

## Quiz 2 for Chapter 2 – Acct 10A

Student: \_\_\_\_\_ Row \_\_\_\_\_ Seat \_\_\_\_\_

1. The classification and normal balance of the salaries expense account is:
  - A. an expense with a credit balance
  - B. a liability with a debit balance
  - C. an asset with a debit balance
  - D. an expense with a debit balance
  
2. A business earns \$4,000 from various charge account clients. To record this transaction, the business would:
  - A. Debit Accounts Receivable; Credit Cash
  - B. Debit Accounts Receivable; Credit Revenue
  - C. Debit Cash; Credit Accounts Receivable
  - D. Debit Accounts Payable; Credit Revenue
  
3. A business receives a bill for utilities but decides to pay it next month. The business would record the receipt of the bill by:
  - A. Debiting Accounts Payable; Crediting Utilities Expense
  - B. Debiting Utilities Expense; Crediting Accounts Receivable
  - C. Debiting Utilities Expense; Crediting Accounts Payable
  - D. Debiting Utilities Expense; Crediting Cash
  
4. A business purchases equipment costing \$4,000. They pay \$1,500 right away and **charge the remaining amount**. To record this transaction, the business would:
  - A. Debit Equipment \$2,500; Credit Accounts Payable \$2,500
  - B. Debit Equipment \$1,500; Credit Cash \$1,500
  - C. Debit Equipment \$4,000; Credit Accounts Payable \$4,000
  - D. Debit Equipment \$4,000; Credit Cash \$1,500 and Credit Accounts Payable \$2,500
  
5. Debits are used to record
  - A. increases in assets.
  - B. increases in revenue.
  - C. increases in owner's equity.
  - D. increases in liabilities.

6. Which of the following is not one of the formal financial statements that is made available to all users of the financial statements.
- A. Trial Balance
  - B. Income Statement
  - C. Statement of Owner's Equity
  - D. Balance Sheet
7. The account used to record increases in owner's equity from the sale of goods or services is
- A. the revenue account.
  - B. the Cash account.
  - C. the capital account.
  - D. the drawing account.
8. Which of the following increase owner's equity?
- A. expenses
  - B. revenue
  - C. withdrawals
  - D. receiving cash from customers
9. At the end of the first month of operations for SloMo Delivery Service, the business had the following accounts: Accounts Receivable, \$1,200; Prepaid Insurance, \$500; Equipment, \$36,200 and Cash, \$40,650. On the same date, SloMo owed the following creditors: Simpson Supply Company, \$12,000; Allen Office Equipment, \$9,500.
- The total amount of Liabilities is
- A. \$36,200.
  - B. \$9,500.
  - C. \$21,500.
  - D. \$40,650.
10. On July 3, the ABC Company received \$865 in cash on account from customers. The correct journal entry is
- A. debit Cash, \$865; credit Income from Services, \$865
  - B. debit Cash, \$865; credit Accounts Payable, \$865
  - C. debit Accounts Receivable, \$865; credit Cash, \$865
  - D. debit Cash, \$865; credit Accounts Receivable, \$865