

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

QuizChapter2 Key

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**

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Measurement

AICPA FN: Reporting

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 03-04 Set up T accounts for revenue and expenses.

Price - Chapter 03 #45

Topic: Assets, Liabilities, Owners Equity, Revenue, Expense Accounts

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

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Measurement

Accessibility: Keyboard Navigation

Blooms: Apply

Difficulty: 1 Easy

Learning Objective: 03-02 Analyze business transactions and enter them in the accounts.

Price - Chapter 03 #46

Topic: Business Transactions in Accounts

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

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Measurement

Accessibility: Keyboard Navigation

Blooms: Apply

Difficulty: 1 Easy

Learning Objective: 03-02 Analyze business transactions and enter them in the accounts.

Price - Chapter 03 #48

Topic: Business Transactions in Accounts

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**

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Measurement

Accessibility: Keyboard Navigation

Blooms: Apply

Difficulty: 2 Medium

Learning Objective: 03-02 Analyze business transactions and enter them in the accounts.

Price - Chapter 03 #49

Topic: Business Transactions in Accounts

5. Debits are used to record

- A. increases in assets.**
- B. increases in revenue.
- C. increases in owner's equity.
- D. increases in liabilities.

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Reporting

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 03-01 Set up T accounts for assets; liabilities; and owners equity.

Learning Objective: 03-04 Set up T accounts for revenue and expenses.

Price - Chapter 03 #55

Topic: Debits and Credits

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

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Reporting

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 03-05 Prepare a trial balance from T accounts.

Learning Objective: 03-06 Prepare an income statement; a statement of owners equity; and a balance sheet.

Price - Chapter 03 #57

Topic: Financial Statements

Topic: Trial Balance

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.

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Reporting

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 03-01 Set up T accounts for assets; liabilities; and owners equity.

Learning Objective: 03-04 Set up T accounts for revenue and expenses.

Price - Chapter 03 #65

Topic: Debits and Credits

8. Which of the following increase owner's equity?

- A. expenses
- B.** revenue
- C. withdrawals
- D. receiving cash from customers

AACSB: Analytic

AICPA BB: Industry

AICPA FN: Measurement

AICPA FN: Reporting

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 03-01 Set up T accounts for assets; liabilities; and owners equity.

Learning Objective: 03-04 Set up T accounts for revenue and expenses.

Price - Chapter 03 #70

Topic: Assets, Liabilities, Owners Equity, Revenue, Expense Accounts

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.

Liabilities = Simpson Supply Company, \$12,000 + Allen Office Equipment, \$9,500 = \$21,500.

AACSB: Analytic
AICPA BB: Critical Thinking
AICPA BB: Industry
AICPA FN: Measurement
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Prepare a statement of owners equity and a balance sheet.
Price - Chapter 02 #43
Topic: Accounting Equation and Financial Statements

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**

AACSB: Analytic
AICPA BB: Industry
AICPA FN: Measurement
AICPA FN: Reporting
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 1 Easy
Learning Objective: 04-01 Record transactions in the general journal.
Price - Chapter 04 #42
Topic: Journal Entries

QuizChapter2 Summary

<u>Category</u>	<u># of Questions</u>
AACSB: Analytic	10
Accessibility: Keyboard Navigation	10
AICPA BB: Critical Thinking	1
AICPA BB: Industry	10
AICPA FN: Measurement	7
AICPA FN: Reporting	6
Blooms: Apply	5
Blooms: Remember	3
Blooms: Understand	2
Difficulty: 1 Easy	8
Difficulty: 2 Medium	2
Learning Objective: 02-05 Prepare a statement of owners equity and a balance sheet.	1
Learning Objective: 03-01 Set up T accounts for assets; liabilities; and owners equity.	1
Learning Objective: 03-01 Set up T accounts for assets; liabilities; and owners equity.	1
Learning Objective: 03-01 Set up T accounts for assets; liabilities; and owners equity.	1
Learning Objective: 03-02 Analyze business transactions and enter them in the accounts.	3
Learning Objective: 03-04 Set up T accounts for revenue and expenses.	4
Learning Objective: 03-05 Prepare a trial balance from T accounts.	1
Learning Objective: 03-06 Prepare an income statement; a statement of owners equity; and a balance sheet.	1
Learning Objective: 04-01 Record transactions in the general journal.	1
Price - Chapter 02	1
Price - Chapter 03	8
Price - Chapter 04	1
Topic: Accounting Equation and Financial Statements	1
Topic: Assets, Liabilities, Owners Equity, Revenue, Expense Accounts	1
Topic: Assets, Liabilities, Owners Equity, Revenue, Expense Accounts	1
Topic: Business Transactions in Accounts	3
Topic: Debits and Credits	2
Topic: Financial Statements	1
Topic: Journal Entries	1
Topic: Trial Balance	1