Select the best answer and shade it in the Electronic Sheet.

1) Cairo Enterprise has a petty cash fund of $300. At the end of June, $15 remains in the fund along with $290 in various receipts. The journal entry to replenish the fund would include
   a. credit Cash Over and Short of $5 c. credit Cash of $300 e. credit Petty Cash of $285
   b. debit Cash Over and Short of $5 d. credit Cash of $290

2) A fund containing a small amount of cash that is used to pay for minor expenditures is called
   a. A voucher c. A bank account c. A cash deposit d. A bank account e. Petty Cash

3) The replenishment of a petty cash fund might include which of the following?
   a. A debit to cash c. A debit to petty cash e. A credit to office supplies expense
   b. A credit to cash d. A credit to petty cash.

4) A company writes a check to replenish a $100 petty cash fund when the fund contains receipts of $94 and $4 in cash. In recording the check, the company should:
   a. debit Petty Cash for $94 c. debit Cash Over and Short for $2 e. credit Petty Cash of $96
   b. credit Cash for $94 d. credit Petty Cash for $2

5) In a bank reconciliation, deposits in transit are:
   a. deducted from the book balance c. added to the bank balance e. Another answer
   b. added to the book balance d. deducted from the bank balance

6) A NSF check should appear in which section of the bank reconciliation?
   a. deducted from the book balance c. added to the bank balance e. Another answer
   b. added to the book balance d. deducted from the bank balance

7) Which of the following would be added to the balance **per books** on a bank reconciliation?
   a. Notes collected by the bank c. Deposits in transit e. Another answer
   b. Outstanding checks d. NSF check

8) If a check correctly written and paid by the bank for $591 is incorrectly recorded on the company's books for $519, the appropriate treatment on the bank reconciliation would be to
   a. deduct $591 from the book's balance c. deduct $72 from the bank's balance e. Another answer
   b. add $72 to the book's balance d. deduct $72 from the book's balance

9) In preparing its April 30, 2022 bank reconciliation, Alexandria Corp. has the following information:

Balance per bank statement, April 30		$18,050
Deposit in transit, April 30,		3,250
Return of customer's check for insufficient funds, April 30,		600
Outstanding checks, April 30,	2,750	
Bank service charges for April	100	

   At April 30, 2022, Alexandria's correct cash balance is
   a. $17,850 c. $17,950 c. $18,550 d. $17,550 e. $18,750

10) The balance per bank statement as at March 31, 2022 is $18,450. Checks yet to be presented to the bank on this date amount to $19,720. Assuming that the balance per Cash Book differs only because the deposits not recorded by the bank on that date amount to $32,475. What is the cash balance to be reported in the balance sheet at March 31, 2022?
   a. $5,695 c. $$18,450 c. $18,450 d. $19,720 e. $31,205

11) Receivables are frequently classified as
   a. accounts receivable, company receivables, and other receivables
   b. accounts receivable, notes receivable, and employee receivables
   c. accounts receivable, notes receivable, and other receivables.
   d. accounts receivable and general receivables   d. accounts receivable and notes receivable.

12) Canal Company on June 15 sells merchandise on account to Suez Co. for $1,000, terms 2/10, n/30. On June 20, Suez Co. returns merchandise worth $300 to Canal Company. On June 24, payment is received from Suez Co. for the balance due. What is the amount of cash received?
   a. $700   b. $686   c. $680   d. $980   e. Another answer

<u>Use the following information to answer the next two questions:</u>
Sinai Company has a credit balance of $5,000 in its Allowance for Doubtful Accounts before any adjustments are made at the end of the year. Sinai estimates that $60,000 of its receivables are uncollectible.

13) The amount of bad debt expense which should be reported for the year is:
   a. $5,000   b. $55,000   c. $60,000   d. $65,000   e. Another answer

14) If Sinai has a debit balance of $5,000 in its Allowance for Doubtful Accounts before any adjustments are made at the end of the year. In this situation, the amount of bad debt expense that should be reported for the year is:
   a. $5,000   b. $55,000   c. $60,000   d. $65,000   e. Another answer

15) Accounts receivable at the end of the month are $800,000. Bad debts are expected to be 1.5% of accounts receivable. If Allowance for Doubtful Accounts has a credit balance of $1,000 before adjustment, what is the balance after adjustment?
   a. $7,000   b. $13,000   c. $11,000   d. $12,000   e. $14,000

<u>Use the following information to answer the next two questions:</u>
A 60-day, 9%, promissory note of $40,000 that is dated July 17.

16) What is the maturity date of the note?
   a. September 17   b. September 16   c. September 13   d. September 14   e. September 15

17) How much the interest revenue accrued at the maturity date?
   a. $600   b $3,000   c. $2,000   d. $1,200   e. $33,600

18) At December 31, 2020, Rose Company had accounts receivable of $750,000. On January 1, 2020, Allowance for Doubtful Accounts had a credit balance of $18,000. During 2020, $30,000 of uncollectible accounts receivable were written off. Past experience indicates that 3% of accounts receivable become uncollectible. What should be the bad debt expense for 2020?
   a. $10,500   b $30,000.   c. $22,500   d. $34,500   e. Another answer

19) Under allowance method, the journal entry to-write off an uncollectible account is:
   a. debit to Accounts Receivable and credit to Allowance for Doubtful Accounts.
   b. debit to Bad debts and credit to Allowance for Doubtful Accounts.
   c. debit to Allowance for Doubtful Accounts and credit to Accounts Receivable.
   d. debit to Bad debts and credit to Accounts Receivable.

20) An analysis and aging of the accounts receivable of Prince Company at December 31 reveals the following data.

Accounts receivable	$800,000
Allowance for doubtful accounts per books before adjustment	$50,000
Amounts expected to become uncollectible	$65,000

The cash realizable value of the accounts receivable at December 31, after adjustment, is:
   a. $685,000   b. $800,000   c. $750,000   d. $785,000   e. $735,000

21) Which of the following statements about promissory notes is **incorrect**?
   a. The party making the promise to pay is called the maker.
   b. The party to whom payment is to be made is called the payee.
   c. A promissory note is not a negotiable instrument.
   d. A promissory note is a negotiable instrument.
   e. A promissory note is often required from high-risk customers.

22) Flower Co. accepts a $1,000, 3-month, 6% promissory note in settlement of an account with Bright Co. The entry to record this transaction is as follows.
   a. Debit to Accounts Receivable, $1,000, Credit to Notes Receivable, $1,000.
   b. Debit to Notes Receivable, $1,000, Credit to Accounts Receivable, $1,000.
   c. Debit to Notes Receivable, $1,015, Credit to Accounts Receivable, $1,015
   d. Debit to Notes Receivable, $1,000, Credit to Sales, $1,000.
   e. No entry is required.

23) Green Co. holds White Inc.'s $10,000, 120-day, 9% note. The entry made by Green Co. when the note is collected, assuming no interest has been previously accrued, is:
   a. Debit to Cash, $10000 Credit to Notes Receivable, $10,000.
   b. Debit to Cash, $10,300 Credit to Notes Receivable, $10,300.
   c. Debit to Accounts Receivable, $10,300, credit to Notes Receivable, $10,000, and Credit to Interest Revenue $300.
   d. Debit to Cash, $10,300, Credit to Notes Receivable, $10,000, and Credit to Interest Revenue $300.
   e. Debit to Cash, $10,300, Credit to Accounts Receivable, $10,000, and Credit to Interest Revenue $300.

24) Under the direct write off method, the journal entry to recognize uncollectible accounts expense is:
   a. Bad Debts Expense Dr.; Accounts Receivable Cr.
   b. Accounts Receivable Dr.; Bad Debts Expense Cr.
   c. Accounts receivable Dr.; Sales Cr.
   d. Bad Debts Expense Dr.; allowance for Doubtful Accounts Cr.

25) A firm using the allowance method of accounting for bad debts expense has recovered a bad debt that was written off one year ago. The appropriate journal entry to record the recovery would include a
   a. credit to the Bad Debt Expense
   b. debit to the Bad Debt Expense
   c. debit to the Allowance for Doubtful Accounts
   d. credit to the Allowance for Doubtful Accounts

26) What is the maturity value of a $30,000, 12%, six-month note?
   a. $28,200 b. $33,600. c. $30,000 d. $31,800 e. Another answer

27) Wesley Hospital installs a new parking lot. The paving cost $40,000 and the lights to illuminate the new parking area cost $25,000. Which of the following statements is true with respect to these additions?
   a. $65,000 should be debited to Land Improvements.
   b. $40,000 should be debited to the Land account.
   c. $25,000 should be debited to Land Improvements.
   d. $65,000 should be debited to the Land account.

28) Which of the following tangible non-current assets are *not* usually depreciated?
   a. Land b. Land improvements c. Building d. Patents e. Trucks

29) Sunshine Co. purchased a delivery truck with a list price of $40,000. The company was given a $4,000 cash discount by the dealer, and paid $2,000 sales tax. Annual insurance on the van is $1,000. How much the total cost of the truck?
   a. $40,000 b. $39,000 c. $38,000 d. $36,000 e. $44,000

30) The depreciation method that applies a constant percentage to depreciable cost in calculating depreciation is
   a. straight-line   b. units-of-activity   c. declining-balance   d. Sum of year digits

31) The entry to record annual depreciation of a plant asset includes
   a. debit to Accumulated Dep.   c. credit to Dep. Expense   e. credit to Accumulated Dep.
   b. credit to Machinery   d. credit to Accounts Payable

Use the information below to answer the next six Questions

A business purchased a machine that had a total cost of $550,000 and a salvage value of $35,000. The asset is expected to service the business for a period of 10 years or produce a total of 2,000,000 units. The machine was purchased January 1, year 1 .

32) What is the depreciable cost of the asset?
   a. $ 35,000   b. $550,000   c. $515,000   d. $55,000   e. $585,000

33) Using the straight-line method, what is the amount of depreciation expense for Year 2
   a. $0   b. $110,000   c. $55,000   d. $103,000   e. $51,500

34) What is the book value of the machine at end of year 2 under the straight-line method?
   a. $447,000   b. $412,000   c. $498,500   d. $330,000   e. $550,000

35) Assume the business uses the units-of-production method. If the asset produces 500,000 units in year one and 400,000 units in year two, what is the accumulated depreciation at the end of year two?
   a. $274,500   b. $128,750   c. $103,000   d. $231,750   e. Another answer

36) What is the depreciation expense for year 1, if the double-declining balance method is used?
   a. $55,000   b. $110,000   c. $103,000   d. $51,500   e. Another answer

37) What is the depreciation expense in year two, if the double-declining balance method is used?
   a. $82,400   b. $198,000   c. $88,000   d. $103,000   e. $110,000

38) Albright Company uses the sum-of-the-years'-digits (SYD) method of depreciation. On January 1, year 1, the company purchased a machine for $48,000. It had an estimated life of 5 years and residual value of $6,000. Depreciation for the second year would be
   a. $5,600   b. $11,200   c. $6,400   d. $12,800   e. $14,400

39) On July 1, 2020, Wright Company sells office furniture for $18,000 cash. The office furniture originally cost $60,000. As of January 1, 2020, it had accumulated depreciation of $41,000. Annual depreciation under straight line is $16,000. How much gain or loss of disposal of furniture?
   a. $3,000 gain   c. $7,000 loss   e. $1,000 loss.
   b. $3,000 loss   d. $7,000 gain

40) Sunset Company discards delivery equipment that has a book value $18,000 and has accumulated depreciation of $14,000. The journal should include
   a. Credit to Equipment, $18,000   c. Credit to Loss on Disposal of $18,000
   b. Credit to Equipment, $32,000   d. Debit to Loss on Disposal of $4,000