

## ACCOUNTING I

- 1) We sold inventory on account with terms 2/10, n/30. What account is credited when we record the sale happening?
  - A) Accounts Receivable
  - B) Inventory
  - C) Cash Discount
  - D) Accounts Payable
  
- 2) When a company sells a product on account, which account is debited?
  - A) Accounts Payable
  - B) Inventory
  - C) Accounts Receivable
  - D) Cash
  
- 3) Goodwill is an example of a(n) \_\_\_\_\_.
  - A) fixed asset
  - B) intangible asset
  - C) current assets
  - D) contribution
  
- 4) Assets which are purchased for long-term use and are **not** likely to be converted quickly into cash are called \_\_\_\_\_ assets.
  - A) fixed
  - B) tangible
  - C) intangible
  - D) current
  
- 5) Which of the following is **not** a financial statement?
  - A) Statement of Owner's Equity
  - B) Balance Sheet
  - C) Income Statement
  - D) Aging of Accounts Receivable
  
- 6) Customers who use the department store credit card to make purchases are classified as \_\_\_\_\_ by the department store.
  - A) accounts payable
  - B) uncollected accounts
  - C) sales
  - D) accounts receivable

- 7) In year 1, the company had fees earned of \$520,600, operating expenses of \$338,390, and operating income of \$182,210. In year 2, the same company had fees earned of \$674,350, operating expenses of \$472,045, and operating income of \$202,305. What percentage has operating income increased or decreased as a percentage of revenue?
- A) 11% increase
  - B) 5% increase
  - C) 5% decrease
  - D) 11% decrease
- 8) We have the following accounts: Accounts Receivable \$20,000, Sales Revenue \$40,000, Interest Expense \$500, Accumulated Depreciation \$500, Unearned Revenue \$1000, Interest Revenue \$100. What is the amount of revenue reported on the income statement?
- A) \$41,000
  - B) \$40,100
  - C) \$41,100
  - D) \$1,100
- 9) Prior to the adjusting process, accrued expenses have:
- A) been incurred, not paid, and not recorded
  - B) not yet been incurred, paid, or recorded
  - C) been paid but have not yet been incurred
  - D) been incurred, not paid, but have been recorded
- 10) Which of the following accounts is classified as a liability on the balance sheet?
- A) Drawing
  - B) Wages Payable
  - C) Cash
  - D) Accumulated Depreciation
- 11) When we record depreciation on the worksheet, what account is debited?
- A) Buildings
  - B) Accumulated Depreciation
  - C) Depreciation Expense
  - D) Income Summary
- 12) \_\_\_\_\_ is the journal used to record all of the checks, cash payments, and outlays of cash during an accounting period.
- A) Bank reconciliation
  - B) Bank deposit
  - C) Check register
  - D) Bank statement

- 13) The amount that an employee receives in their paycheck is called \_\_\_\_\_ pay.
- A) gross
  - B) accrued
  - C) net
  - D) overtime
- 14) \_\_\_\_\_ are individuals who are willing to take the risk of starting a business.
- A) Sole proprietors
  - B) Corporate employees
  - C) Partners
  - D) Stockholders
- 15) We have calculated depreciation on the building at \$10,000 for the year. What account is credited to record the depreciation?
- A) Accumulated Depreciation
  - B) Depreciation Expense
  - C) Cash
  - D) Building

- 1) B
- 2) C
- 3) B
- 4) A
- 5) D
- 6) D
- 7) C
- 8) B
- 9) A
- 10) B
- 11) C
- 12) C
- 13) C
- 14) A
- 15) A