue |  | 100 | | |  |  | | |
| 24. | On January 1 a company purchased a five-year insurance policy for $1,800 with coverage starting immediately. If the purchase was recorded in the Prepaid Insurance account, and the company records adjustments only at year-end, the adjusting entry at the end of the first year is:      |  |  | | --- | --- | | A. | Debit Prepaid Insurance, $1,800; credit Cash, $1,800. |  |  |  | | --- | --- | | B. | Debit Prepaid Insurance, $1,440; credit Insurance Expense, $1,440. |  |  |  | | --- | --- | | C. | Debit Prepaid Insurance, $360; credit Insurance Expense, $360. |  |  |  | | --- | --- | | **D.** | Debit Insurance Expense, $360; credit Prepaid Insurance, $360. |  |  |  | | --- | --- | | E. | Debit Insurance Expense, $360; credit Prepaid Insurance, $1,440. |   $1,800 \* 1/5 = $360 per year | |

25. Unearned revenue is reported in the financial statements as:   
 

|  |  |
| --- | --- |
| A. | A revenue on the balance sheet. |

|  |  |
| --- | --- |
| **B.** | A liability on the balance sheet. |

|  |  |
| --- | --- |
| C. | An unearned revenue on the income statement. |

|  |  |
| --- | --- |
| D. | An asset on the balance sheet. |

|  |  |
| --- | --- |
| E. | A financing activity on the statement of cash flows. |

26. Which of the following assets is not depreciated?   
 

|  |  |
| --- | --- |
| A. | Store fixtures. |

|  |  |
| --- | --- |
| B. | Computers. |

|  |  |
| --- | --- |
| **C.** | Land. |

|  |  |
| --- | --- |
| D. | Buildings. |

|  |  |
| --- | --- |
| E. | Equipment. |

27. On May 1, Sellers Marketing Company received $1,500 from Franco Marcelli for a marketing campaign effective from May 1 this year to April 30 of the following year. The Cash receipt was recorded as unearned fees and at year-end on December 31, $1,000 of the fees had been earned. The adjusting entry on December 31 would be:   
 

|  |  |
| --- | --- |
| A. | A debit to Unearned Fees and a credit to Cash for $500. |

|  |  |
| --- | --- |
| B. | A debit to Fees Earned and a credit to Unearned Fees for $500. |

|  |  |
| --- | --- |
| **C.** | A debit to Unearned Fees and a credit to Fees Earned for $1,000. |

|  |  |
| --- | --- |
| D. | A debit to Fees Earned and a credit to Cash for $1,000. |

|  |  |  |
| --- | --- | --- |
| E. | A debit to Fees Earned and a credit to Cash for $500. | |
|  |  | |
| 28. | | A company pays each of its two office employees each Friday at the rate of $100 per day for a five-day week that begins on Monday. If the monthly accounting period ends on Tuesday and the employees worked on both Monday and Tuesday, the month-end adjusting entry to record the salaries earned but unpaid is:      |  |  | | --- | --- | | A. | Debit Unpaid Salaries $600 and credit Salaries Payable $600. |  |  |  | | --- | --- | | **B.** | Debit Salaries Expense $400 and credit Salaries Payable $400. |  |  |  | | --- | --- | | C. | Debit Salaries Expense $600 and credit Salaries Payable $600. |  |  |  | | --- | --- | | D. | Debit Salaries Payable $400 and credit Salaries Expense $400. |  |  |  | | --- | --- | | E. | Debit Salaries Expense $400 and credit Cash $400. |   2 employees \* 2 days \* $100/employee/day = $400 | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. | A company pays its employees $4,000 each Friday, which amounts to $800 per day for the five-day workweek that begins on Monday. If the monthly accounting period ends on Thursday and the employees worked through Thursday, the amount of salaries earned but unpaid at the end of the accounting period is:      |  |  | | --- | --- | | A. | $4,000. |  |  |  | | --- | --- | | B. | $800. |  |  |  | | --- | --- | | C. | $1,600. |  |  |  | | --- | --- | | D. | $2,400. |  |  |  | | --- | --- | | **E.** | $3,200. |   4 days \* $800/day = $3,200 |

30. The adjusting entry to record the salaries earned due to employees for services provided but unpaid at the end of the accounting period affects the accounts in which of the following ways?   
 

|  |  |
| --- | --- |
| A. | Debit Salaries Payable and credit Salaries Expense. |

|  |  |
| --- | --- |
| B. | Debit Salaries Expense and credit Cash. |

|  |  |
| --- | --- |
| C. | Debit Accrued Salaries and credit Salaries Payable. |

|  |  |
| --- | --- |
| D. | Debit Cash and credit Salaries Expense. |

|  |  |
| --- | --- |
| **E.** | Debit Salaries Expense and credit Salaries Payable. |